

Background on Socially and Environmentally Responsible Banana Production and Trade

A. BANANA: A KEY CROP FOR MANY DEVELOPING COUNTRIES

1. Bananas are grown in all tropical regions and are the world's fourth most important food crop after rice, wheat and maize in terms of gross value of production. They are both a staple food and an export commodity. Export bananas represent a significant source of income and employment for several developing countries. Banana is the world's most exported fruit in terms of volume. It ranks second (after citrus) in terms of total value and first in terms of export revenues to developing countries. International trade in bananas is valued at close to US\$ 5 billion per year. Between 1984-86 and 1994-96 the growth rate of world banana exports was 6.7 percent per year.

B. A GROWING ATTENTION TO THE ENVIRONMENTAL IMPACTS OF AGRICULTURE

2. Banana cultivation, like any agricultural production activity, may have a negative environmental impact if not properly managed. The banana export industry is highly integrated comparatively to other horticultural sectors. Production is generally intensive, with high levels of external inputs, and often takes place in plantations organized along agro-industrial lines. Most farms rely on the frequent use of agrochemicals to maintain fertility and limit losses caused by pests. Because large monoculture crops are prone to increased attacks by pests and diseases, growing quantities of pesticides are generally needed. In turn, the extensive use of agrochemicals has given rise to the emergence of pest strains that are resistant to pesticides. In several cases, inappropriate production practices have led to excessive deforestation, pollution of rivers and ground waters, soil pollution and damage to the flora and fauna surrounding the plantations.

Initiatives for sustainable agriculture

3. Over the past 10 years, there has been a growing public awareness of environmental issues. This evolution was reflected at the 1992 United Nations Conference on the Environment and Development in Rio de Janeiro, when governments recognized the importance of good stewardship of natural resources in achieving sustainable development. As consumers have become increasingly sensitive to environmental issues, the intensive mode of agricultural production has attracted increased attention.
4. Environmental and health concerns have been reflected by the rapid expansion of organic agriculture, whose growth has been further accelerated by a series of food scares in several industrialized countries. The rise of organic production has been paralleled by the emergence of other alternative production methods which use lower quantities of agrochemicals (e.g. Integrated Pest Management, nutrient recycling, crop rotations, etc.). Some companies have adopted environmental management systems such as ISO 14001, a standard developed by the International Standards Organization, which is subsequently discussed in this paper. In the forest industry, there has been a proliferation of timber certification schemes and ecolabels designed to assure consumers and major retailers that their purchases of wood products stem from sustainable sources.

C. GROWING CONSUMER INTEREST IN SOCIAL ISSUES

5. Some consumers have also become more concerned about the “ethical contents” of the products they buy. Issues such as conditions of work, wages of farm labour or the price paid to small producers in developing countries have attracted the attention of the public in developed countries. This tendency was first apparent in the marketing of imported handicraft products, as exemplified by shops guaranteeing their customers that their rugs were not produced using child or forced labour. More recently, the movement has reached larger manufacturers of consumer goods, demanding that they exert a closer monitoring of the working conditions in their subsidiaries worldwide (e.g. garments and athletic shoes).
6. Social concerns have also reached the agricultural sector in general and the banana sector in particular. Consumer associations and other groups now want to be sure that workers’ health is not put at risk by the lack of adequate safety measures on the farm or the use of pesticides known to be hazardous. They are increasingly interested in labour rights issues such as freedom of association or the right to join an independent trade union, as well as in “fair” remuneration of farm workers and small producers.
7. In response to the growing interest in the sustainability of production and trade, a wide range of concepts and mechanisms has been suggested. Some of them are mandatory and rely on national or multilateral agreements, while others involve voluntary actions by companies.
8. A few countries have taken unilateral steps to ban the importation of goods believed to be produced in a way which is harmful to the environment (e.g. tuna fishing with nets that can kill dolphins). However, in a majority of cases such measures have been found inconsistent with the rules of the World Trade Organization, mainly because they discriminate on the basis of production process.

