

ARE UK SUPERMARKETS SOCIALLY RESPONSIBLE?
A CASE STUDY ANALYSIS OF LABOUR CODES OF
CONDUCT IN A GLOBAL BANANA SUPPLY CHAIN

by

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This thesis is submitted to the University of Wales in fulfilment of the requirements
for the degree of

DOCTOR IN PHILOSOPHY

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Abstract

This thesis examines the role of Corporate Social Responsibility (CSR) and voluntary labour initiatives (codes of conduct and standards) with special reference to banana production in Costa Rica. Costa Rica is the third biggest supplier of bananas to the United Kingdom (UK), but market access is determined by the major UK supermarket groups, and the terms and conditions dictated by these powerful actors impact the labour conditions on banana plantations. In this regard the banana supply chain is increasingly viewed as 'buyer-driven' and as such, the theoretical framework employed in the research is based on global commodity chain studies (Gereffi 1994, Gereffi *et al.* 2005).

The thesis draws on interviews and focus groups organised with banana workers and their representatives over a two month period in 2006. However, the banana supply chain is not a simple linear model in terms of control and influence; there is a high degree of complexity regarding the social relations within it. The chain includes major transnational producers and trade unions, and an international framework agreement (IFA) is in place on some plantations, and there are also other interested parties – audit groups, NGOs and civil society groups – concerned with labour conditions on plantations. Interviews were conducted with these social actors both prior and following the period of fieldwork in Costa Rica. The thesis also reports on the Second International Banana Conference held in April 2005, a forum for the major players to debate the issues and conditions within the industry.

The thesis shows that the leading supermarkets have considerable power over suppliers/producers. However, it is argued that the supermarkets' professed desire to act socially responsibly to those workers employed on plantations is contradicted by the downward pressure exerted on the price of bananas and that this contributes to a downward spiral of labour conditions.

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Abbreviations

ACP	African, Caribbean and Pacific
AD	Acción Democrática (Costa Rica)
ANFE	Asociación Nacional de Fomento Económico (Costa Rica)
ASPEROLA	Asociación de Servicios de Promoción Laboral (Costa Rica)
BBP	Better Banana Project
bn	billion
BPP	Banana Pilot Project
CalPak	California Packing Corporation
CCSS	Caja Costarricense de Seguros Sociales (Costa Rica)
CCT	Common Commercial Tariff
CCTRN	Confederación Costarricense de Trabajadores Rerum Novarum (Costa Rica)
CEO	Chief Executive Officer
CEP	Council on Economic Priorities
CEPN	Centro para el Estudio de los Problemas Nacionales (Costa Rica)
CET	Common External Tariff
CINPE	El Centro Internacional de Política Económica para el Desarrollo Sostenible (Costa Rica)
CNP	Consejo Nacional de Producción (Costa Rica)
CMO	Common Market Organisation
CMOB	Common Market Organisation for Bananas
CODESA	Corporación Costarricense de Desarrollo (Costa Rica)
COLSIBA	Coordinadora Latinoamericana de Sindicatos Bananeros (Central America)
CORBANA	Corporación Bananera Nacional (Costa Rica)
CSR	Corporate Social Responsibility
DBCP	Dibromochloropropane
Defra	Department of Environment, Food and Rural Affairs
EARTH	Escuela de Agricultura de la Region Tropical Humeda (Costa Rica)
EC	European Commission

ECR	Efficient Consumer Response
EDI	Electronic Data Interchange
EIU	Economist Intelligence Unit
EPA	Environmental Protection Agency
EPoS	Electronic Point of Sale
ETI	Ethical Trading Initiative (UK)
EU	European Union
EurepGAP	European Retailers Producers Working Group for Good Agricultural Practice
EUROBAN	European Banana Action Network
FAO	Food and Agriculture Organisation (UN)
FF	Fairtrade Foundation
FLA	Fair Labor Association
GATT	General Agreement on Tariffs and Trade
GCCs	Global Commodity Chains
GDP	Gross Domestic Product
GMB	General, Municipal and Boilermakers Union (UK)
GNP	Gross National Product
GUFs	Global Union Federations
GVCs	Global Value Chains
ha	Hectares
IAT	International Agro Trade
IBCI	First International Banana Conference
IBCII	Second International Banana Conference
IFAs	International Framework Agreements
ILO	International Labour Organisation/Office
IMF	International Monetary Fund
ISO	International Organisation for Standardisation
IT	Information Technology
ITSs	International Trade Secretariats
IUF	International Union of Food, Agriculture, Hotel, Restaurant, Catering Tobacco and Allied Workers' Associations

