

BANANA WARS

Power, Production, and History in the Americas

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This series aims to stimulate critical perspectives and fresh interpretive frameworks for scholarship on the history of the imposing global presence of the United States. Its primary concerns include the deployment and contestation of power, the construction and deconstruction of cultural and political borders, the fluid meanings of intercultural encounters, and the complex interplay between the global and the local. American Encounters seeks to strengthen dialogue and collaboration between historians of U.S. international relations and area studies specialists.

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The Global Banana Trade

Bananas represent one of the most widely traded agricultural goods in the world with annual exports valued at roughly five billion dollars (FAO 2001). Though bananas are typically seen as an undifferentiated commodity, historically divergent patterns of trade regulation have defined two distinct commodity systems for this fruit: the dominant Dollar Banana system centered on the U.S. market and the smaller ACP Banana trade between Europe and its former African, Caribbean, and Pacific (ACP) colonies.¹ Using a comparative commodity system approach, I examine the divergent trade geography, state sponsorship, corporate involvement, social relations of production, and environmental conditions characterizing each of these production systems in order to illuminate how Dollar and ACP Bananas have been socially defined as distinct commodities.

The banana trade has historically been forged through global and local forces that simultaneously connect and divide major Latin American and Caribbean sites of production and major North American and European sites of consumption. In recent decades there have been two regimes regulating the trade in bananas: Dollar Bananas have been regulated by “free market” conditions shaped by the oligopolistic power of key transnational corporations, while ACP Bananas have been regulated by preferential market agreements between nations. The conflict between the ACP and Dollar Banana regimes—the so-called banana wars—illuminates historical tensions between these two systems and the emergence of the World Trade Organization (WTO) as the new arbiter of the global market. In the most recent skirmish the United States and its transnational corporations appear to have won, undermining the future viability of the ACP Banana system. But this does not mean that trade conditions will necessarily be homogenized under the Dollar Banana system. Alternative trade systems are developing that could offer opportunities for the survival of

displaced ACP Banana farmers and for building a more socially and environmentally sustainable system of banana production, trade, and consumption.

COMMODITY-SYSTEM ANALYSIS

A historically rooted commodity-system approach is well suited to analyzing how bananas have been transformed from a subsistence food in Latin America and the Caribbean into a favorite fruit purchased by consumers in North America and Europe. This approach traces the complex social, political, and economic relationships and institutions created in the movement of a particular commodity from the point of production to its consumption. Research focusing on key agro-export commodities has facilitated analysis of the configuration and reconfiguration of labor forces, production patterns, market ties, and political alliances in export-dependent Latin American and Caribbean countries. Extensive study of the region's coffee economies, for example, has emphasized how the macrodynamics of the coffee trade have converged with local forces to forge strikingly different patterns of production organization (see Roseberry, Gudmundson, and Kutschbach 1995). Mintz (1985) brilliantly demonstrates the role of sugar in shaping social, political, and economic structures in both Caribbean production regions and Europe consumption regions (see also Tomich 1990). The commodity-system approach, however, has been less often applied to bananas (but see Trouillot 1988).

A commodity-system approach grows out of the complementary work of Friedland (1984) and Hopkins and Wallerstein (1986) who, from slightly different vantage points, advocate the analysis of the interconnected processes of raw material production, processing / packaging, shipping, marketing, and consumption that are embodied in a given commodity. One of the strengths of this approach is its ability to locate local production systems within larger networks that span economic sectors, geopolitical regions, and historical periods. As Gereffi (1994, 97) notes, commodity-system analysis focuses on the interlinking of products and services in a sequence of value-added activities; the nature and spatial configuration of enterprises that form production and marketing networks; and the power relations that determine how resources are allocated along the commodity chain. Recent studies in various commodity areas highlight the increasingly critical role of transnational corporations in orga-

nizing and transforming current global production systems (see, for example, Gereffi and Korzeniewicz 1994).

Much of the commodity-based literature focuses on production, though trade and consumption form equally important terrains for research. Consumption relations are particularly vital in shaping the networks that supply what we eat, since food is not only a human necessity but a key to cultural identity (Arce and Marsden 1993; Soluri herein). Whereas research on consumption highlights the importance of global, national, and local cultural forces in shaping commodity systems, investigations of agrofood trade often emphasize the importance of political forces operating in intersecting local and global arenas. Recent agrofood studies challenge economic models of comparative advantage, highlighting the importance of political factors in constructing market competitiveness and in regulating trade (McMichael 1997; Raynolds et al. 1993; Watts and Goodman 1997).

THE HISTORICAL DIVERGENCE IN THE BANANA TRADE

Since the 1800s, bananas (along with sugar and coffee) have integrated Latin America and the Caribbean into the international division of labor, forging the region's ties to the United States and Europe.² Early mercantilist relationships and successor affiliations between countries of the north and south defined the parameters of the banana trade. The two hands of colonialism—the direct rule of European colonial powers and the indirect rule of the increasingly hegemonic United States and its corporations—created the two systems through which bananas are currently produced, traded, and consumed. As with other key agro-exports, the politics of bananas has been, and continues to be, central to the politics of national development as well as international trade.

The Creation of the Latin American / United States System

Until the late nineteenth century the international banana trade was highly decentralized, involving a number of U.S. and European trading companies that bought produce from independent growers in the Americas, Africa, and the Pacific. At the turn of the century the newly formed, U.S.-based United Fruit Company transformed the banana industry, linking the shipping and distribution of bananas—which characterized the earlier mercantilist trade—to

major production enterprises. The vertically integrated United Fruit Company merged large banana operations in Latin America and the Caribbean, major railroad, port, and shipping facilities, and a substantial U.S. fruit distribution network (Davies 1990, 23–36, 96; Bucheli herein).

United Fruit continued to expand its holdings in the early 1900s, consolidating its control over the regional banana industry. In this era company plantations were relocated every ten to twenty years due to the onset of major diseases and the rapid depletion in soil fertility. Although only a small portion was ever planted at one time, United Fruit acquired over three million acres in Honduras, Costa Rica, Nicaragua, Guatemala, Panama, Colombia, Cuba, and Jamaica. By combining this productive base with expanding shipping, railroad, and port facilities, the company was able to take advantage of economies of both scale and scope. Guaranteeing regular supplies of high-quality produce, United Fruit drove most of its regional competitors out of business, acquiring 50 percent of the growing U.S. consumer market (Roche 1998, 37–41).

