

Inter-agency workshop: “Instruments for a Sustainable World Banana Economy”

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Some seventy delegates met at UNCTAD's headquarters in the Palais des Nations, Geneva on 30th October, 2007 for an inter-agency workshop on bananas. The delegates included representatives of UN institutions, of banana exporting and importing country governments (including trade missions) and of civil society organisations (including trade unions). At the end of the day it was agreed that a short report should be produced, consistent with "Chatham House Rules" to be distributed to the delegates and to the 32 other organisations and individuals invited that had sent their apologies.

How the Day Unfolded

The day opened with two brief overviews, firstly a brief history of intergovernmental efforts to improve the world banana economy and secondly a resume of current labour, social and environmental conditions in the Latin American banana industry. There was nothing in this resume to suggest that any improvements had occurred in the intervening period since the IBC2 (the Second International Banana Conference), over two years before.

Four proposals were very briefly presented as potential "instruments" to create a transition towards a more sustainable world banana economy. These four proposals were to:

1. establish a permanent multi-stakeholder forum on bananas
2. allow importing countries to introduce tariff differentiation, linked to social and environmental standards
3. develop a set of nationally implemented financial systems of incentives and disincentives, as well as credible verification mechanisms, aimed at stimulating change towards more sustainable production and trade
4. negotiate an International Banana Agreement with social and economic chapters, aimed at decreasing chronic overproduction and stabilising prices.

There were three major opportunities for discussion: the first in a plenary before the presentation of the fourth and final potential instrument; the second during the hour and a half long workshops held in the afternoon; and the third in the final plenary after the closing presentation.

The closing presentation emphasised that the 15 year conflict which had characterised international trade negotiations since the process of reform of the EU banana regime had started back in the early 1990s had really benefited no-one. If conflict had failed to improve the situation for anyone, then could a more co-operative approach yield more positive results?

Certainly there were signs that among the delegates there was a demand for just such an approach and that the establishment of a permanent multi-stakeholder forum could provide the focus for new, more co-operative and perhaps even consensual thinking.

There were strong endorsements for the idea of a multi-stakeholder forum from governments, from trade missions, from farmer organisations and from civil society actors, including Latin American and international trade union federations. The endorsements were complemented by firm offers from two international bodies and a private foundation to provide practical, logistical and some financial support for the forum.

Three Offers of Practical Support for the Forum

Three firm offers of support for the process of establishing a Forum made, although precise details will need to be finalised. These offers were as follows (*please note: In a departure from Chatham House rules, for practical reasons, the names of three participants will be mentioned below. However, they have been consulted and have expressly given their permission for their names to be mentioned*):

1. Leonela Santana-Boado said, on behalf of UNCTAD, that the institution could act as a facilitator for "*consensus-building dialogues and meetings*".

2. Pascal Liu for the FAO pointed out that although the 4th session of the Intergovernmental Group (IGG), originally planned to be held in Guayaquil, Ecuador had been postponed, a new meeting might be arranged in 2008. More information is expected to be available in December. It was suggested that the idea of a parallel session could be revived in which CSOs, businesses and government representatives could meet just prior to the IGG.

[There was also a discussion of whether the rules of the IGG could be changed to allow non-governmental participants to play a role. Such a change might be possible but would need to be approved by the FAO CCP (Committee on Commodity Problems). Technical argumentation would have to be developed in 2008, if it were thought to be worthwhile.]

3. Pierre Vuarin for the *Fondation Charles Leopold Meyer pour le progrès de l'homme* expressed concern about any possible delays which might follow from tying the forum to UN institutional processes. He offered, on behalf of the *Fondation*, to make available its "Sustainable Food Laboratory" facility. Essentially this would involve the *Fondation* providing accommodation, financial and logistical support and facilitation for a kind of "hot-house" process in which a group of delegates from business, civil society and governments were able to move agendas forward rapidly in an intense atmosphere of

creative thinking or "thinking outside the box". Suggestions from such a process could be fed into the main forum.

The Chair offered ample time for any dissenting voices to express their opposition to or doubts as regards the establishment of a permanent multi-stakeholder forum but there were no dissenting voices.

Three Substantive Policy Proposals

The other three proposals did not meet with the same unambiguous support. Rather the expressed feeling was that each of the other three proposals or instruments had merit but that there were difficulties with each of them that would require further discussion, clarification and modification. One of the purposes of the universally endorsed multi-stakeholder forum would be precisely to address and examine further these and other eventual policy proposals that emerge.

The three substantive policy proposals were discussed both in the plenaries and in the workshops. For the workshops the participants broke into three roughly equal groups by language: a Spanish-speaking, an English-speaking and a tri-lingual (including French-speaking) group. All three groups had the same remit, which was to discuss all four proposals, the proposal to establish a multi-stakeholder forum and the three substantive policy proposals. The three workshops were not called upon explicitly to appoint a rapporteur and to report back to the plenary. However, delegates took it on themselves spontaneously to bring aspects of the workshop discussions to the attention of the plenary and such informal reporting back allowed material from all three groups to be transmitted to the final plenary.

There seemed to be a general feeling that all three of the substantive policy proposals had merit and were worth pursuing further. However there were also real concerns expressed.