JIT	Just-In-Time
JPFD	Jamaica Producers Fruit Distributors
KVIs	Key Value Items
m	Million
MNCs	Multinational Companies
MNEs	Multinational Enterprises
MT	Metric Tons
NGOs	Non-Governmental Organisations
NYSE	New York Stock Exchange
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PAEs	Programmes of Adjustment (structural)
PCs	Permanent Committees
PLN	Partido Liberación Nacional (Costa Rica)
PRN	Partido Republicano Nacional (Costa Rica)
PSD	Partido Social Democráta (Costa Rica)
PUN	Partido Unión Nacional (Costa Rica)
PUSC	Partido de Unidad Sociales Cristiana (Costa Rica)
PVP	Partido Vanguardia Popular (Costa Rica)
RA	Rainforest Alliance
RACP	Rainforest Alliance Certification Program
RDCs	Regional Distribution Centres
RPM	Retail Price Maintenance
SAI	Social Accountability International
SAN	Sustainable Agriculture Network
SBO	Sales Based Ordering
SEDEX	Supplier Ethical Data Exchange
SEM	Single European Market
SITRAP	Sindicato de Trabajadores de Plantaciones Agrícolas (Costa Rica)
TNCs	Trans-national Corporations
TSE	Tribunal Supremo de Elecciones (Costa Rica)

TUC	Trades Union Congress
UBC	United Brands Company
UFC	United Fruit Company
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America
USAID	United States Agency for International Development (US)
US/LEAP	US/Labor Education in the Americas Project (US)
VFM	Value for Money
VMI	Vendor Managed Inventory
WB	World Bank
WHO	World Health Organisation
WIBDECO	Windward Islands Banana Development and Exporting Company
WINBAN	Windward Islands Banana Growers' Association
WINFA	Windward Islands Farmers Association
WTO	World Trade Organisation

Chapter One

Introduction: The Beginning of a Research Study

Introduction

This research study is concerned with labour conditions in the global supply chain for bananas, a commodity chain where consumption and production are located in different parts of the world, but linked through a commercial relationship. A relationship which twists and turns as it brings together two very powerful corporate groups; supermarket retailers and international banana companies. The study focuses on one particular chain, the Costa Rica-United Kingdom banana chain and specifically examines the introduction and impact of voluntary labour initiatives within that chain. During the last ten years or so a plethora of labour initiatives have been introduced as a result of calls for greater corporate accountability in global supply chains. The initiatives promoted and adopted include: propriety (company) codes, labour codes of conduct and certifiable standards, all of which incorporate standards which are intended to improve the labour conditions and welfare of workers involved in the production process of global supply chains.

There are a wide range of social actors involved in promoting labour initiatives, at the global, regional, national and local level. Traditional actors include companies and their immediate stakeholders; employees (their representative groups), investors, equity partners and consumers (Carroll 1996, Urminsky 2001). But more recently, other stakeholders have taken an interest in the operational activities of business, such as non-governmental organisations (NGOs), social activist and campaign groups, and government regulators (Carroll and Buchholtz 2000, Urminsky 2001). For the purpose of this study, the term 'stakeholder' refers to 'individuals and groups who may affect or be affected by the actions, decisions, policies, practices or goals of an enterprise' (Carroll 1996: 74).

My own interest in labour codes and standards is directly linked to my experience in the retail sector and a personal concern for social justice in the global supply chain. As a retail buyer involved in the product sourcing process representing a major supermarket group, I was constantly mindful of trying to reach a fair agreement for all parties engaged in the supply chain. I believed I was always sensitive to the labour situation in the supply base and the labour conditions of the workers that picked and packed food products for the UK retailer that employed me. However, there are always market pressures: that of being competitively priced, of maintaining market share, and meeting sales targets and profit margins – the bottom line, as it is referred to in the commercial world. My experience in a number of retail companies only confirmed the fact that there were many individuals trying to ‘do the right thing’ – to be equitable in their business practices. But somehow it seemed that circumstances outside any one person’s control would often prevent them from doing so. Together, labour codes of conduct and standards have become an important topic in the debate on Corporate Social Responsibility (CSR).

My professional background as a supermarket buyer and a strategy consultant in the retail sector has influenced the structure and methodological approach of the study, both in terms of scope and access to potential respondents. This was particularly the case when initial contact with the international banana companies was required and previous work colleagues helped ‘open doors’ for me by making introductions on my behalf. The global trade of bananas is largely dominated by three big American agri-businesses: Chiquita Brands International, Dole Foods and Fresh Del Monte Produce. The dominant sway of the Trans-national Corporations (TNCs) in the banana sector needs to be contextualised and a summary of historical developments and current market position of the key producers is detailed in the study. Also pertinent to the discussion of social responsibility in global supply chains, is the level of producer engagement and involvement with labour codes of conduct, standard certification processes and other forms of labour agreements, in particular International Framework Agreements (IFAs).

The theoretical framework used in my analysis draws on global commodity chain studies, which emphasise changes of control and shifting relationships within the chain, and the dimension of governance (Gereffi 1994, Gereffi *et al.* 2005). This is particularly relevant in light of the on-going concentration in food retailing in the UK and the growing strength of supermarket buying power in global supply chains. Supermarkets are able to coordinate and control operations without direct ownership of production activities. However, the banana supply chain is not a typical *buyer-driven* chain as defined by Gereffi (1994). There are strong producers, major banana TNCs at the bottom end of the chain, which oversee a highly integrated operation. This is where the global commodity chains (GCCs) model developed by Gereffi (1994) comes into play. By employing the Gereffi (1994) GCCs model the level of control which key actors exert within the chain can be further explored. The chief aim of the study is to examine the influence of *buyer-driven* voluntary labour initiatives in the global banana supply chain and assess the importance of voluntary initiatives as regards the working conditions on banana plantations. All the major UK supermarket groups have committed (with varying degree) to voluntary labour initiatives and are involved in the verification and monitoring systems associated with the implementation of codes and standards.