During the mid-1900s era of rising U.S. hegemony, United Fruit became a significant political as well as economic force in the hemisphere. The powerful banana company was involved in shaping domestic politics within producer nations increasingly dependent on banana revenues. At the same time, the company played an important role in guiding U.S. diplomatic relations toward a region increasingly defined as vital to American interests. In 1954 United Fruit played a critical role in orchestrating and gaining U.S. support for the overthrow of Guatemala's president; in 1974 the company was again implicated, this time in bribing the president of Honduras. United Fruit exerted such influence over the economies and governments of Central America that these countries came to be referred to pejoratively as "banana republics." Given its stranglehold on the region, United Fruit in turn came to be known locally as *El Pulpo* (the octopus) (Kepner 1936; Langley and Schoonover 1995).

United Fruit's banana monopoly was challenged repeatedly under U.S. anti-trust laws, resulting in the creation of two spin-off companies (Roche 1998, 41–49). Standard Fruit, spun off in 1909, became a major producer and shipper of Central American bananas and was purchased in 1964 by the U.S.-based Castle and Cooke, now known as Dole Food Corporation. A 1972 antitrust action against United Fruit precipitated the sale of banana lands to the smaller U.S.-based Del Monte Fresh Produce Company. Trying to shed some of its notori-

ety, the United Fruit Company was reorganized and renamed, first as United Brands, more recently as Chiquita Brands. Chiquita, Dole, and Del Monte have largely maintained their preeminence in the Latin American banana industry, despite two major recent challenges to their market dominance. One challenge has come from the rise of independent Ecuadorian and Colombian banana producers and exporters. Though Ecuador and Colombia have gained an important share of the banana trade, particularly in Asia, U.S. companies have maintained their market position by buying produce from these countries and expanding their own production in the Pacific (Glover and Larrea Maldonado 1991). The 1974 creation of the Union of Banana Exporting Countries (Union de Países Exportadoras de Banano) raised a second potential threat to U.S.-based banana company domination, but this group's impact has been largely limited to the imposition of a modest tax on corporate banana exports (*ibid.*).

The Divergence of the Caribbean / European System

Though initially part of the Latin American trade, the Caribbean banana industry developed along a different trajectory due to the persistence of powerful European colonial administrative structures and mercantilist trade policies. At the turn of the century, the introduction of on-board cooling techniques opened up the transatlantic banana trade (Davies 1990, 74). Seizing this opportunity, the British and French made bananas a central vehicle for continued colonial rule in the region, forging a distinct banana circuit that linked the Caribbean to Europe. In contrast to the Latin American banana industry, the key players in this new Caribbean banana circuit were not large-scale producers, but state administrators and banana shippers.

In the early 1900s, British colonial policies transformed Jamaica—previously a minor source of U.S. and European bananas—into the major supplier of bananas to Britain, the largest market in Europe. Small-scale Jamaican producers were encouraged to grow bananas for export to Britain, where they were guaranteed a market. To counter United Fruit's growing banana monopoly, the British government gave the company known today as Fyffes Limited control over banana shipping and distribution (Davies 1990, 86). Fyffes was guaranteed 75 percent of the British market and an exclusive contract over bananas from Jamaica and, later, Belize and Surinam (Thomson 1987, 80). Since Fyffes was not a banana producer, colonial administrators established an association

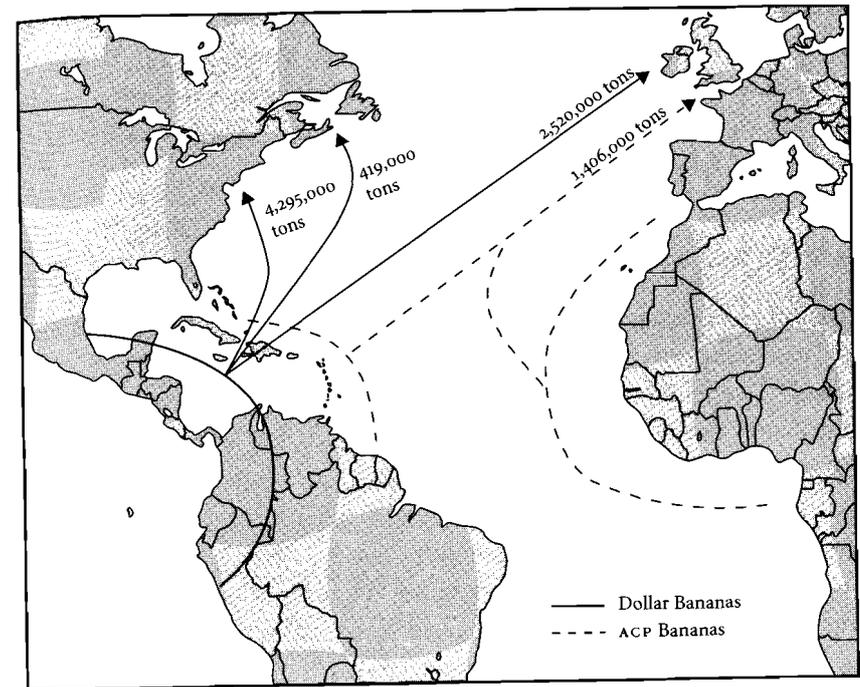
of growers to coordinate banana production and shipping (Sealy and Hart 1984). After World War II, Britain sponsored the emergence of the Windward Islands as a major supplier of European bananas. Colonial administrators again created a decentralized banana industry, channeling peasant production into the export economy with the help of a powerful state-backed banana growers' association (Thomson 1987, 13–44). Exclusive banana-exporting rights were granted to a major U.K. food company, Geest Corporation (Trouillot 1988, 127; Grossman herein; Slocum herein).³

England's colonies in the Caribbean won their independence, but their economies still hinge on the smallholder banana industry established by the British. The former colonies maintain their preferential access to the lucrative British market, with British-based companies continuing to ship most of the area's bananas. Geest's banana division was recently purchased by Fyffes, making Fyffes the largest shipper-distributor in the European banana circuit (Roche 1998, 143–46).