Social and environmental clausuring: a controversial concept

9. The idea of inserting social and environmental clauses in international trade agreements gained prominence in the early 1990s towards the completion of the Uruguay Round negotiations. The concept underlying clausuring is to make trade and access to markets conditional on exporting countries meeting previously agreed social and environmental standards. These standards would be based on intergovernmental agreements reached in multilateral fora (e.g. the Conventions of the International Labour Organization for labour standards).
10. Needless to say, the concept of social and environmental clausuring has generated much controversy. Its proponents are generally trade unions and NGOs (with many exceptions, notably in developing countries), and some governments of developed countries. They argue that such clauses would permit a better distribution of the benefits of free trade, in particular to workers (through improved pay and working conditions) and to local communities. In their opinion, clausuring could also prevent the increase in trade competition from leading to a worldwide decline in working conditions, wages and quality of the environment. Opponents to a link between social and environmental performance and market access often consider this proposal as a protectionist trick used by developed

countries to ward off competition from imports from low production cost countries. In their view, their competitive position would be adversely affected by the imposition of these standards. They also fear that the insertion of labour and environmental standards in international trade agreements may entail a loss of sovereignty. Some critics also question the ability of clauses to achieve their goals of enforcing specific standards, claiming that monitoring their actual implementation is nearly impossible. Others raise the question of whether social clauses might not paradoxically be counterproductive for workers in exporting countries if they lose their jobs as a result of import bans for non compliance with the clauses.

11. The debate on social and environmental clauses continues and no agreement has been reached at the global level as yet. In the mean time, these discussions have been paralleled by the emergence of various voluntary approaches.

Initiatives in ethical business

12. Consumer concerns about the conditions of production and trade have given rise to a number of initiatives, some of them led by NGOs and some others led by the business sector. A number of NGOs have promoted the concept of “fair trade”. For its proponents, fair trade is a mechanism to help goods produced in socially and environmentally sustainable ways access markets. It is a means of helping small-scale producers and workers in developing countries improve their quality of life by providing them with a more profitable and stable trade relationship. By establishing minimum price criteria and reducing intermediaries, the fair-trade movement seeks to help producers capture a greater share of the product’s value added. Others have developed social standards for industry. For example, the Council for Economic Priorities, a not-for-profit organization based in New York, has developed the “Social Accountability 8000” standard with experts from the business sector, NGOs, trade unions and certifications bodies.
13. Companies too have felt these growing concerns and some of them have responded with efforts to protect the environment or to introduce social guidelines in their operations. The most common reaction in the corporate sector has been to introduce voluntary in-house codes of practice. As regards their internal operation, many large companies have developed ethical guidelines and have appointed “ethics officers”. Major retailers in some European countries (e.g. United Kingdom, Switzerland) have set up ethical sourcing rules aimed at ensuring that their suppliers comply with social and environmental requirements. In some cases such as the Apparel Industry Partnership in the United States or the Euro-Retailer Produce Working Group (EUREP), industry-wide codes have been considered. EUREP has recently agreed a code of good agricultural practice. In the United Kingdom, the Ethical Trading Initiative (ETI) brings together stakeholders from a broad range of economic sectors and aims to develop the use of corporate codes of conduct to improve labour conditions.
14. Arguably, the most significant progress is that some firms no longer regard environmental or social requirements as additional constraints, but rather as assets that can improve their competitive position.

Social improvement in the agricultural sector

15. In the agricultural sector, there have been some initiatives to improve the social performance of some industries. The International Union of Food and Agricultural Workers' Associations and the International Tobacco Growers' Association (ITGA) recently signed the first international agreement to eliminate child labour in the agricultural sector. The ITGA and the IUF agreed to work together for the elimination of child labour in the global tobacco-growing industry after an investigation documented the presence of child workers on several tobacco farms in developing countries.
16. In the horticultural sector, several associations of producers or exporters in Southern and Eastern Africa have developed their own codes of practices. In some cases the emphasis is exclusively on environmental performance while other codes also include social aspects.
17. However, critics say that voluntary codes of conduct are of little use if they are not backed by an independent system of monitoring and verification. Without control of compliance by an independent third party, voluntary initiatives may be nothing more than marketing tools used by firms to raise their profile. Hence the need for reliable certification systems.