The primary source of empirical data presented in this thesis was gathered during a two month field study activity (February-April 2006) in the Republic of Costa Rica. My fieldwork investigation was facilitated by personal contacts within my *retail network* and through my attendance at a three day International Banana Conference at the Flemish Parliament, Brussels in April 2005. Between conference proceedings, there were many opportunities to informally discuss the 'burning issues and concerns of the day' with key social actors in the industry. Such commentary, together with papers presented during the event, provided an additional source of empirical data. In order to make sense of the workings and complexity of the global banana supply chain, I conducted a number of interviews with supermarket buyers, CSR executives and technical managers, 'the top of the chain' during the early period of the research study, and reviewed the documented

CSR policies of the major UK supermarket groups. This provided me with a greater understanding of the provenance of labour codes and standards prior to conducting my field study in Costa Rica. On my return to the UK, I engaged in discussions with other interested parties involved in promoting the regulation of environmental and social conditions in global supply chains, including global unions, NGOs, code and standards authorities, and audit groups. The comments and testimonies of these and other groups of participants involved in the study are drawn together in an attempt to explain the role of voluntary labour initiatives in the global banana supply chain and the impact such initiatives have on workers' welfare.

1.1 The International Banana Conference Forum

Seldom do all the parties in an industry come together and discuss the structure and circumstances that affect the industry. In this sense, the Second International Banana Conference (IBCII) is a highly unusual event compared to other industrial sectors, both in terms of its coverage, representation of the major constituents/social actors engaged in the banana sector, and discussion of the issues and challenges facing the industry. Two conferences have been held during the last decade, with a working party on voluntary standards during the interim period. To a large extent, the second conference, held in April 2005, the key theme of which was 'Reversing the Race to the Bottom', can be seen as a microcosm of the industry. The conference helped me to crystallise my thoughts regarding voluntary labour initiatives and raised many of the issues I will be referring to in my research study. As such, I will draw and comment on the presentations viewed, conversations held and discourses I observed during this event.

The First International Banana Conference (IBCI) was held in Brussels on the 4th to the 6th of May 1998. The key objectives of the conference were to promote a charter for workers' rights on plantations and help small producers access the international market (IBCII 2004). Over three hundred delegates attended the conference, from forty-five banana producing and consuming countries, including

many of the key actors involved in the banana trade. Representatives of governments from Europe, North America, Latin America, Africa and the Caribbean, national and international banana producers, banana plantation workers' unions and cooperatives, scientists and other civil society organisations were present (IBCII 2004). The various constituent groups reached the general consensus that both the environmental and social conditions in the industry were unacceptable, and as a result the conference organisers drafted an International Banana Charter, which provided the basis for civil society initiatives for the following five years (Farquhar and Smith 2005). However, many of the key players in the industry (producers) did not sign up to the charter, preferring to improve conditions either by adopting a range of voluntary standards or in some cases accepting those *quality standards* that were thrust upon them by their key customers (supermarket groups and wholesalers). These standards included the ISO 14001¹, EurepGAP² and propriety codes (Farquhar and Smith 2005).

The Second International Conference (IBCII) took place again in Brussels seven years later, between the 28th and 30th of April, 2005. The conference was convened by a broad coalition of trade unions, farmers' organisations and workers' groups, including the European Banana Action Network (EUROBAN), Coordinadora Latinoamericana de Sindicatos Bananeros (the Coordinating Centre of Latin American Banana Workers' Unions: COLSIBA), the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), the United States (US) Labor Education in the Americas Project (US/LEAP), the Association of Caribbean Farmers, based in the Windward Islands (WINFA), and a number of environment and development Non-Governmental Organisations (NGOs) and Fair Trade organisations (further

¹ The ISO is an inter-governmental institution responsible for developing and enforcing standards, the ISO 14001 standard is primarily concerned with environmental management (ISO 2006).

² EurepGAP is a private sector body (equal partnership of retailers and agricultural producers) that sets voluntary standards for the certification of agricultural products globally (EurepGAP 2006).

details of convening organisations are noted in Appendix A). The impetus for the second conference came from *both ends of the chain*, from ‘key business actors’ who were ‘keen to participate constructively in a second genuinely international and multipartite forum’ and from ‘Southern counterparts for whom the first conference left “unfinished business”’ (IBCII 2004: 4). Also in the immediate years following the first conference, the banana trade had entered a deep economic crisis, which threatened to be quite devastating, particularly for the Caribbean and Latin American trade (IBCII 2004). The IBCII preparatory committee prepared a document citing the difficulties and future challenges of the international banana trade, which helped to explain the pressing need for a second multi-stakeholder forum. Some of the key points made by the committee are noted below:

1. Developed countries get cheap fruit, but workers, small farmers and the environment in the countries where the fruit is produced pay the price – the economic power in the banana chain remains in the hands of a few large businesses (US and European multinational companies and retailers in consuming countries).
2. The dramatic expansion of the international banana economy, especially in Ecuador and Costa Rica during the 1990s has resulted in a ‘global’ overproduction crisis.
3. The ensuing ‘price war’ among exporting countries has shifted the geopolitics of banana production and trade, and affected the livelihood of all the people involved directly in earning their living from it – structural overproduction is keeping producer prices low and the banana industry is witnessing a ‘race to the bottom’ in prices, and social and environmental conditions (i.e. a downward spiral).
4. The three major TNCs (Chiquita, Dole and Del Monte) who control two-thirds of the international trade, and the two ‘new kids on the block’ the Irish Fyffes and the Ecuadorian Grupo Noboa (Noboa Group) are increasingly buying from cheap labour countries, i.e. Ecuador, Brazil, West Africa (the Cameroon and Ivory Coast) and Indonesia.
5. In economic terms the new ‘lords’ of the banana chain are the European and North American supermarket chains – this concentration of power at the top of the chain is enabling the retailer to set the economic terms of trade with producers.

6. The EU, the world's only major managed market in the international banana trade is subject to change, with the soon-to-be implemented single tariff regime. This change will have important consequences for the future of banana workers, small farmers and the independent trade unions.

(IBCII 2004)

The IBCII preparatory committee identified a number of stakeholders who would be impacted by the above situation and invited them to participate in the second conference, including retailers, producers, importers, governments, trade unions, farmers' organisations, development organisations – all of which may have a common interest in solving the problems associated with the sector (IBCII 2004). The main objective of the second conference was to secure commitments by governments and banana companies to respect and enforce labour and trade union rights, and standards for workers in all producing countries (IBCII 2004). More specifically, this objective was broken down into a number of key aims, which were:

- To secure commitments from marketing companies to a fair remuneration for small producers and plantation workers;
- To place the specific needs of women workers and small farmers firmly on the international agenda;
- To explore mechanisms to control over-production and to stabilise prices;
- To develop a definition of a 'fair price';
- To analyse the implications of changes in the structure of the chain (notably the growing power of the supermarkets);
- To propose viable measures for an EU-25 banana import regime that would favour sustainable production and fair trade;
- To secure better protection of the working, living and natural environment;
- To analyse the impact to date – and discuss the future role – of the voluntary labour and environmental standards initiatives (codes of conduct);

- To create a permanent mechanism/forum in which to continue dialogue (and/or negotiations) between the different actors.

(IBCII 2004)

The conference agenda was structured around what the organisers deemed the most pressing question in the banana industry ‘How to Reverse the Race to the Bottom’. This was a question of tackling the major issues of fair prices, living wages and labour rights (IBCII 2004). The core argument was that producers, driven by the major supermarkets to seek out ever lower production costs for the supply of cheaper and cheaper bananas, were crippling the industry and its workers (IBCII 2004).

There were over two hundred and seventy attendees from forty countries, representing all possible interests in the global supply chain for bananas, at the IBCII event. A variety of stakeholders that included independent growers, major banana producers, retailers, trade unions, government officials, NGOs, civil society groups (fair trade, human rights and consumer organisations), and production workers from a number of the exporting countries: Latin America, Asia, Africa and the Caribbean. (Details of countries represented at the conference are noted in Appendix B). The conference was organised to provide a forum for interaction and engagement of all interested parties in the global supply chain for bananas, and each group of attendees (stakeholders) were able to command attention during the question and answer session and give ‘voice’ to their concerns. Indeed, there were many heated debates, with microphones being passed from government official to trade unionist to corporate representative to production worker (IBCII Observations, April 2005). A booth of translators, specially hired for the event struggled to keep pace with the change of language from one commentator to the next – English, Spanish and French were deemed the official languages of the conference. Frequently voices would be raised during these interchanges, escalating into arguments and bitter recriminations (IBCII Observations, April 2005). As indicated by this exchange between

members of the audience in the plenary session discussing the soon to be imposed new banana tariff regime:

1st contributor: “The US banana companies caused this, they complained to the WTO, now they say the workers will suffer, so the tariff must be kept low... but then we will not be able to compete” (WINFA representative).

Such sentiments were echoed by another small producer group, who said:

2nd contributor: “If the tariff is set at \$3.75 [per box] no one will buy our bananas... jobs will be lost, farms abandoned” (Independent producer, Latin America).

At this point, two workers stood up and voiced their concerns, the first stating that:

3rd contributor: “Soon we will have nothing... no jobs, no home... and our children will be forced to go hungry” (Banana worker, Latin America).

The second worker concurred, adding:

4th contributor: “The fields will be filled with cocaine... it will be the only way we can survive” (Banana worker, Latin America).

(IBCII Forum Discussion, April 2005)

There were several times during the three day event when emotions ran high and discussions spiralled out of control, with chaos only being averted when one of the chief organisers stepped in and took command of the floor again (IBCII Observations, April 2005).

1.2 Research Themes

A number of key themes emerged from the conference proceedings: the power of the supermarkets, the dominance of the US-owned banana TNC producers, a lack

of trade union representation on plantations in certain producer countries, the diminished role of governments and the impending doom of the new EU tariff regime, due to start in January 2006 (IBCII Observations, April 2005). It became evident over the course of the event, that these themes could be construed as three sets of issues: (i) control within the chain, (ii) divisions within the chain and (iii) governance within the chain.