Colonial relationships similar to those of Britain configured other strands of the European banana circuit, creating a network of smallholder production systems in the former colonies that remain linked to the metropolitan centers through preferential trade. Martinique and Guadeloupe, formerly colonies and now departments of France, have traditionally provided the second-largest share of European bananas under a system that mirrors that in the neighboring Windward Islands. Like their British counterparts, French colonial administrators founded a smallholder banana export industry coordinated by a state-supported growers' association. This decentralized banana industry remains critical to the economies of Martinique and Guadeloupe (Welch 1996). While the locus of the European banana circuit has always been the Caribbean, other former colonies in the Mediterranean and Africa also supply this system.

THE DOLLAR BANANA SYSTEM AND THE ACP BANANA SYSTEM

By the 1960s the political and economic ties between the United States and its Latin American neighbors and European countries and their former colonies had defined two opposing banana systems (see map, below). The Dollar Banana system centers on the U.S. market, long the largest market in the world, which



ACP and Dollar Banana Trade Circuits. Sources: Dollar Banana figures from FAO 2001; ACP and Overseas Territory figures from Eurostat 1999, cited in FruiTrop 1999.

currently absorbs 31 percent of total world exports (FAO 2001). Reflecting the historical sphere of influence of the U.S. government and U.S.-based corporations, Latin American exports—from Ecuador, Costa Rica, Colombia, Panama, Guatemala, and other countries—supply most of the U.S. market, as well as the smaller Canadian market. Dollar Bananas currently constitute about 80 percent of world trade. This “open market” trade remains largely in the hands of the big three banana companies.

The ACP system, which links former colonies and offshore territories in Africa, the Caribbean, and the Pacific with the European market, is the world's second major banana circuit. The Lomé agreement between the European Union (EU) and the ACP group of seventy former colonies has upheld the historically rooted preferential trade access and market share of ACP Bananas (Chambron 1995, 2; Sutton 1997, 11). The EU currently absorbs 33 percent of total world banana imports (FAO 2001). ACP countries—including St. Lucia,

Dominica, St. Vincent, and Jamaica in the Caribbean, and Cameroon and the Ivory Coast in Africa—supply 18 percent of the EU banana market. European offshore territories—including Guadeloupe and Martinique in the Caribbean and Madeira and the Canary Islands in the Atlantic—supply an additional 21 percent (FAO 1999a).

DOLLAR AND ACP BANANA-PRODUCTION REGIMES

Bananas move through an intricate set of transnational production, processing, and marketing activities as they make their way from the fields to distant consumers. Distributors play the pivotal role in this commodity system since it is distributors that must guarantee that bananas reach their destination undamaged and ready to eat.⁴ To ensure that bananas are not bruised in transit and are delivered in amounts that will be sold before spoiling, distributors must tightly coordinate activities along the commodity chain. While the central tasks of cultivation, washing, packing, local transport, international shipping, ripening, and wholesaling must be smoothly linked, these activities may be carried out by distributors themselves or by associated firms.

The Dollar Banana system is vertically integrated with the biggest corporations—Chiquita, Dole, and Del Monte—which manage most production and distribution activities themselves (figure 1). Dollar Banana cultivation remains anchored in the huge Latin American plantations acquired by the heirs of United Fruit. The big three banana corporations produce roughly 70 percent of their own produce, buying most of the remainder via contracts with large growers. In the event of production shortfalls, Ecuadorian bananas are purchased on the open market (Glover and Larrea Maldonado 1991). Interlocking divisions within Chiquita, Dole, and Del Monte are responsible for intermediary produce handling: preparing and packing the bananas, often in boxes from their own cardboard factories; transporting the produce from field sites to the port, often on their own truck or rail systems; and shipping the bananas internationally, often using their own refrigerated containers, their own boats, and sometimes even their own harbors.⁵ Bananas from Chiquita, Dole, and Del Monte subsidiaries around the world are shipped to corporate ripening centers in major North American, European, and Asian markets. These global sourcing networks help balance out regional production variations and guarantee

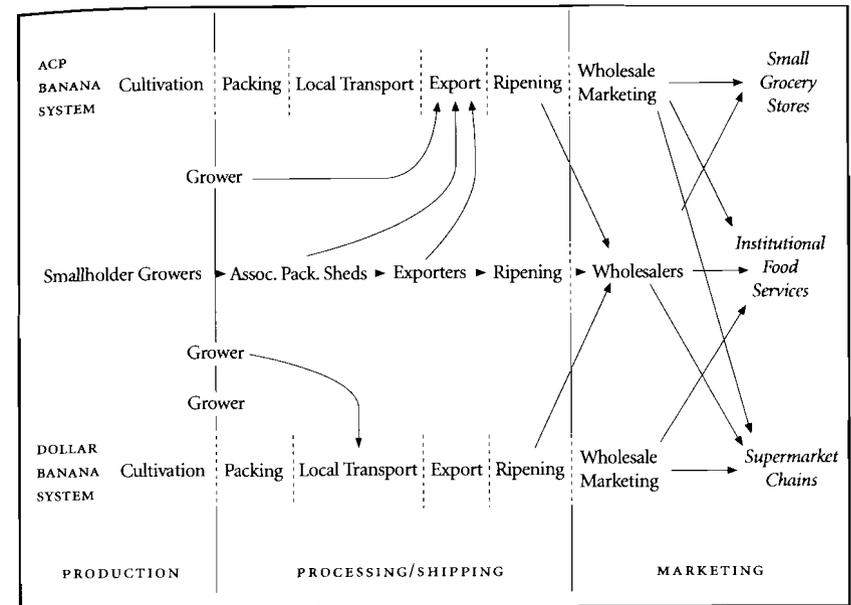


FIGURE 1 The ACP and Dollar Banana Commodity Systems

a consistent supply for sale to supermarkets and institutional food services. Dollar Banana corporations' vertically integrated structure provides important advantages in guaranteeing produce quality and supplies, channeling market information into production planning, and facilitating promotional efforts to expand markets for their brand-name fruit.