There were three major objections to the **first policy proposal for tariff differentiation**. Firstly, there were technical doubts about the use of waivers or of Article XX and concerns that differentiated tariffs would violate Article I of the GATT which embodies the Most Favoured Nation principle. Secondly, there was concern that such "differentiated" - or "graduated" - tariffs might be used as protectionist measures. Finally, concern was expressed about standards which should remain within the control of a nation-state being imposed on such a state by another (in this case importing) state.

In response to these doubts a number of counter-arguments were proffered in workshops and the final plenary. While some doubts were legitimate, it should in principle be possible to establish a system of differentiated tariffs in a consensual spirit in order to achieve agreed, shared objectives. An example of such objectives might be the enforcement by producer governments of ILO Conventions, to which they as nation-states were *already* signatories.

More vividly, one delegate referred back to the second presentation of the day, in which information had been provided about banana workers being made sterile as a result of the widespread use of the agrochemical DBCP. The delegate pointed out that a system of differentiated tariffs which gave incentives for producers not to use such hazardous chemicals as DBCP - and which therefore would tend to reduce or eliminate resultant cases of sterility of workers - could not be seen as a protectionist measure, nor as some kind of neo-colonial imposition of standards on a developing country. Rather, it was an issue of simple humanity: the main beneficiaries of such a system would be the workers themselves, who, it was perfectly clear, did not want to be rendered sterile, as well as consumers who also had a right not to be exposed to hazardous chemical residues.

The second policy proposal emphasised *processes* for improving labour and environmental standards rather than static adherence to a pre-existing set of norms. The proposal envisaged financial incentives for producers to move from where they are now to arrive at a new system of production, which would be better both environmentally and socially. The proposal also emphasised flexibility in that, for example, many small producers were not in a position to meet externally imposed standards nor to pay for such things as Fairtrade or Organic Certification. A flexible approach, negotiated with government institutions, could involve a series of gradual steps undertaken over a period of between six months and several years. Achieving improvements following such negotiated agreements would lead to value-added prices or other financial incentives. An essential element of such a system would be the involvement of government bodies in verifying that the agreed improvements had been made.

Again there were mixed feelings about the proposal. There was concern once more about the possibility of standards being imposed from outside the nation state. There were concerns about the potential complexity of such a system and about how such an approach could be financed, especially in the light of the site-specificity of the kind of negotiated improvements being envisaged.

At the same time there was also an interest in looking further into the ideas contained in the paper. The idea was presented in just fifteen minutes and, whilst this was also the case for the other two substantive policy proposals, the latter had been discussed in the lead-up to and at the IBC2 itself. The ideas involved in those two proposals were therefore already familiar to many delegates. By contrast this proposal was completely new to most and although a short paper had been distributed prior to the seminar, this was only a brief summary of a much longer original paper.

The third substantive policy proposal for an International Banana Agreement (IBA) also inspired a mixed response, although on balance most of the interventions were supportive of an approach whose time, some seemed to think, might be coming again. Certainly, as the final presentation brought out, an absence of the co-operative spirit between producers and an emphasis on conflict - involving a series of appeals in the WTO - had really helped no-one. It was perhaps time for a more positive approach.

The first presentation had pointed out that intergovernmental co-operation fostered on a fairly informal basis by the FAO in the 1980s had led to a draft framework for an inter-governmental banana agreement which was never developed further. There were also a series of "gentlemen's agreements" on supply and demand up until the early 1990s. More recently, around the time of the IBC2, Ecuador, the biggest producer, had unilaterally decided to limit its supply in an effort to halt declining prices.

The potential for an international banana agreement clearly continues to exist, should governments choose to pursue a more co-operative and consensual, rather than conflictual and legalistic approach in future.

Nevertheless, clear difficulties remain - most notably the fact that much of world banana production is outside world trade (with both India and Brazil having the potential to sell existing domestic production on international markets). The clearest threat to an IBA would appear to be that of the so-called "free-rider" – a country which is attracted into the world market when prices are relatively high because others have chosen to forego sales in the interests of achieving a better balance between supply and demand. Whether India and Brazil – and even parts of Africa which have the potential to expand export production dramatically - can be persuaded to enter into an international agreement remains to be seen.

Short-term Action Plan

Whatever individual delegates thought about the individual substantive policy proposals, it was agreed that the short-term effort should focus on the establishment of the permanent multi-stakeholder forum. Once this is established, those and other proposals can be examined more closely over a period of time and the feasibility of each proposal assessed.

Although the meeting did not reach detailed conclusions about how the forum should operate, a few basic principles were presented to the delegates and, in the absence of any objections, these principles presumably stand at least for the moment. According to these principles:

1. There should be an on-going electronic contact.
2. There should be face to face meetings at least once every 2 years.
3. In addition to the international, governmental and CSO constituencies represented at the seminar, commercial interests - notably banana producing and trading companies, importers, ripeners and retailers - should be invited to join.
4. There should be on-going exchange of information, particularly as regards good practice.
5. The forum should investigate further instruments which could enhance social and environmental sustainability.

6. The forum should allow for some discussion as regards what a fair distribution of financial rewards along the banana production chain would look like.
7. There should be an advisory/steering group or "*comité de pilotage*" of around 20 people covering all the key sectors, including the participation of at least three of the relevant UN inter-governmental bodies.

As a first stage towards establishing this group, the organisers of the seminar plan to hold an initial meeting with FAO and UNCTAD in three months' time, with a view to planning how all parties can help take the process forward to its next stage.