D. SOCIAL AND ENVIRONMENTAL CERTIFICATION IN THE BANANA INDUSTRY

18. A sector within the banana industry has also moved in the direction of voluntary steps towards higher sustainability. It has recently come to realize that meeting these new consumer demands could be a means of gaining new market shares, or at least not to lose them. In recent years, several banana farms have adapted their production methods so as to reduce adverse impacts on the environment. Some banana farms indicate they have improved their labour relations and the workers' conditions. Most of these companies have used marks or labels to allow consumers to identify the product and the objectives of the initiative. In order to give more credibility to their claims that their operation is more environmentally friendly or/and more socially equitable, these producers have sought and achieved certification by a third party.
19. Unlike government regulation, certification is a market-oriented mechanism. It is a proactive approach by organizations which are willing to follow the evolution of market demands (in this case environmental and/or social demands). Voluntary certification programmes are meant to be complementary to traditional regulatory frameworks by using market incentives to encourage management improvements above the minimum level required by law. Certification can bring both internal and external benefits to the firms. Internally, it may rationalize the operation, reduce costs (for example, by using lower quantities of pesticides) and boost productivity. Externally, it enhances the company's image vis-à-vis customers, business partners, regulators and the wider public, and it adds value to the product.

20. At present, banana companies use various certification schemes. The main schemes in terms of certified volumes are:

- Eco-OK (Better Banana Project)
- Fair Trade
- ISO 14001
- Organic

Other NGOs or groups have recently expressed their intention to become involved in banana certification. Examples include the Ethical Trading Initiative and the Council for Economic Priorities Accreditation Agency (SA-8000 standard).

21. The above certification programmes use different approaches and criteria. Some emphasize environmental issues, while others mainly focus on social equity and labour rights. Most schemes are concerned with production only, while one also includes trade. In spite of their differences, in theory all these schemes work directly or indirectly towards increasing the sustainability of the banana industry. However, there is some confusion in the minds of retailers and consumers about what these standards and labels cover. Consumer confidence could erode when a confusing variety of different certifying schemes and labels are present in the marketplace.

Organic bananas

22. Of the above standards, organic is probably the best known and understood. The explanation is that the organic industry is now long established and organic products have become more accessible, being available in many large supermarkets of developed countries. Moreover, the concept of organic agriculture as understood by the public is fairly simple: public opinion considers that organic agriculture prohibits the use of all synthetic inputs, allowing only natural inputs¹. In addition, many industrialized countries have regulations governing the production, marketing and labelling of organic products. Recently, governments approved through the Commission of the Codex Alimentarius the guidelines for the production, processing, labelling and marketing of organically produced foods. Although the focus of organic farming is primarily ecological, the basic standards of the International Federation of Organic Agriculture Movements (IFOAM) also include general social criteria (“social justice”).

Other environmental schemes

23. The situation is different for other environmental standards. Consumers have a fuzzier image of environmentally friendly products, as the concept is more difficult to understand for them than the concept of organic agriculture. They are generally confused by the multitude of criteria and approaches. In the specific

¹ In reality the concept of organic agriculture is more complex as it is a holistic approach to the management of the agro-ecosystem, emphasizing biological processes. A production system that does not use synthetic inputs does not necessarily qualify as organic as there are other requirements, in particular in terms of soil fertility maintenance. Also, a few selected synthetic inputs may be authorized while some hazardous natural substances are prohibited.

case of bananas, the Eco-OK and ISO 14001 certifications are not well known by consumers in importing countries, although they are likely to gain greater visibility in the future due to the increasing share of production being certified.