Reflecting its strikingly different historical roots, the ACP Banana production system based in the Caribbean is much less vertically integrated than the Dollar system. As highlighted in figure 1, ACP Banana distributors are essentially trading companies with limited involvement in cultivation. Fyffes, the largest traditional ACP firm, has experimented with plantation production and open-market purchases, but the bulk of its produce still comes from contracts with Windward Island smallholders. A number of distributors handle produce from Martinique and Guadeloupe, creating an even more decentralized system. On each of the major Caribbean banana islands, thousands of small-scale banana producers are organized into state-sponsored growers' associations that facilitate production and coordinate banana exports.⁶ Banana growers' associa-

tions in Martinique and Guadeloupe rent shipping space for their members but leave them to market their bananas individually to various European distributors (Welch 1996). In contrast the Windward Island banana growers' association, in association with the Windward Island Banana Development Exporting Company (WIBDECO), has for decades sold all their export-quality produce to the same shipper-distributor. Fyffes ships the bananas on company and rented vessels to its European ripening centers and then sells the produce to supermarkets, institutional food services, and grocery stores. Under the Windward Island banana contract the distributor does not purchase the bananas prior to shipping, but rather agrees to pay WIBDECO for the produce at a rate fixed in Europe, minus shipping and handling fees. Shipping and distribution costs of ACP Bananas are significantly higher than those for Dollar Bananas, since volumes are lower and vessels must make multiple stops to load their cargo. While ACP distributors have higher costs and less control over produce supplies than vertically integrated Dollar Banana companies, some costs and risks are shifted onto banana growers, either individually or collectively via growers' associations.⁷

DOLLAR BANANA PRODUCTION:
SOCIAL AND ENVIRONMENTAL CONDITIONS

Dollar Bananas are grown primarily on plantations that often exceed 12,000 acres and are operated directly by the major distributors: Chiquita, Dole, and Del Monte. Dollar corporations and their huge plantations dominate Latin American banana production (see table 1). For example, 87 percent of Costa Rica's 2.5 million tons of bananas are currently exported under the Chiquita, Dole, or Del Monte label (Banana Link 1999).

Chiquita, Dole, and Del Monte all have extensive plantations that provide the core of their supplies and allow them to benefit from important economies of scale. These plantations entail substantial fixed investments, though much of the land is leased from local governments. Chiquita, for example, cultivates 17,000 acres of largely rented land on the border of Panama and Costa Rica, producing almost half a million tons of bananas a year (Bourgeois 1989, 4). Production on this scale permits the efficient use of human, chemical, and mechanical inputs. Particularly important for bananas is the use of cost-saving,

TABLE 1 Major Dollar Banana Producers, 1999

	Major Exporters*	Acres Harvested	Yield (tons / acre)	Holdings	Workers
Ecuador	Noboa; Dole; Del Monte; Chiquita	477,000	12	100% medium	180,000
Costa Rica	Dole; Del Monte; Chiquita	123,000	20	25% medium 75% large	47,000
Colombia	Uniban; Dole	124,000	16	100% medium	40,000
Panama	Chiquita; Del Monte	47,000	24	25% medium 75% large	10,000

SOURCES: APROMA 1992 (11-14); ECCR n.d. (10-16); FAO (2001); and author's estimates.

* Firms listed in order of export shares.

scale-dependent technologies like the aerial spraying of pesticides and the use of cable networks that transport harvested bananas to packing sheds up to a mile away.

Banana-plantation production remains labor intensive since the fragility of the fruit limits mechanization. Chiquita's Panama-Costa Rica enterprise, for example, employs roughly 10,000 workers. Men are hired in the fields to apply chemicals, prune, wrap the stems with plastic, harvest, and load bananas on the aerial cables. Women are mostly hired in the packing sheds to cut up the banana bunches; select, sort, and wash the exportable produce; apply fungicides; and pack the boxes. Labor demand fluctuates around the banana harvest. To cut costs, corporations typically employ temporary laborers excluded from legal minimum-wage standards, job-security guarantees, and benefits (Foro Emaus 1997; Ransom 1999, 10-13). Further weakening the position of labor, most Central American banana plantations hire ethnic minority workers, often migrants working in the country illegally.⁸

In addition to their own plantations, banana transnationals rely on contracts with large associate growers that supply about 30 percent of their produce.⁹ There are two major benefits for corporations in using these typically five-year contracts. First, it allows corporations to avoid increasingly frequent and costly conflicts over the violation of labor, health, and environmental standards.¹⁰ Sec-

ond, it increases the flexibility of produce supplies. Contracts specify the quantity and timing of banana deliveries, but corporations typically loosen quality standards when supplies are low and tighten their standards to exclude produce when their supplies are high (Glover and Larrea Maldonado 1991).

The plantation-based Dollar Banana system has fostered a number of environmental problems. Banana plantations have fueled deforestation throughout Latin America. The recent expansion of Dollar Banana production has led to the clearing of thousands of acres of Costa Rican jungle (Foro Emaus 1997). Contractions in banana production also harm the forests as hundreds of laid-off workers, unable to find alternative jobs, resort to clearing land for subsistence farming.¹¹ The preparation of plantation land leads to substantial erosion as the biomatter stabilizing the top soil is removed to facilitate irrigation and make way for banana monocropping. During the rainy season, the soil washes away, silting up rivers and fueling water-borne chemical contamination (Colburn 1997). Pesticide-laced plastic bags used to protect maturing bananas litter the area around large plantations. Discarded banana bags and other plantation run-off often make their way to the ocean, killing fish and destroying entire reef systems.

One of the most critical environmental problems arising from Dollar Banana production derives from intensive pesticide use. The large-scale monocropping of bananas has fostered the rise of pest populations and potentially devastating diseases. To combat these threats, Dollar Banana companies utilize an arsenal of pesticides. Fungicides are applied to control Black Sigatoka, while extremely toxic insecticides, nematocides, and soil fumigants are used to control nematodes (Wheat 1996). Much of the pesticide use is for cosmetic treatments ensuring the uniform size and appearance of brand-name fruit. In Costa Rica, bananas absorb nearly one-third of all pesticides, contributing to the country's dubious distinction as the world leader in per capita pesticide use (Murray 1994). Pesticides, particularly when aerially applied, contribute to both environmental contamination and public-health problems.¹² The use of the nematocide DBCP has led to the sterility of thousands of Central American banana-field workers (Thrupp 1991); extensive chemical exposure in the banana-packing sheds is increasing women's risks of developing cancer and having children with birth defects (Banana Link 1998a).