To help contextualise this work, I have included a historical summary which charts the changes in consumption patterns, the growth and oligopolisation of food retailing in the UK with the rise of supermarkets. Over the last decade, one of the growing concerns of supermarket retailers is how they are viewed by their customers. As a consequence, certain UK supermarket groups have appointed themselves the *guardians* of consumer interest and included CSR principles into their business operations. Strategically, this allows supermarkets to dispel the negative comments of their critics and present an impression of being a socially responsible business in the marketplace. By engaging in ethical behaviour in global supply chains, supermarkets may be viewed as *Good Corporations*. As noted by one major UK supermarket company:

Sainsbury's believes that its customers want excellent quality and value for money, but not at the expense of people working in developing countries who may be working in unsafe conditions and for poor wages.

(Sainsbury 2003: 2)

Tesco, the UK's biggest supermarket had this to say in their Corporate Responsibility review 2007:

Tesco has strong employment and environmental standards and we are confident that trading with us can be an important force for good anywhere in the world. We also understand that although our customers want low prices, they also want fair prices and decent standards.

(Tesco 2007a: 67)

Supermarket groups, in their view, have battled to provide the cheapest prices and exert their influence on manufacturers, producers and suppliers to fulfil the needs of their customers. How supermarkets will continue to ensure goodwill in an increasingly sophisticated market, with a more socially aware consumer-base is where voluntary initiatives (labour codes of conduct) enter the debate.

Many groups involved in the global banana supply chain were represented at the conference, but each appeared to have a different stance, based on their own agenda. There was little evidence of a consensus being reached, with producers, trade unions and government representatives (from exporting and consuming countries) too occupied fighting their own corner in the struggle to survive in a market that was essentially oversupplied (IBCII Observations, April 2005). There was a clear division between the various actors involved in the banana supply chain, which made it difficult to focus the delegates on the 'plight' of the worker and the problem of labour conditions in the global banana supply chain. This led to a debate on 'governance' and the question of whose responsibility was it to oversee labour conditions in the global banana chain. A number of issues regarding governance emerged from the conference, including: the belief that voluntary systems of labour control would not ensure workers' rights, the failure in some producer-countries regarding the enforcement of regulatory labour systems, and the problems of an over-supplied market which was forcing down the working conditions on plantations.

Based on these main areas of concern, it was decided to interrogate the literature and debates on the prism of the chain. There are many active discussions, both in academic literature and practice, which tackle the question of governance in the global supply chain and the form it should take: voluntary or regulatory. In this way, the questions raised in relation to these issues could be explored, questions such as:

- What is the composition of the banana supply chain, and how is it organised?
- Who dominates the chain, and why?

- What are the disputes between the different ‘actors’ in the chain, and why?
- What is the role of other ‘actors’ in the chain: trade unions, NGOs, civil society groups, audit groups and certification organisations?
- How is the banana industry developing and being governed?
- How does self-regulation work in the banana sector?

1.3 Approach

In attempting to answer the questions posed above, a number of decisions were made concerning the approach of the research study, which included the following requirements:

- 1) To focus on both ends of the chain: buyers (supermarket retailers) and producers (banana growers and suppliers).
- 2) To examine the business operations of the dominant actors within the chain: supermarkets and producers.
- 3) To investigate the labour conditions in the production activity of the chain: work and employment.
- 4) To examine the effectiveness of voluntary labour initiatives (codes and standards) in terms of improving the conditions of workers.
- 5) To explore the role of other actors in the global banana supply chain and their influence on the governance structure within.

By following this path, the aim was to explore how self-regulation was functioning in a global supply chain. The structure of the research study was thus refined to look at both ends of the global supply chain for bananas, which would require conducting fieldwork in a country producing bananas for export.

1.4 Structure

In the thesis, Chapter One sets the scene of the research study by highlighting the experience of attending, what participants themselves call, the OPEC meeting of the banana industry, the Second International Banana Conference (IBCII) in April

2005. The IBCII event corresponded with the early stages of my research journey, and as such helped to both locate and situate my investigation. Also, the IBCII forum underpins several of the main themes of the study, and observations and discussions made during the conference are referred to at several points throughout the thesis. Chapter Two explores in greater detail the growth and development of supermarkets in the UK and to some extent explains why this group in the chain are viewed by some as the 'Lords of the Chain' – a controlling force. Chapter Three charts the history of the banana and provides an outline of the key events which created an export market for bananas and the growth of transnational producers. The industry summary includes details of the export-production process and a market breakdown of the global trade in bananas. Chapter Four provides a description of global supply chains and the theoretical approaches employed in examining such chains. The chapter also details the forms of labour regulation now prevalent in global chains, voluntary initiatives (codes of conduct and certifiable standards) – a key research interest of the thesis. Chapter Five describes in great detail the approach and methods employed in conducting the research study. Chapter Six presents an understanding of the character and nature of the Republic of Costa Rica, a banana producing-country situated in Central America. The chapter gives an account of the political, economic and social changes that have shaped the country, rather than providing a comprehensive history, as the intention is to trace those events which have the most bearing on the way the country is today.

