



The World Banana Forum (WBF)

Working together for sustainable banana production and trade

Report of the multistakeholder discussion session at Fruit Attraction 2023 (FA23)

Attended by representatives of all constituent groups

5 October 2023

Fresh Food Logistic Summit – IFEMA (Madrid, Spain)

Title: Shared responsibility. Perspectives of different constituency groups

Time: 15:30-17:00

Moderator: Victor Prada (WBF)

Speakers:

- **Franka Rodriguez (Aldi-Sud)**
- **Jean-Marie Kakou Gervais (AFRUIBANA)**
- **Leonie Haakshorst and Sophie Boote (Rainforest Alliance)**
- **Adela Torres, (COLSIBA)**
- **Marike de Peña (CLAC)**
- **José Antonio Hidalgo (AEBE)**
- **Richard Salazar (ACORBANEC)**
- **José Francisco Zúñiga Cotes (ASBAMA)**
- **Emerson Aguirre (AUGURA)**
- **Mariano Jiménez (CORBANA)**
- **Hilario Pellegrini (ADOBANANO)**


Introduction by the World Banana Forum (WBF), Food and Agriculture Organization of the United Nations (FAO)

Mr Victor Prada, FAO, introduced the first group of speakers, and posed the following question: How can we share responsibility along the supply chain between all constituents?

Aldi-Sud

Ms Franka Rodriguez, Director of Global Sourcing at Aldi-Sud began by addressing the concept of shared responsibility (S.R.) in supply chains, with a specific focus on bananas. She outlined significant steps that Aldi has taken, emphasizing their transition from a traditional transactional approach to a more comprehensive supply evaluation process. This shift became increasingly apparent over the last few years, as they recognized that merely implementing supply evaluations was insufficient. To truly share responsibility and make an impact in the supply chain, a fundamental change in their purchasing practices was essential.

In 2022, Aldi engaged in conversations with suppliers to build trust and gain a deeper understanding of cost dynamics. They aimed to ensure fair compensation for producers, which necessitated trust and collaboration. They partnered with strategic allies to establish a flexible, transparent, and voluntary model. This trial, initiated a year ago, adopted Fairtrade cost information as the basis for defining food costs.



Ms Rodriguez acknowledged that while Aldi does not pay the Fairtrade minimum price to all growers, they use Fairtrade prices as indicators. These indicators help evaluate price fluctuations and production conditions across various countries of origin, especially in Latin America. Their cost model now factors in Fairtrade cost adjustments as a reference for food prices, along with other variables such as exchange rates and shipping costs, to encompass the entire supply chain's expenses. She stressed the importance of considering costs along the entire supply chain, as this approach enables growers to receive the necessary funds for production without requiring partners or suppliers to compensate for rising costs, such as shipping and packaging.

Positive feedback was received from various industry stakeholders, suppliers, partners, NGOs, and sector representatives following Aldi's efforts. Nevertheless, it was stressed that the efforts made in the past year mark just the initial step, and Aldi aims to implement this approach in all the banana boxes they source. They are also open to rolling out a similar approach in other product categories, primarily focusing on pineapples, as they believe it's the right path to follow. Aldi's commitment to sharing responsibility and integrating commercial and sustainability activities demonstrates their dedication to driving positive change within the industry. They look forward to continued engagement and collaboration with all stakeholders to further improve the sustainability and market aspects of the supply chain.

Pan-African Association of African Fruit Producers and Exporters (AFRUIBANA)

Mr Jean-Marie Kakou Gervais, Vice-president of AFRUIBANA, began by conveying their viewpoint on the essential notion of shared responsibility. The economic and social importance of the African banana industry cannot be understated, given the role it plays in creating wealth, generating income, and promoting economic development, while also improving living conditions in local communities and fostering entrepreneurship. Mr Kakour Gervais then highlighted the concept of shared responsibility, where risks and values are distributed equitably along the supply chain. This approach aims to ensure that producers are fairly compensated for their efforts in promoting sustainable farming practices, including fair pricing and living wages.


The global movement towards addressing climate change and social imbalances was acknowledged, and it was emphasised that the economy must be put in the service of humanity. AFRUIBANA called for the integration of fair pricing, living wages, and shared responsibility, encouraging European retailers to adopt these principles. He commended the joint declaration signed by several European governments in support of dialogue on living wages and income, a declaration which signifies a significant step toward shared responsibility and improved working conditions in producing countries. AFRUIBANA also recognized the EU's efforts, particularly the Directive on CSDDD, which provides a framework for harmonizing decent work and due diligence. Nevertheless, there is a vital need to expand and accelerate these efforts.