TABLE 2 Major ACP and Overseas Territory Producers, 1990

	Major Exporters*	Acres Planted	Yield (tons / acre)	Holdings	Growers
Windward Islands	Fyffes / WIBDECO	42,000	8	53% < 10ac 43% 10-50ac 3% > 50ac	27,000
Jamaica	Fyffes; JAMCO	11,000	18	6,000 small 2 large	6,000
Guadeloupe	SICA-ASSOBAG	18,000	12	34% < 10ac 22% 10-50ac 44% > 50ac	1,400
Martinique	SICABAM	19,000	12	29% < 10ac 17% 10-50ac 54% > 50ac	1,300

SOURCES: Addy 1999 (9); Nurse and Sandiford 1995 (45); Welch 1996 (288-93).

* Firms listed in order of export shares.

ACP BANANA PRODUCTION:

SOCIAL AND ENVIRONMENTAL CONDITIONS

In contrast to the large-scale production of Dollar Bananas, the production of ACP Bananas rests largely in the hands of small- and medium-scale producers. In the early 1990s there were about 27,000 growers in the Windward Islands, most of whom cultivated less than ten acres of bananas (see table 2).¹³ Landholdings are slightly larger in Jamaica and the French Caribbean, but production remains decentralized, and even the largest holdings are small by plantation standards.

Small-scale Caribbean banana production is economically tenuous due to its highly dispersed structure and limited grower resources. Local and regional banana growers' associations help to overcome some of these problems, coordinating production and making scale-dependent technologies available. Producer associations may provide research and extension services, bulk input purchases, credit advances, collective aerial spraying, local transportation, and

packing facilities as well as joint shipping and marketing services (Welch 1996). Getting the bananas from the fields to the port unharmed remains a major challenge. Most Windward Islands producers prepare and pack bananas in the fields. The bananas are cut into clusters, washed, dipped in fungicide, and boxed (Grossman 1998, 130–32). Banana boxes are then transported to the port by truck.

Caribbean banana production is very labor intensive. To cultivate, harvest, and pack the bananas, small-scale producers rely largely on unpaid household labor, supplemented by hired day workers. Women provide a critical share of the labor in bananas (Cecilia Babb cited in Pantin, Sandiford, and Henry et al. 1999, 34). In St. Lucia, 60,000 people (about one-third of the population) are directly or indirectly employed in the banana industry (Godfrey 1998, 2). The labor-intensive nature of production and relatively high Caribbean wage rates help explain the high cost of ACP Banana production (Nurse and Sandiford 1995, 52,144).

ACP Banana production in the Caribbean is characterized by very different and far less environmentally destructive agroecological conditions than Dollar Banana production (Caribbean Conservation Association 1991; Vandermeer and Perfecto 1995). Most Caribbean banana production takes place on small hillside parcels of land. Rather than being monocropped like Dollar Bananas, banana plants are typically intercropped with fruit trees and ground crops. Banana cultivation has historically caused deforestation in parts of the Caribbean, but the damage to local ecosystems has been limited by the interspersing of small banana holdings with remaining tropical forest areas. This diversified land use pattern also limits soil erosion and river siltation (Caribbean Conservation Association 1991). Given their intimate long-term contact with the land, small-scale ACP banana producers are arguably better land stewards than are plantation managers oriented toward short-term returns.

Pesticide use in the production of ACP Bananas is significantly lower than in Dollar production.¹⁴ The maintenance of agroecological diversity within Caribbean banana regions helps control pests, and fewer fungicides are needed to control Black Sigatoka, which is less prevalent than in Latin America. Although Caribbean banana-growers' associations often recommend high levels of chemical input use, these recommendations are rarely followed. Where bananas are intercropped, growers often resist applying pesticides for fear that it

might harm their food crops (Grossman 1998, 201). Pesticide use in ACP Bananas actually declined in recent years, due to producers' budget constraints and the inability of banana growers' associations to finance expensive inputs (Welch 1996, 260). In the Windward Islands costly and hazardous aerial spraying is rare. Though plastic banana bags create litter, they are rarely treated with pesticides (Grossman 1998, 128). In some cases, small-scale Caribbean banana production has become almost pesticide-free.

The divergent social and agroecological characteristics of the ACP and Dollar systems help explain the significantly lower market price of Dollar Bananas while revealing the hidden costs of this system. Vertically integrated Dollar Banana corporations benefit from economies of scale and scope in both production and distribution. Dollar Banana plantations achieve higher yields than smaller ACP producers due to their large-scale, chemical-intensive monocropping system, but these production characteristics fuel substantial environmental and health problems. Latin American Dollar Banana production costs are less than half of that of Caribbean ACP Bananas (U.S.\$150–200 per ton f.o.b. as compared to U.S.\$400–700 per ton f.o.b., respectively), largely as a result of the lower returns paid to disadvantaged workers (Hallam and Peston 1997, 23). In short, while the ACP Banana production system may be more expensive than the Dollar system, it represents a more environmentally and socially sustainable form of production.

DOLLAR AND ACP BANANA-TRADE REGIMES AND THE BANANA WARS

Bananas remain the most important internationally traded fresh agricultural commodity. Dollar Bananas account for 85 percent of the 14 million tons of bananas on the world market. Most Dollar Bananas continue to be produced largely in Latin America, with Ecuador, Costa Rica, and Colombia supplying 57 percent of the world's bananas (table 3; see also table 1). These Latin American countries have become more diversified over the years, but bananas continue to contribute from 1 to 10 percent of gross domestic product.