24. Growing quantities of banana farms are being certified **ISO 14001**, including the plantations of some major companies. However, unlike the three other systems listed above, the ISO 14001 standard is not performance-based but management-based. In other words, it does not specify a level of environmental performance with a list of specific criteria to be met. Instead, as an environmental management system, ISO 14001 provides a framework for an overall strategic approach to an organization's environmental policy, plans and actions, and leaves it free to determine its own environmental targets.
25. The **Eco-OK** programme covers 5 tropical crops, including bananas (Better Banana Project) in several Latin American countries. The Better Banana Project (BBP) aims to encourage banana plantations to adopt more sustainable production methods. It is implemented by the Rainforest Alliance, an international not-for-profit organization dedicated to protecting tropical forests. The Rainforest Alliance is a member of the Conservation Agriculture Network, a coalition of conservationist NGOs. The Eco-OK approach derives from earlier experiences in timber certification (e.g. Smartwood programme). Although it focuses on environmental performance, social criteria have been added to the requirements for Eco-OK certification ("fair treatment and good conditions for workers"; "consideration for local communities"). According to the Rainforest Alliance, most BBP certified fruit goes to European markets. Certified farms may use the BBP name and the names of the Rainforest Alliance and Conservation Agriculture Network in advertising, but BBP is not an ecolabel used directly on fruit.

Fair trade bananas

26. The concept of **fair trade** is relatively well known in Western Europe, in particular in the Netherlands, the United Kingdom, Germany, Switzerland and Scandinavian countries. Fair trade bananas have been present on the European and Japanese markets since the mid-1980s. They have gained sizeable market shares in Switzerland (approximately 15%) and the Netherlands (about 5%) thanks to their availability in supermarkets. They can also be purchased in Belgium, Denmark, Germany, the United Kingdom and Sweden. In other industrialized countries such as South European countries, Canada and the USA, fair trade products are present and gaining consumer acceptance, but fair trade bananas have not been marketed so far.
27. While the emphasis of fair trade is primarily social, the Fair Trade Labelling Organizations International (FLO) has also developed environmental criteria for bananas. FLO is presently reviewing its environmental criteria. The FLO Banana Register Committee views social and environmental criteria as an indivisible part of sustainable development.

Questions raised by environmental and social standards

28. All these certification schemes are important steps towards more sustainable forms of production and trade. However, certification also raises a number of complex issues.
29. First, it has sometimes been argued that some social and environmental standards may unintentionally discriminate against smaller producers, as the latter do not always have the human and financial resources to meet the costs of adaptation of their production system. Similarly, the cost of certification is generally high and may be a deterrent for small farmers. Second, most standards for responsible production are set up by organizations in industrialized countries with little or no participation from stakeholders in developing countries. In some instances, the standards may ignore the realities of developing countries and not represent the values or priorities of producers.

Third, there are a wide variety of producers, agro-ecosystems and social-economic systems, which means that a single standard may not be relevant to every situation. The adaptability of standards is an important issue that must be considered in the context of diverse local conditions.
30. Finally, efficient and credible monitoring and control systems are needed, and these systems must be able to stand up to public scrutiny. The price premium promoted and protected by certification and labelling can only survive with consumer confidence in their trustworthiness. However, the high number of certification bodies may render the task of monitoring them difficult. In the forest industry, for example, there has been a rapid expansion of certification initiatives since 1994 and there are now more than 90 programmes under way. In various industries, the credibility of some certification agencies has been questioned.
31. In addition, there may be competing interests when the certified producer pays a license fee (for the right to use the label) to the organization managing the certification scheme. Another important requirement is that these certification systems need to be cost effective in order to be accessible to all producers and keep the price of certified products at a reasonable level.

Conclusion: towards responsible banana production and trade

32. The above considerations demonstrate the need for careful analysis and a participatory approach when designing standards and verification systems. Valuable insights can be gained from the experience accumulated by the existing certification programmes. Concerted action will be essential for the further coherent development of these programmes.