

THE ECUADORIAN BANANA INDUSTRY OPPOSES GERMAN RETAILER ALDI'S ATTEMPT AGAINST SUSTAINABILITY

A lot has changed over the past five years in the banana business in Northern Europe. Consumers are more conscious about where the fruit and produce they buy comes from, and are interested in its traceability and production system, especially, how sustainable the supply chain is. The three pillars of sustainability are People, Planet and Profit. It means that plantation owners must take measures to protect the environment, improve workers lives and conduct a viable business which makes economic sense, otherwise there is no future for the industry. For example, certifications like Rainforest Alliance became a necessity to, at least, be able to offer our bananas in Northern Europe.

Ecuador has come a long way in this regard. The country has very strict labor laws that ensure workers' rights and decent wages. Farm owners' have invested considerable amounts of money to obtain sustainability certifications. Today the mindset is different and much in line with the consumers. Growers, exporters, shippers and importers understand the importance of good and sustainable practices. This has not been an easy task and, of course, there is still a long road ahead. This is a process that never stops. However, after all the work and accomplishments made to improve production practices in the Ecuadorian banana industry, the major retailers in Europe have been decreasing their buying price on a year to year basis, but at the same time continue to demand for more investment in sustainability.

Last week, in Reefer Trends publication, German Retailer Aldi, announced its plans to reduce the price of the banana box, once again for 2019, meaning a \$1.00 price reduction for producing countries. This is no longer manageable or acceptable. In Ecuador, the banana business is very organized and regulated and we work with a minimum decree price. If the Aldi price were to come into effect, exporters and growers would have to infringe the Ecuadorian law and pay below the official price. Paying below the official price would also mean destroying all the work the industry has achieved over the past years and it is, basically, reverting all the sustainability efforts to date. Therefore, this would directly affect the workers, the environmental practices and negate any profits to the growers.

The retailers demand is also nonsensical since production costs are on the rise. For example, raw paper prices have increased worldwide substantially, consequently over the past 12 months the price of the carton box has gone up \$0,40 in Ecuador, and it is still on the rise. Bunker fuel prices are also up. This is another unstoppable trend. Furthermore, freight costs are up and will continue to increase in 2019. And lastly, but most importantly, production costs at the banana farms are climbing as well.

There is no need to reduce prices, there is no need to destroy the social peace that a sustainable and responsible industry must have. *Bananas are, by far, the least expensive all year round fruit.* We, as an Industry, refuse to go backwards on our sustainability efforts

due to the lack of understanding of the whole business from the last link of the business chain. We urge other retailers not to follow these senseless demands on price reduction, and we request consumers to let your voices be heard. We are willing to make all the necessary efforts to continue this new way of sustainable production. We want what society wants, don't let this flame go off. Sustainability must include and consider all links of the supply chain.

Sincerely,

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2.- Asociación de Comercialización y Exportación de Banano ACORBANEC
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4.- Centro Agrícola de Machala
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5.- Corporación de Producción, Industrialización y Mercadeo de Banano, Cacao y Productos de Ciclo Corto 27 de Septiembre
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6.- Asociación Agropecuaria Unidos por la Esperanza ASCUPOESPE
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20.- Asociación de Productores Agropecuarios Sol de Vinces ASOSOLVIN
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22.- Asociación de Productores Agropecuarios Chipehamburgo
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24.- Asociación de Productores Agrícolas San Agustín
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28.- Asociación de Producción Agrícola Bananeros del Norte ASOPROBANOR
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30.- Asociación de Productores de Banano ASOPRO
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