The chapters thereafter draw more heavily on the empirical data collected during the research study: respondents' commentary, observations and discussions with key 'actors' engaged in the global banana supply chain. Chapter Seven describes the process of producing bananas for export and examines the labour conditions on banana plantations, specifically focusing on work and employment. Chapter Eight looks at the practice of codes on the plantations and attempts to establish a link between the codes and the labour conditions experienced by workers. Chapter Nine examines the role of the various 'social actors' involved in the chain and determines the level of influence of these groups, and their role in the

promotion of codes of conduct, which is a key CSR policy for the corporate actors in the chain. Chapter Ten considers the evidence gleaned from the research case study and assesses the impact of voluntary initiatives and self-regulation in the banana chain. The chapter draws the thesis to a close by discussing the knowledge gained and insights of the study, and what possible impact these may have on future policy regarding labour regulation. Whilst at the same time the chapter acknowledges the fact that many social actors/stakeholders involved in the chain may well play a part in determining the form of labour governance in global supply chains in the future.

Chapter Two

Food Retailing in the United Kingdom

Introduction

The United Kingdom (UK) has witnessed a revolution in food retailing during the twentieth century, a revolution that has created a market dominated by a few 'big grocers' and a retailing system uniquely British (Bevan 2005). The traditional image of Britain as a nation of small 'shopkeepers' no longer exists, instead it has been supplanted by the advance of a group of giant retailing corporations (Beaumont 1987, Wrigley and Lowe 2002). These big grocers – the supermarket groups – with their head office specialist management functions, centralised distribution systems and extensive store networks control over 75 percent of the UK grocery market today (Key Note 2007b). The dominance of the major supermarket groups in UK food retailing reflects the broader picture of retail concentration which has been associated with radical changes in the world's supply chains (Dolan and Humphrey 2000).

The aim of this chapter is to examine some of the processes – political, economic and social – which have moulded the food retailing system prevalent in the UK today – and build an understanding of the influence supermarket groups have in global production systems. Following the approach of Harvey and his colleagues (2002), these changes are described through the characterisation of three phases over the last hundred and fifty years or so. The first phase concerns the birth of the independent grocery store and the emergence of the multiple retail chain, the second, the introduction of self-service and the demise of the independent retailer, and the third charts the arrival of the superstore and the ascendancy of the supermarket group. I will argue that following this concentration of retail capital in the UK food market, supermarket groups have gained greater control over the production chains that supply them. This control coupled with the ability to dictate consumer prices has seemingly given these corporates unparalleled market dominance. However, as will be argued, with this dominance has come a consumer backlash in the form of concerns about ethical trading. Of critical

importance here is the way supermarket groups control the global supply chains that service them. Paradoxically, the success of the supermarkets in managing supply chains has also opened up the prospect of campaigns and opportunities which question the structure of relations within these chains. Supermarkets are being challenged for their role in the decline of labour standards in the fields and factories which supply the goods they sell. In response to public concern and scrutiny, regarding the labour conditions in global supply chains, the supermarket groups have introduced a number of Corporate Social Responsibility (CSR) policies, which will also be discussed in the chapter. This will lay the foundation for the analysis in later chapters.

2.1 Early Developments of Food Retailing in the UK

It was during the first phase of retail development in the UK that the Co-operative Society Movement and the multiple retail chain, both focused on meeting the changing requirements of consumers, gained prominence (Seth and Randall 2001, Harvey *et al.* 2002). In the mid-nineteenth century, Britain was largely an agricultural and rural society, and markets and itinerant traders serviced the urban and rural working classes (Jefferys 1954, O'Brien and Harris 1991). However, by the late-nineteenth century and early-twentieth century, continued industrialisation and urban growth helped to create new opportunities for fixed retail outlets (O'Brien and Harris 1991). There was a new industrial working class, who looked for mass consumer goods and a new urban middle class, who wished for an improved shopping experience (Jefferys 1954, Young 2004). The emergence of these distinct consumer groups, the integration of distribution through rail transport, and the growing availability of cheap foods from overseas provided the opportunity to extend the fixed outlet model, and the beginnings of multiple chain retailing in the UK (Harvey *et al.* 2002, Young 2004). This first phase of retail development was in response to a quite distinctive and novel 'social organisation of demand', which developed earlier than any other contemporary political economy, and constituted an 'essential precondition for the distinctiveness' of UK supermarket groups today (Harvey *et al.* 2002: 231).