Rainforest Alliance

Ms Leonie Haakshorst, Sector Lead for Fruit and Vegetables in Rainforest Alliance argued that shared responsibility is a key element in promoting sustainability and making a positive impact in the fruit industry. She stressed the importance of collaboration and joint efforts to move towards positive change, emphasising that shared responsibility is at the core of Rainforest Alliance's certification standard, and that it closely relates to the concept of a living wage. The overall objective is for the entire supply chain to take responsibility for implementing sustainability measures, conducting due diligence, and enacting policies within their businesses. This involves identifying risks in supply chains, assisting producers in mitigating these risks, providing support through remediation and grievance mechanisms, and conducting external verifications to communicate these efforts publicly. Rainforest Alliance's certification scheme is a supportive tool for implementing due diligence steps and enhancing sustainability. It is one of the mechanisms that facilitate the implementation of due diligence measures. Ms Haakshorst then acknowledged that certification alone cannot fully address pressing issues such as climate change, but by working together, the industry can make strides toward sustainability.

Ms Sophie Boote, Manager for Farm and Supply Chain Economics at Rainforest Alliance, discussed the relationship between certifications and living wage. In terms of living wage, she highlighted the potential for a shared responsibility approach in the sector. With the introduction of the new RA certification program, the standard requirements for paying a living wage were designed not to burden producers. Nevertheless, collaborative efforts are needed to design mechanisms for achieving a living wage while ensuring that the costs do not disproportionately impact producers. RA is also running pilots in the banana industry and other sectors as part of their certification program.

To collaborate effectively, stakeholders must understand the living wage gap, the commitments made by brands and retailers regarding sector-wide initiatives, voluntary contributions, and the costs incurred by



producers to bridge the gap. Recognizing the challenges, burdens, and opportunities for every partner in the supply chain is a crucial step toward addressing the issues facing the banana industry.

Coordinating Body of Latin American Banana and Agro-industrial Unions (COLSIBA)

Ms Adela Torres, Coordinator of COLSIBA, highlighted the organizations two-decade-long commitment to achieving equitable conditions throughout the supply chain, benefiting both workers and producers. Ms Torres accentuated that the goal is also to make retailers more aware of what transpires at the producer and worker levels. In many cases and countries, workers within the banana supply chain face challenging conditions. This is why due diligence is paramount – a collaborative effort involving all stakeholders is necessary to ensure that everyone in the supply chain benefits.

COLSIBA firmly advocates for a joint approach in which workers support companies' advancement, while companies also acknowledge the vital role of workers and guarantees them a living wage. Currently, some workers still do not receive a living wage, have suitable working conditions, or the right and freedom to affiliate themselves with trade unions or other worker representative organizations. In several countries, freedom of association is either not approved or restricted. Addressing these issues collectively and respecting all actors in the supply chain can result in tangible progress for the industry. If employers do not provide suitable conditions, workers will not have the necessary conditions to receive a living wage. Retailers also need to be aware of these situations within the plantations. A mechanism is needed to secure employment opportunities for banana industry workers to prevent unemployment. By approaching the issue in this way, we can narrow the wage and social responsibility gaps. In some cases, workers do not receive healthcare even when exposed to workplace risks. The CSDDD can play a role in ensuring that EU retailers adhere to specific reporting and pricing standards to facilitate living wages and introduce collective bargaining where it is absent, increasing the chances of a living wage.

The Latin American and Caribbean Network of Fair-Trade Small Producers and Workers (CLAC)

Ms Marike de Peña, President of CLAC, pointed out that shared responsibility is not a new concept, especially in the banana sector, which has discussed it for a long time. While shared responsibility has existed in the form of voluntary contributions, the shift to mandatory due diligence signifies a more structured approach. She underlined the importance of recognizing that sustainability is a cost that needs to be covered through shared responsibility, as well as the importance of a price that enables producers to practically implement this sustainability regarding rights, labour relations, living wages, and the environment.


Several factors prevented the achievement of this goal, primarily the inability of many producers to pay living wages or invest in elements to combat climate change due to the insufficient prices they receive. To overcome these challenges, it is crucial to understand their diverse nature, costs, and the timeframe required for resolution. These challenges cannot be resolved solely through laws and regulations; they demand open dialogue, with an emphasis on fairness among all participants.

Ms Peña stressed the importance of comprehending the costs of sustainability, which include factors like living wages, living income, due diligence, and adapting to climate change. Shared responsibility is crucial because any failure to participate shifts the burden to others. Concern was also expressed regarding laws with accompanying sanctions that might push companies to avoid high-risk regions. Consequently, the focus should be on regulations that foster dialogue and collaboration within the supply chain.