The big three banana corporations—Chiquita, Dole, and Del Monte—have oligopolistic control over the trade in Dollar Bananas, selling huge quantities of their relatively inexpensive, input-intensive, blemish-free bananas. Chiquita,

TABLE 3 World Banana Exports and Imports, 1999

Exports		Imports	
Country	Tons (1,000)	Country	Tons (1,000)
<i>Latin America</i>		<i>North America</i>	
Ecuador	3,966	United States	4,295
Costa Rica	2,523	Canada	419
Colombia	1,856	<i>Europe</i>	
Panama	593	EC-15	4,681**
Guatemala	536	Russian Federation	378
Mexico	174	Poland	348
<i>Caribbean</i>		Czech Republic	131
Windwards	130	Former Yugoslavia	90
Martinique and Guadeloupe	375*	<i>Asia</i>	
Dominican Republic	67	Japan	983
<i>Africa</i>		China	432
Ivory Coast	215	Saudi Arabia	119
Cameroon	165	<i>Latin America</i>	
<i>Asia</i>		Argentina	294
Philippines	1,320	Chile	155
<i>World Total</i>	14,673	<i>World Total</i>	14,047

SOURCES: FAO, Banana Statistics, CCP:BA/TF 99/3 Gold Coast, Australia 4-8 May, 1999. Geneva:

FAO; FAO "FAOSTAT database results," 2001, <http://www.fao.org/>

* This figure is for 1997.

** This figure includes shipments from EC overseas provinces.

Dole, and Del Monte have stimulated consumption of bananas throughout the world via expensive marketing campaigns, capturing the majority of this growing market for their standardized name-brand fruit. The three corporations have increased their hold over the market over the past thirty years, with their combined share of world trade rising to 66 percent (Hallam and Peston 1997, 44; van de Kastele 1998, 14).

Conditions in the so-called open market for Dollar Bananas are essentially established by the competitive pressures between Chiquita, Dole, and Del

TABLE 4 Major Corporate Market Shares, 1997 (in percentages)

Corporation	World Market	USA	European Union
Dole	5-26	35	18-19
Chiquita	24-25	35	15-16
Del Monte	16	18	10-11
Noboa	13	—	—
Fyffes / Geest	6-7	—	16-17

SOURCE: van de Kastele 1998 (table 4).

Monte. Historically the world's largest banana distributor, Chiquita Brands currently controls 25 percent of the world market. Chiquita is the most aggressive company in the industry, with almost half of its U.S.\$2.6 billion in annual sales coming from bananas, and it has the largest investments in banana infrastructure (Chiquita Brands International 2000). In recent years Dole Food Corporation has also acquired 25 percent of the world market, challenging Chiquita's position as the foremost banana distributor (see table 4). Dole is more diversified and larger than Chiquita, with sales of U.S.\$5.1 billion (Dole 2000). The third major banana distributor, Del Monte has sales of U.S.\$1.5 billion (Fresh Del Monte 2000). Noboa has the fourth-largest share of the world market and is the major distributor of Ecuadorian bananas.

Chiquita, Dole, and Del Monte have virtually complete control over the U.S. banana market, which is the largest in the world, accounting for 31 percent of total imports (FAO 2001). Bananas are the leading fruit in the North American diet, with U.S. and Canadian consumers leading the world in per capita consumption (Hallam and Peston 1997, 26). Having largely saturated the North American market, these corporations have had to find new outlets for their growing exports. In recent years Dollar Banana corporations have expanded sales in Japan, the former U.S.S.R., and other countries in Asia and the Middle East (ibid., 24). But the real prize has been the European market.

Since the mid-1980s, Europeans have greatly increased their consumption of bananas, causing per capita imports to rise in eastern and western Europe. The European Union (EU) absorbs 33 percent of world imports (FAO 2001). Unification has made expansion in Europe particularly attractive to Dollar Corporations since it facilitates continent-wide distribution strategies. To capture this

growing market, Chiquita, Dole, and Del Monte expanded their Latin American plantations during the 1990s, flooding Europe with Dollar Bananas. Despite hurricanes that devastated a number of Dollar Banana production regions in Central America, the 1990s saw an oversupply of bananas. Excessive production heightened competition and drove down world prices, encouraging Dollar Banana corporations to challenge the position of smaller banana distributors and the ACP Banana system in Europe.

THE EU BANANA MARKET

Until the 1990s, the European banana market was structured around a set of preferential trade agreements granted to former ACP colonies under the Lomé Agreement. In 1993 a single EU banana market was established, consolidating earlier trade privileges under a complex tariff-quota system. The EU modified these regulations in 1995 to settle a charge brought by Colombia, Costa Rica, Guatemala, Nicaragua, and Venezuela that the EU banana regulations restricted their exports. The revised regulations upheld a three-tiered system: (1) bananas from European overseas territories were given free-market access; (2) ACP Bananas were given a tariff-free quota set at the traditional import level of 858,000 tons per year; and (3) Dollar Bananas were given a quota of 2,200,000 tons with a 75 ECU (European Currency Units) per ton tariff.¹⁵ The 1995 complainant countries were assigned favorable shares of the overall Dollar Banana quota.¹⁶ An import-licensing system was also established guaranteeing traditional EU and ACP importing firms access to 30 percent of licenses and allocating the remainder to producer countries (Chambron 1995, 3–4; Sutton 1997, 22; Solidaridad 1995, 48–54).

ACP countries and European overseas territories supported the new banana-trade regulations, which reserved a large share of the EU market for their relatively expensive and variable quality bananas. Bolstered by the new regulations, ACP Bananas saw their share of EU imports rise from 37 to 39 percent between 1992 and 1997 (Banana Link 1998b). The protected EU market has been particularly critical for the Windward Islands. Although the ACP Caribbean countries have often been unable to fill their quotas due to storm-induced losses, the EU regulations have allowed them to market their produce at twice the price of Dollar Bananas (Hallam and Peston 1997, 60).¹⁷

Traditional ACP Banana importers, like Fyffes, benefited under the EU regulations from their control over supplies of tariff-exempt bananas. ACP firms also profited from guaranteed access to licenses, which they often used to import Dollar Bananas. The EU regulations spurred the concentration of the European banana industry. Fyffes, with its purchase of Geest's banana division, acquired a continent-wide distribution system and now controls 16–17 percent of the EU banana market (van de Kastele 1998).

Chiquita, Dole, and Del Monte have maneuvered the recent EU regulatory environment with varied success. When the companies flooded Europe with Dollar Bananas in the early 1990s, they reduced their profits but secured their European market position by inflating the base of the subsequent Dollar Banana quota. To expand sales above this quota, Dollar corporations acquired ACP Banana supplies, gaining control of almost a third of all ACP production (Arthur D. Little cited in Southey 1995). Dole has pursued this strategy the most effectively, initiating production in African ACP countries to source tariff-free bananas and purchasing ripening and distribution centers in Europe to facilitate access to EU import licenses. Under the EU banana regime, Dole actually increased its share of the EU market from 12 to 18 percent. Del Monte strengthened its European position, raising its share of the EU market from 7 to 10 percent. Only Chiquita lost out, due to its failure to break into the ACP Banana trade, with its share of the European market declining from 30 to 15 percent during the 1990s (van de Kastele 1998).