The Co-operative Societies led the way during this first phase of change in the UK, pioneering both mass-production techniques and new retail outlets (Harvey

et al. 2002). Most Co-operatives Societies were organised by workers and based on democratic principles, with the aim of establishing grocery shops that would sell goods at fair prices, serve the interests of their members, and earn surpluses for reinvestment and dividends (Seth and Randall 2001). The purpose of the Co-operative Movement was to counter the abuses of the company shop system, and unlike other retail shops, they were not designed as a commercial venture or organised to make a profit (O'Brien and Harris 1991). The Co-operative Movement was a unique British solution³, a support network to help working families, often living on low wages, buy food and household goods without being at the mercy of unscrupulous retailers (Seth and Randall 2001). The first recognised Co-operative Society outlet opened in 1844 when the 'Rochdale Pioneers' recognising the need for a more equitable approach to market exchange, one 'that was not driven solely by the demands of capital but also by human rights and social justice', developed the first operational model of co-operative retailing in North England (Nicholls and Opal 2005: 181). The Rochdale Pioneers built their reputation on fair pricing and eliminated credit, which had been the scourge of the nineteenth century working class. However, following the use of their strong market position to keep prices down they were ironically boycotted in the 1870s for using 'unreasonable amounts of muscle' against the independent grocer (Seth and Randall 2001: 146). The Co-operative Movement continued to grow until the beginning of the twentieth century, but it was to change for ever with the arrival of the large-scale retail multiple chains (Seth and Randall 2001).

The Co-operative Movement was part of a much wider retailing market in the UK (Harvey *et al.* 2002). As noted by Seth and Randall (2001) groceries and provisions came from a variety of outlets in the early and mid-nineteenth century – from farmers, open air markets, and traditional grocers who were skilled craftsmen. In the 1850s, the working class chose to buy only the bare necessities from the local grocer, preferring to buy from open markets and the market halls that were beginning to appear in the cities (Young 2004). There was no universal or dominant form of independent shop which established the country as a 'nation of shopkeepers' at this time (Harvey *et al.* 2002). However, by the late-nineteenth century, full industrialisation with its large-scale manufacturing and

³ The Co-operative model developed in the UK spread around the world (Seth and Randall 2001).

steam powered transport systems (with refrigeration) had a significant impact on food retailing in the UK (Seth and Randall 2001). The ability to mass produce and widely distribute goods coupled with the birth of an industrialised urban class with steady jobs and a buoyant economy helped to fuel a market for new products (O'Brien and Harris 1991, Seth and Randall 2001). This together with the decline of British agriculture and the availability of cheap food from overseas accelerated the need for new channels of supply to customers (O'Brien and Harris 1991, Seth and Randall 2001).

A new mercantile class rose to the challenge, developing commercial practices with economies of scale more akin to manufacturing, and capable of fulfilling the demands of the working classes for mass consumer goods (O'Brien and Harris 1991, Young 2004). This led to the emergence of the multiple retail chain⁴ in the 1870s and the passing of the small independent trader thereafter (O'Brien and Harris 1991). The aim of the new retailing groups was to offer consumers a wide range of standardised products at competitive prices, which could be achieved by bulk purchasing and better economies of scale (O'Brien and Harris 1991). Each store in the chain was designed to look the same and organised to carry the same stock in order to build a corporate brand image (O'Brien and Harris 1991). The multiple retail chain's brand became the standard assurance of quality, hygiene and bargain prices – essentially value for money (Jefferys 1954, Freidberg 2004). One notable multiple chain to emerge at this time was Sainsbury's, the UK's third largest supermarket group today (Key Note 2007a). Sainsbury's was founded in 1869 by John Sainsbury to sell the basic provisions of butter, bacon and eggs (packaged goods were added later) (Young 2004, Freidberg 2004).

By the beginning of the twentieth century, the retail trade was being transformed and the small shopkeeper was 'losing ground daily' (Marshall 1920 reset 1949: 240). Small independents were characteristically organised around the shop counter, with most goods stacked behind or in a storeroom, and customers were served individually (O'Brien and Harris 1991, Lyon *et al.* 2004). Individual service was preferred by the more conservative middle-class shopper, and many

⁴ Multiple retail chains are defined as firms operating from 10 or more outlets (Census of Distribution 1961, cited in O'Brien and Harris 1991).

local shopkeepers having developed good trading relationships with their customers were reluctant to break the tradition of personal service (Powell 1991, Lyon *et al.* 2004). However, in some ways the historical position of the small independent shop and its replacement by the retail multiple chain is a little misleading (Harvey *et al.* 2002). The independent sector of retailing in the UK was characterised by firms with fewer than 10 outlets, which usually operated one or two shops under sole proprietorships or through partnerships (O'Brien and Harris 1991). These independent shops (bakers, butchers, greengrocers and fishmongers) were far from being the universal form of food outlet during the nineteenth century (Seth and Randall 2001, Harvey *et al.* 2002, Young 2004). So although the emergence of the retail multiple chains is significant, because after the Second World War the independents were unable to compete with them, the small shop was part of a more complex system of food provision in the UK which included open markets and farm shops (O'Brien and Harris 1991, Young 2004).

From the 1890s to the late-1930s the growth of multiple retail chains in the UK was quite remarkable, some of which emerged in relation to colonial trade in tea, whilst others, large chains (of 500 or more outlets) grew from expansion or through mergers and acquisitions (Harvey *et al.* 2002). Tesco, the UK's largest supermarket group today, was founded by John Cohen in 1924 and did in part take its name from a shipment of tea (Corina 1978, Key Note 2007a). Cohen bought a consignment of tea from the importer Tarring and Stockwell to be sold in half-pound packets, but with no market brand a name was needed. This was quickly concocted from the initials of a partner in the importer, Mr. T. E. Stockwell and the first two letters of Cohen's surname (Corina 1978). During this period, food retailing in the UK was dominated by many hundreds of small-scale firms, either single-outlet independents or very small multiple chains (Wrigley and Lowe 2002). The situation reflected the relative ease of market entry in terms of low initial capital investment (Harvey *et al.* 2002, Wrigley and Lowe 2002). There was a concentration of food retailing in the UK, which signalled the growth of a nationally integrated retail market. Significantly, this occurred before any other country in the world and created a platform for the next wave of development of grocery shopping in the UK (Harvey *et al.* 2002).