Association of Banana Exporters of Ecuador (AEBE)

Mr José Antonio Hidalgo, Executive Director of AEBE, began the discussion by underscoring AEBE's commitment to offering practical solutions. He pointed to a significant agreement signed in Brussels two years ago, aimed at promoting the Fairtrade Price Methodology as a means to attain fair prices and living wages. It was also noted that Ecuador has already established national laws that facilitate compliance with living wage standards.

Two primary paths were suggested to achieve living wages: the first involves government regulation; while the second hinges on a well-defined methodology which has a clear need for a well-structured approach. Nevertheless, obstacles remain, such as the impact of factors like the COVID-19 pandemic and the Russia-Ukraine War. These difficulties had far-reaching consequences, such as the loss of almost half a million banana boxes per week for a duration of two weeks. Moreover, risks, including those related to El Niño, persist to this day. Despite these hurdles, progress has been made, with the recognition of the importance of a fair price methodology by a key retailer, Aldi.



Shared responsibility in the industry not only focuses on securing fair prices but also on the harmonization of certification requirements. As of now, in collaboration with other associations, a comprehensive analysis of nine different certifications and their respective requirements has been conducted. In terms of plantation management, there is a notable 60% overlap in the auditing processes across these various certifications. Shared responsibility seeks to streamline and address these overlaps, while continually promoting additional tools and certifications. Nonetheless, it is worth noting that the banana industry is already extensively certified. The ultimate goal is for the EU to transition the current certification landscape into regulated standards. This approach underscores the ongoing dedication to achieving fairness, sustainability, and living wages in the industry.

Marketing and Banana Export Association of Ecuador (ACORBANEC)

Mr Richard Salazar, Executive Director of ACORBANEC, highlighted the pivotal role played by producer associations, noting that they account for a substantial 75% of the bananas consumed within the EU. These associations diligently adhere to the EU's rigorous social and environmental standards, yet despite this commitment, they have confronted numerous challenges in recent years. Over the past three years, producer associations have joined forces to create a coalition with the primary goal of advocating for the recognition of the banana's inherent value. The alliance actively lobbies both supermarkets and governments, aiming to instill greater value in the banana box. It is essential to highlight that during this period, there has been a concerning devaluation of the banana industry - in 2015, a box of bananas was valued at \$14.5, whereas in 2022, the price had dropped to \$11.4.

Engagement with various retailers on this matter was also presented as a priority. The requirements imposed by the EU, which carry significant weight in Latin America, need to encompass the imperative of establishing a fair price for the banana box. This equitable pricing is essential for achieving and maintaining the desired sustainability levels in the industry.

Mr Salazar acknowledged Aldi's implementation of substantial changes in their fruit procurement and payment practices. However, ACORBANEC continues its efforts to encourage other supermarket chains to engage in meaningful discussions. The aim is to emphasize the broader implications of their decisions and underscore their influence on the sustainability of an entire industry in the region. For many people, bananas are a vital source of food, and producers must be able to cover their basic costs, making a fair price for their produce an imperative.

Association of Banana Growers of Magdalena and La Guajira (ASBAMA)

Mr José Francisco Zúñiga Cotes, Executive President of ASBAMA, emphasized the substantial efforts made over many years to safeguard the sustainability of the industry and secure global food security. He highlighted the significant contribution of the Magdalena region in Colombia, responsible for exporting approximately 900,000 tons of bananas annually, with 65% destined for the US and 35% for the EU and UK markets. This industry generates around 18,000 direct jobs and almost 60,000 jobs when considering indirect employment. Additionally, the sector is maturing and evolving its relationship with workers, marked by the development of various collective bargaining agreements across plantations. Notably, almost 600 small producers in the Magdalena region export their bananas to the EU, adhering to the highest quality standards, despite 87% of individuals involved in the Colombian banana industry lacking formal education.

Despite this adherence, numerous challenges continue to face the industry, including: a security problem, criminality, inflation, rising living costs, and the consequences of climate change. On the environmental front, it is important to note that progress has been made in optimizing water usage and river management. Addressing the living wage issue, Mr Zúñiga stressed the importance of integrating previous arguments and discussions into the quest for a living wage and living income within the industry.

To this end, participants were informed that in light of the phytosanitary threat of Tropical Race 4 (TR4) in Colombia, producers have taken private initiatives and collaborated with the national government to form an alliance with the Colombian Agricultural Institute (ICA for its acronym in Spanish). This alliance has developed contingency plans to mitigate the spread of TR4 in La Guajira and Magdalena, with successful results. Nevertheless, these resources provided by the national government and producers require compensation, as they face ever-increasing requirements and challenges.