THE BANANA WARS

Claiming that the EU banana regulations cost it U.S.\$400 million, Chiquita launched an attack that escalated into a full-fledged trade war. In 1994, Chiquita charged that the EU violated U.S. laws by discriminating against U.S. corporations. Despite the tenuous U.S. national interest in this matter — given that the U.S. neither exports bananas nor has a significant number of jobs at stake — Chiquita was able to use its substantial political clout to ensure that the U.S. Trade Office pursue the case (Larimer 1997). The U.S. government filed Chiquita's complaint with the World Trade Organization (WTO), charging that the EU regulations discriminated against U.S. banana corporations and against Dollar Banana producer countries, which were not given favorable export shares.

Chiquita and the U.S. Trade Office recruited Ecuador, Guatemala, Honduras, and Mexico (countries not given 1995 quotas) to sign the WTO petition. Raising questions about the charge of discrimination against U.S. corporations, Dole and Del Monte refused to sign the WTO complaint. In 1997, the WTO ruled that the EU banana regulations did violate international free-trade agreements both in granting preferential licenses to traditional ACP Banana importers and in allocating preferential quota shares to the Latin American countries that signed the 1995 agreement (de Jonquieres and Urry 1997).¹⁸

The EU revised the banana regulations in 1999, maintaining existing tariffs and ACP and Dollar Banana quotas but allocating new country quotas for top suppliers and import licenses for major distributors (FAO 1999c). Chiquita rejected the revisions and the U.S. Trade Office took the case back to the WTO. Again the WTO ruled against the EU, authorizing the United States to impose trade sanctions worth U.S.\$191 million against European imports (ICTSD 1999b).¹⁹ The WTO also approved Ecuador's request to impose trade sanctions against Europe valued at U.S.\$202 million (United Press International 2000). The EU tried again in 2000 to bring the banana regulations into compliance, eliminating country quotas and allocating import licenses on a first-come, first-served basis (ICTSD 2000). After consulting with Chiquita, the U.S. Trade Office again rejected the EU proposal.

In 2001 Chiquita and the U.S. government finally agreed to an EU proposal to modify the banana regime, and U.S. and Ecuadorian sanctions against European exports were suspended (Banana Link 2001). This agreement established a transitional banana regime scheduled to be replaced by a tariff-only system in 2006. The transitional system (designed to be introduced in two phases) eliminates individual producer country quotas. A tariff-quota system exempts 750,000 tons of ACP Bananas from the 75-Euro-per-ton tariff applied to Dollar Bananas. The most dramatic change in the new regulations is in the allocation of import licenses to distributors, which will be based on their share of imports in the 1994-96 reference period. This system cements the historical market dominance of the big three transnational banana corporations and benefits Chiquita most, since it receives licenses based on its earlier, substantially higher, EU market share (Banana Link 2001). The biggest losers under the new system are newer importers, which have gained significant market share in recent years but will now have to compete for access to the 17 percent of li-

censes reserved for new operators. Ecuadorian distributors have already been promised a substantial share of the new operator licenses in return for their government's dropping of trade sanctions against the EU (ICTSD 2001).

CONCLUSIONS: A NEW ERA FOR BANANAS?

The history of bananas could be read narrowly as a description of the ascendancy of the Dollar Banana system and transnational capital in an era of globalization. But this would be an overly deterministic reading. The dominance of Dollar Bananas is rooted in the intensive exploitation of human and natural resources by transnational corporations and in the success of these corporations in mobilizing national and supranational state institutions for their cause. Historically, an important divergent banana-commodity system was created and maintained by the national regulation of trade between European countries and their former colonies. While the ACP Banana system appears to be on the decline, promising new alternatives to the trade in socially and environmentally destructive Dollar Bananas are emerging.²⁰

Recent years have seen a dramatic rise in the trade in organic bananas, produce that is certified as being grown under organic conditions. Bananas are adding to a world market for organic products with sales valued at U.S.\$10-11 billion in 1997 (Kortbech-Olesen 1998). This new trade builds on mounting interest in northern industrialized countries for foods that are healthier for both consumers and the environment. The world market for organic products is expanding at a rate of 20 percent annually; sales of organic bananas are growing at a phenomenal 30 percent per year (FAO 1999b). Given their recent introduction, trade in fresh organic bananas is still relatively small, with about 27,000 tons shipped annually (Sauve 1999). Europe is the world's largest importer of organic bananas, buying 10,000 tons each year, followed by the United States, Japan, and Canada in that order (FAO 1999b).

Since the mid-1990s there has been a related growth in the market for Fair Trade bananas, bananas that are produced under socially and environmentally sustainable conditions and traded under more equitable relations (Murray and Reynolds 2000).²¹ This new trade in bananas is expanding a world market for Fair Trade products valued at U.S.\$400 million per year (Fair Trade Federation 1999). The Fair Trade movement taps mounting consumer concern over the

global ethical implications of their purchases—that is, the social conditions of production and the livelihoods afforded to producers—as well as the environmental and health concerns fueling the organic market. The growing Fair Trade market is centered in Europe, with nascent markets developing in the United States, Canada, and Japan. Fair Trade bananas were introduced in Europe in 1996; by 1999 sales had grown to 18,000 tons per year even though they were only available in six countries (Max Havelaar 1999). The prospects for expanding Fair Trade banana sales in Europe appear very promising, with an overall market demand of 300,000–400,000 tons per year (Banana Link 1997b). There is also a small market for Fair Trade bananas in Japan, and plans for introducing this produce in the United States and Canada are under way.

