

Banana Price War, Business and Consumers need to make a choice, Sustainability or Exploitation

The international community, governments, civil society organizations and the private sector have signed up to the very ambitious Sustainable Development Goals that strive to put an end to poverty, hunger, human rights violations and the exploitation of natural resources. In many developed countries, laws have been adopted to secure business commitment with human rights and sustainability is high on the agenda of corporate schemes.

Oxfam recently published a study on the unfair distribution of value in global trade, where 86% of the value stay in developing countries, in the hands of retailers and processors and only 7% reach the producer and its family. So how does this fit with the SDGs and public and private sectors commitment with sustainability and change?

In Banana, Fairtrade International commissioned a study with True Price/True costs to identify the social and environmental costs not covered by trade. The outcomes differed slightly by country, but a lack of decent income and an excessive use of pesticides were high on the list of externalities not covered by the price producers receive for their crop, with serious implications for human rights and the environment. True Price/True cost confirmed that Fairtrade standards, minimum prices, premium and support services reduced 67% of the identified social and environmental banana externalities, which confirmed the effectiveness of these simple tools.

However Fairtrade covers only a small part of global banana trade and while the key towards sustainability is paying a fair price, retailers push the price down, small producers in developing countries loose their source of income, and producers of scale are forced to pay low salaries and increase the use of chemicals to boost productivity.

Latin American and Caribbean producers, governments and civil society have made strong claims for change, through public letters and investments in inclusive trade, but retailer strategies keep their focus on offering the cheapest banana without any consideration of the high social and environmental cost behind this action.

Fairtrade has given consumers and businesses a choice, as the label guarantees better prices, social and environmental investments at farm level, and human rights due diligence and support. Recently retailers as Lidl in Germany have joined the initiative taken already 10 years ago by some UK retailers to go 100% Fairtrade in Bananas. This decision has created joy and faith in the hearts of thousand farmers and workers families in Latin America and the Caribbean, a nice Christmas gift, after decades of losses through climate change and price decreases.

The CLAC, Latin American and Caribbean network of Fairtrade farmers and workers, invite Consumers and Businesses to make the right choice purchasing products at a fair price. Sustainability all over the world comes at a cost that needs to be covered by the price paid for a product. If this is not assumed through prices paid the social and environmental costs for developing countries and future generations are far too high to bear.