Colombian Banana Growers Association (AUGURA)

Mr Emerson Aguirre, President of AUGURA, initiated his intervention by underscoring the health benefits of bananas as a vital source of potassium for the human body. However, despite this importance and the adherence to the highest quality standards, the banana industry is confronted by several challenges, namely: 1) the management of phytosanitary concerns, with the challenge of adhering to the Farm-to-Fork strategy that entails lower maximum residue level (MRL) thresholds and restrictions on the use of specific molecules; 2) the presence of TR4, necessitating a united front between producers and governments, with costs reaching up to 25 million dollars; 3) the additional expenses associated with certifications and; 4) living wages, which are challenging to determine, especially when factoring in the unique circumstances of producers and each country. In Colombia, this is achieved through a collective negotiation process with the National Union of Agricultural Industry Workers (SINTRAINAGRO for its acronym in Spanish), which encompasses 92% of producers. Social dialogue plays a pivotal role in arriving at a living wage, yet without the retailer's support for price increases, producers must cover the additional costs, which could potentially jeopardize employment opportunities for workers.

National Banana Corporation of Costa Rica (CORBANA)

Mr Mariano Jiménez, Deputy Manager of Legal and Corporate Affairs at CORBANA, began his discussion by shedding light on the prevalence of 3 to 4 principal certifications found across all plantations. However, despite this abundance of certifications, the pricing mechanism is primarily dictated by demand and supply dynamics. The absence of fair prices within the industry has impeded overall sustainability.


The challenges faced by the banana industry are incredibly complex, especially considering that the CSDDD brings about a paradigm shift. This shift signifies a departure from the conventional demand and supply-based pricing mechanism and implies that various requirements will be imposed along the supply chain for all products exported to the EU, impacting numerous industries. A pressing concern is how the CSDDD plans to monitor and enforce these changes. Mr Jiménez questioned the jurisdiction of the EU in dictating these standards to non-EU countries. While the directive discusses living wages, its primary focus is on EU-based companies and those with substantial power within the supply chain, notably excluding producers. This asymmetrical commercial relationship between producers and the EU market may intensify challenges for producers. Despite the obligation for producers to obtain certifications and meet specific requirements, there is no clear provision for compensation. Certifications primarily scrutinise whether producers are meeting the living wage requirements, often overlooking the broader range of standards and costs producers face. The issue arises when there is an oversupply of bananas in Europe, causing prices to plummet, and producers are left grappling with the financial burdens of certifications and increasing fertilizer prices, among others. There is a clear necessity for the EU Directive to incorporate a section on prices to ensure a more balanced and equitable directive that does not favour EU companies disproportionately.

Dominican Association of Banana Producers (ADOBANANO)

Hilario Pellegrini, President of ADOBANANO, addressed the shared challenges faced by producers in Latin America and Africa and noted that despite the large production of organic bananas and other certified produce, the Dominican Republic now faces the consequences of climate change and other issues. It was also underlined that the perception that producers resist the concept of a living wage is not entirely accurate. When negotiations occur in various forums and meetings, there are dual concerns: one group questions if they (producers) are complying with the living wage, while the other inquire about the banana box prices, which are continuously falling.

Mr Pellegrini pointed out that between 2016 and 2022, there was a 35% reduction in the price of Dominican Republic banana boxes, even as production costs continued to rise. In 2016 and 2017, cyclones devastated 80% of banana plantations, leading to a fruit shortage. During this period, when the minimum price for bananas in the Dominican Republic was nearly \$9, producers could negotiate prices as high as \$11 to \$12 per box due to their bargaining power. However, with standardized pricing, the question arises: will retailers pay what the box is genuinely worth? Empowering producers to negotiate fair prices for their fruit is crucial and should not be left solely in the hands of retailers. When producers are marginalized, social dialogue and profitability are undermined. It is essential to consider these aspects before imposing EU standards, as it is possible that if producers do not meet these criteria, retailers may simply switch to alternative suppliers.

Mr Pellegrini concluded by highlighting the burdens imposed by certifications on banana producers in the Dominican Republic. Among the 1,879 producers in the country, 26% are women, and over 80% are small-scale



producers. Even the larger producers, in comparison to those in other countries, are still relatively small, making it financially challenging for them to meet all the requirements. This situation has led to 12% of producers exiting the industry, which highlights the need for these challenges to be seriously considered in the pursuit of genuine social dialogue and protection.

