



BACKGROUND: Fair Trade Certified™ Bananas

Introduction

Highly portable, easily peeled, deliciously sweet, and packed with nutrients, the banana is the king of all tropical fruit. Bananas are the world's fourth most valuable food crop, behind rice, wheat and potatoes, and they are the most profitable export fruit in the world. Some ten million people in 25 tropical countries depend on the banana for their living. According to the United States Department of Agriculture (USDA), the average American eats over 26 pounds of bananas each year, nearly twice that of any other fruit. Virtually everyone eats bananas – an estimated 96% in the US. Always available regardless of season, bananas are a staple of the American household.

A history of bananas

Bananas were first eaten in Malaysia and eventually throughout Asia and the Middle East. Arabs brought bananas to Africa, where the Portuguese were introduced to them, and, together with the Spanish, these countries helped spread them across Latin America. Americans did not try bananas until the late 19th century, but thanks to new, refrigerated steamships, the fruit's popularity took off.

The banana industry quickly became an important source of income, employment, and export earnings for numerous Latin American nations. The dependence of "banana republics" on one export commodity and just one or two major banana companies, led to political and social instability. From the massacre of hundreds of striking banana workers in Colombia in 1928 to the more recent violence in 2002 against union organizers in Ecuador, the banana trade has been fraught with conflict and instability.

The Supply Chain

Over 80 percent of the world banana trade is controlled by five companies: Del Monte, Chiquita, Dole Foods, Fyffes Bananas, and Noboa/Bonita. Most bananas imported to the US originate on plantations in Latin America, although tens of thousands of small farmers also depend on income from their banana crops.

Like most tropical fruits, bananas are highly perishable, necessitating efficient harvesting, packing and transportation systems. Bananas for export are shipped green in refrigerated vessels that prevent them from ripening before arrival. Once they arrive in the US, bananas are ripened in special facilities.

The major banana companies control nearly every link in the supply chain—from production on the farms to US distribution. Increasingly, however, these companies are divesting of their farms to protect their stockholders from risk of weather problems and labor disputes. Some of these newly independent farms receive long-term contracts from their former parent company. Others, however, are left at the mercy of the market. Banana prices have fallen 40 percent in the last six years, forcing many farms to cut wages and benefits.

Why Fair Trade Certification?

Fair Trade certification ensures that farmers receive a fair price for their top-quality fruit, and that farm workers have good working conditions and receive fair wages. Without Fair Trade certification, small fruit farmers often receive only a few cents a pound for their crop, far below the cost of production. Farm workers on plantations are equally disadvantaged. For example, in Ecuador, the cost of basic necessities for a family of four is \$9.60 a day, but on non-Fair Trade farms, workers may earn as little as \$2 a day. These disparities have led to the widespread need for children to work in the fields to supplement their family's income.

Fair Trade brings benefits to both small farmer cooperatives and plantation workers. Plantation workers must form workers' organizations, which administer the Fair Trade Premium, additional income generated from sales to the Fair Trade market. They represent workers' interests to management as well. Small farm cooperatives also decide democratically on the use of the Fair Trade premium.

The principal Fair Trade criteria for bananas are:

- Fair prices for small farmers—as much as six times the price paid by local middlemen
- Fair wages and good working conditions for plantation workers
- Plantation workers' right to organize with local unions if they choose
- Sustainable agricultural practices that restrict the use of agrochemicals

The Fair Trade premium helps fund community development, including schools and basic medical care, as well as quality improvement programs and conversion to certified organic cultivation.

How Does Fair Trade Help the Environment?

On Fair Trade farms, producers must adhere to strict standards regarding the use and handling of pesticides, the protection of natural waters, virgin forest and other ecosystems of high ecological value, and the management of erosion and waste.

Because nearly all commercially grown bananas are of one variety, they are extremely susceptible to pests. In many banana-growing regions of Central and South America it is virtually impossible to grow bananas organically because of the prevalence of plant diseases. Non-Fair Trade conventional plantations apply about 30 pounds of chemical pesticides per acre each year, greatly threatening worker health and the environment. Fair Trade farms must reduce the use of pesticides and show continual progress towards environmental sustainability.

In regions where organic production is possible, selling at Fair Trade prices enables small farmers to pay for organic certification and training in sustainable agriculture techniques. Most Fair Trade farms are now also certified organic, and other Fair Trade farms are in transition to organic and have made significant progress towards sustainability.

How Is Fair Trade Certification Good for Business?

In Europe, where Fair Trade Certified™ bananas have gained as much as 50 percent market share (Switzerland) with a growth rate of over 50 percent per year, grocery retailers have found Fair Trade bananas to be an answer to the “banana price wars” instigated by mass market retailers. Rather than slashing prices—and losing money on the commodity—to compete, many retailers are choosing to offer Fair Trade bananas to maintain their profit margins and please their customers with socially responsible products.

Consumer demand for socially responsible goods, including Fair Trade Certified products, is rising. An all-time high of 81% of Americans say they are likely to switch brands to help support a cause, when price and quality are equal.¹ Fair Trade Certified, the most consumer-recognized label of social responsibility, is becoming an invaluable asset to businesses across the country.

Fair Trade is an investment in quality and in a sustainable supply for businesses. Fair Trade ensures that farmers can earn enough for their crops to continue producing quality. Farm workers who receive adequate wages and benefits are significantly more productive, contributing to the overall efficiency of the supply chain. Direct relationships with growers allow companies to benefit from consistent, long-term access to quality products.

About TransFair USA and Fair Trade Certification

TransFair USA, a 501 (c) 3 nonprofit, is the sole Fair Trade certification organization in the U.S. Its rigorous audit system, which tracks products from farm to market, verifies industry and farmer compliance with Fair Trade criteria. TransFair authorizes companies to display the Fair Trade Certified label on products that meet this high standard. TransFair USA is part of a global certification network with a 16-year history of success in over 60 countries. In addition to coffee, TransFair also certifies Fair Trade tea, cocoa, chocolate and bananas. To learn more, visit www.transfairusa.org.

¹ Cone/Roper 2002