The growing market for organic and Fair Trade bananas may provide important opportunities for threatened ACP Banana growers like those in the Caribbean. The Dominican Republic is already one of the world's major producers of organic bananas (FAO 1999b). Existing production conditions in the rest of the Caribbean are conducive to a move into the organic banana trade, since chemical input use is already relatively low and organic production benefits from the small-scale, labor-intensive intercrop farming already common in the region. There are important agroecological difficulties in producing bananas organically and the transition and certification process are costly, but favorable price premiums are accrued by producers (*ibid.*). The major impediment to ACP Banana growers' successful entry into the organic trade may well come from transnational corporations, which have in recent years greatly increased their control over this expanding market (Raynolds 2000b). Dole, which has an important stake in the organic market, has recently expanded its production of organic bananas in Honduras and Ecuador. Small-scale ACP growers may begin growing organic bananas only to find themselves contracting or selling their produce to the major Dollar Banana corporations. If this were to happen, organic bananas would become a strand of the Dollar Banana system—a strand with better environmental conditions but similarly exploitative social conditions.

The development of Fair Trade links may provide a more hopeful opening for ACP Banana growers in the Caribbean, whose livelihoods are threatened by shifting world-trade regulations. Fair Trade bananas for the European market

have been successfully produced in the Dominican Republic for a number of years (FAO 1999b). The Windward Island Farmers' Association, which represents small banana growers in the region, has also recently begun shipping Fair Trade bananas to Europe (Renwick 1999). Conversion to Fair Trade production would be relatively easy for more small-scale Caribbean banana growers, since their environmental and social conditions of production generally already conform to Fair Trade standards (Banana Link 1997a; Banana Link, 1997b). Fair Trade banana production is likely to be profitable since producers are guaranteed prices well above those paid by transnational corporate distributors, and though there are shipping and marketing difficulties, these are likely to be worked out as the market becomes more established. While Fair Trade's social dimensions limit the ability of transnational corporations to capture this new market, Chiquita has tried to carve off a piece of this new market by repackaging their Dollar Bananas under a new label (Murray and Raynolds 2000). The opening for Fair Trade to create an alternative banana system—one based on the social re-linking of production, trade, and consumption—will depend in large measure on consumers' rejection of the unfair practices that have historically characterized Dollar Banana production.

NOTES

1. To facilitate analysis of the divergent Dollar Banana and ACP Banana systems, I consider Ecuadorian and Colombian production within the context of the Dollar Banana system, although, as suggested in the introduction to this volume, there are some important differences between production conditions in South America and Central America.
2. This section draws on the author's earlier work reported in Raynolds and Murray 1998.
3. Geest was given the contract because United Fruit for a short time owned a controlling share of Fyffes.
4. The importance of banana distributors hinges on the fact that the perishability of this produce increases dramatically as it ripens. Green bananas can be, and are, traded on the open market, but ripe bananas need to be handled as little as possible and sold promptly. Some European supermarkets ripen their own bananas; specialized fruit distributors do the ripening in North America and increasingly in Europe.
5. Of the three big corporations, Chiquita is the most vertically integrated. It has its own railroads and cardboard-box factories in three Central American countries, exclusive rights to a number of the region's deep-water ports, and the world's largest fleet of refrigerated vessels.
6. Welch 1996 outlines the banana-grower association activities, demonstrating that the Windward

Island associations are more involved in coordinating production, packing, and transportation than are their counterparts in Martinique or Guadeloupe.

7. In Martinique and Guadeloupe these costs and risks remain with individual producers; in the Windward Islands, WIDDECO must absorb these costs and risks and determine how they will be distributed among various members.

8. In Costa Rica, many banana-plantation workers are from Nicaragua, Panama, and Honduras (Bourgeois 1989; Purcell 1993; Vandermeer and Perfecto 1995, 8); in Belize, 91 percent of workers on one banana plantation were recent migrants from Guatemala, Honduras, and El Salvador (Moberg 1996, 427).

9. In 1978 roughly 25 percent of Dole's and Chiquita's Honduran bananas were produced on contract (Glover and Larrea Maldonado 1991, 98). Currently, 35 percent of Dole's, 50 percent of Del Monte's, and 25 percent of Chiquita's Costa Rican bananas come from contract growers (Fabre 1997, 15). Glover and Larrea Maldonado (1991) estimate that 30 percent of Dollar corporation bananas now come from associate growers. The rising use of contracts is confirmed by corporate reports (see Dole Food Company 2000).

10. By not producing the bananas themselves corporations can escape responsibility for abiding by labor and environmental regulations and discourage increasingly common large-scale strikes (see Hernandez 1997). Companies can also avoid potential lawsuits like that filed by Latin American plantation workers for pesticide exposure that recently cost Dole U.S.\$22 million (Interpress News Service 1997).

11. The large numbers of migrant workers hired in Dollar Banana production are particularly unlikely to be able to find jobs off the plantation (Purcell 1993; Vandermeer and Perfecto 1995).

12. One study finds that in the aerial spraying of bananas in Costa Rica, 40 percent falls on the ground instead of on the plants, 35 percent washes off the leaves in the rain, and 15 percent is carried off by the wind or irrigation water (Foro Emaus 1997).

13. The number of Windward Island banana growers appears to have declined precipitously in recent years (Addy 1999). The early 1990s figure is used in table 2 to be consistent with the other data.

14. Though the problems associated with pesticide use in the Caribbean are less severe than in Dollar Banana regions, I do not mean to suggest that there are no such environmental and health problems (see Andreatta 1998; Grossman 1998).

15. Bananas from ACP countries not traditionally exporting to Europe, such as the Dominican Republic, fell under the Dollar Banana quota but were exempt from tariffs.

16. Guatemala refused to sign the 1995 framework agreement and was not granted a preferential quota.

17. Rising ACP banana imports have come largely from West Africa.

18. The dispute panel did not fault the use of tariffs to favor ACP Bananas, since this practice is protected under a previous WTO waiver for Lomé provisions until the agreement's renegotiation in 2002.

19. The WTO cited (1) the license allocation system and the reference period (1994–96) used to determine this allocation and (2) the ACP and country-specific quotas as being the major areas of noncompliance.

20. For a more detailed analysis of these new alternatives see Murray and Reynolds 2000, Reynolds 2000b, and Reynolds forthcoming.

21. To be Fair Trade certified, banana production and marketing must meet set standards: (1) trade must involve as few middlemen as possible; (2) producer prices must be guaranteed and include a price premium; (3) producers must be democratically organized; (4) producers must uphold basic labor standards; and (5) producers must uphold basic environmental goals (Murray and Reynolds 2000).