Questions and Answers


Mr Prada opened up the discussion by underlining the importance of a fair price for the banana box and inquiring with stakeholders on any other important factors for producers and the industry at large. Producer associations re-iterated the importance of dialogue, achievable and fair timeframes to adhere to standards for producers at a global level, citing that producers worry each year if they will be able to pay all their costs within the industry. The use of the Fairtrade price-setting methodology continues to be the optimal and favourable solution for producers, given that it reflects national variability. Moreover, it was highlighted that EU companies should view producers as partners and collaborators in the industry, rather as just sources to fund their activities. There also continues to be a need for improved, long-term contracts and producers advised avoiding intermediaries in the market who seek only low-cost fruit. By fostering a collaborative alliance between European companies and producers, they can collectively negotiate terms and standards that ensure job security for workers, even in the face of climate-related disasters and enable the payment of living wages. To this end, there must be robust, enduring relationships with European supermarkets that are dedicated to supporting producers.

Other stakeholders described the need for governmental agreements, in addition to those from associations. Such governmental support is essential for effectively addressing market challenges. Furthermore, some participants expressed concern regarding the extensive discussions on climate change impact and inquired about actionable steps. They proposed the idea of fostering an exchange of agricultural technologies between the EU and producers as a viable means to mitigate the effects of climate change. Producer associations then reminded participants that a summit was already held with 6 agricultural ministries where they signed a communication to the different EU authorities that the fairtrade minimum price should be recognised.

Producer associations such as CORBANA have already initiated communication with the Costa Rican Minister of Foreign Commerce to highlight the issue of public laws, suggesting that these laws should undergo revision within the framework of the World Trade Organization. The legitimacy of the EU in imposing directives on supply chains involving foreign participants who are governed by their own national regulations was again brought into question. Other producer associations reminded participants that efforts to meet with European supermarkets have been ongoing for years. They attended various forums and events to demonstrate their adherence to the requirements set for them, yet despite their efforts they are largely not acknowledged, nor did this lead to a meaningful dialogue on improving the price of banana boxes for producers. In response, producer associations adopted a strategy of explanation and information-sharing on their activities and adherence to international market standards, emphasizing that the EU should listen to them as strategic partners.

Fairtrade International then remarked that stakeholder collaboration can happen, citing that the benchmarks and minimum prices released by Fairtrade were developed in collaboration with producers, and proposed to reconvene with producers in February 2024 to assess whether these negotiations have translated into equitable prices. However, producer associations cited the growing trend that Fairtrade minimum prices are quickly becoming the standard negotiation price for fruit, rather than a reference of the minimum price that should be paid. If the current conditions persist, the EU will face higher prices for their fruit, while producers struggle to maintain their operations. Questions were then raised regarding inflation and its impacts on collective bargaining processes and agreements in producer countries. It was noted that while AUGURA, in their agreements with SINTRAINAGRO, had succeeded in the past in paying their workers a living wage, the nearly 12% inflation increase in Colombia has meant that their commitment is no longer sufficient. To make further progress, they require support from the EU Market in the form of a better price, which would not only sustain workers but also uphold their commitment to trade unions.

CLAC then initiated a discussion by underscoring the need to acknowledge that trade isn't always equitable and emphasizing the collective effort required to drive change. Over the past three decades, CLAC has been part of a movement recognizing the potential for producers to effect change. However, it was pointed out that dictating



change at any roundtable is not the solution; instead, local-level collaboration with producers is essential. Questions were once again raised on ensuring that ongoing dialogue processes result in effective action and tangible change for the industry. The challenge lies in creating a supply chain dialogue where the voices of producers and workers are genuinely heard and acted upon. Stakeholder then posed the question, what is needed to construct a more efficient and effective dialogue between stakeholders of the supply chain?

Producer associations emphasized their commitment to transparency in meeting all necessary requirements, pointing out that retailers regularly visit their plantations to verify this. Furthermore, it was highlighted that major retailers like Aldi have set forth requirements for change among producers and are actively seeking to bring about positive change within the industry. Nevertheless, producers still feel that there is a stark lack of information-sharing on decisions made at higher levels, especially with producers. This omission of information accentuates the challenges faced in implementing living wage systems in different producer countries and producers called for an open discussion on all measures that affect their industries. While maintaining ongoing dialogue processes, multi-stakeholder collaboration – especially with retailers – is important, ultimately producers should be involved in the decision-making processes that will inevitably affect them. In doing so, we could potentially mitigate some of the challenges the banana industry currently faces.