2.2 Food Retailing in Post-War Britain

The second phase in UK food retailing is best characterised by the demise of the small, often independent retailer and the growing strength of the multiple retail chain through the introduction of 'self-service' (Seth and Randall 2001). The Co-operative store was the first real casualty of the second phase of food retail development in the UK (Birchall 1987). The Co-operative Movement was viewed as a group of 'fiercely independent local retailers under consumer control', exerting control on food producers for the benefit of its local customer and dividend members (Raven *et al.* 1995: 2). However, this commitment was also a serious weakness, because Co-operative Societies acted separately and in an autonomous fashion making them both vulnerable and unable to compete in the face of the centrally controlled multiple retail chains with their competitive muscle (Seth and Randall 2001).

There were a number of political, economic and cultural forces which led to a change in the organisation of shopping and the move towards self-service retailing (Powell 1991). Food rationing ended in early post-war Britain making available a range of foodstuffs to the public, increasingly provided by the multiple chains (Powell 1991, Raven *et al.* 1995). A 'change of tempo to life' during the 1950s also created a new 'sense of urgency' and 'a feeling that time was at a premium' (Powell 1991: 62). In the past, shopping trips had been viewed as more leisurely, but the growing number of working women and wives resulted in an emphasis on time-saving rather than personal service (Powell 1991, Hennessy 2006). The recently elected Labour government's drive to re-enlist women into industry and the emergent employment opportunities for women in health and education helped increase household incomes and transform domestic arrangements (Raven *et al.* 1995, Lyon *et al.* 2004). As newspaper restrictions were lifted, women's magazines promoting 'powerful images of new technologies, new styles and new expectations' appeared (Lyon *et al.* 2004: 28). During this period, many families moved into new housing with better facilities, which coupled with a sharp rise in prosperity influenced the way people organised their lives (Lyon *et al.* 2004). Individual preferences became increasingly important in the way people chose to live their lives (Lyon *et al.* 2004, Hennessy 2006).

Associated with these changing consumer requirements, a new model of food shopping was introduced, known as self-service (Harvey *et al.* 2002). The small independent grocery store with its friendly counter-service was pushed aside to make way for the self-service grocery store – largely an American import (Corina 1978, Powell 1991). The self-service store format had been observed by many UK multiple retailers, with both Tesco's founder, Sir (then Mr) John Cohen and Lord (then Mr Alan) Sainsbury making study visits to the United States after the Second World War (Corina 1978). Yet, it was a London Co-operative Society and small grocery stores which initially provided the retail impetus for self-service stores in Britain, largely because an increase in school-leaver age reduced a ready supply of cheap labour (Corina 1978, Young 2004). However, as a result of higher wages being offered in manufacturing, staff shortages emerged in the retail sector, and other retailers turned to self-service (Powell 1991, Seth and Randall 2001). Tesco quickly adopted the new concept, and by the mid-1950s it had opened 150 small self-service stores across the country. The inherent lower price structure of self-service appealed to Tesco's main customer base (Powell 1991). In contrast to the more conservative middle-class shoppers associated with the Sainsburys' brand of food retailing, Tesco's customer base were quick to take advantage of the savings available through the economies of scale of mass retailing (Powell 1991, Seth and Randall 2001). It has been argued that the first phase of retail development created a dual market between the multiple retail chains with a limited range of low price goods aimed at a relatively 'homogeneous urban class' and more specialist outlets with high value goods for the 'middle and upper classes' (Harvey *et al.* 2002: 235). At the time, Tesco and Sainsbury's reflected these very positions in the market, as Tesco was viewed by its customers as cheap and cheerful (Powell 1991), whilst Sainsbury's mainly located in the South of the country, was according to Seth and Randall (2001) viewed as the 'grocer' of the middle classes.

In many respects the 1950s was an important transitional period in the consumption practices of the UK population (Lyon *et al.* 2004). Household relocation, stable employment in economic reconstruction and domestic changes due to new patterns of female employment were reflected in consumer behaviour (O'Brien and Harris 1991, Lyon *et al.* 2004). Nonetheless the implementation of

the self-service format was restricted until food rationing finally came to an end in July 1954, but when these gave way, there was a wider choice of goods and improved product availability (Lyon *et al.* 2004). As the decade progressed, television broadcasting began to further influence buying habits and grocery shopping evolved yet again to capitalise on the change of consumer requirements (Seth and Randall 2001, Wrigley and Lowe 2002).

Fortunately for food retailers, the post-war reconstruction led to a property boom in the mid-1950s and the UK government decided to drop building licences. This provided the opportunity for store development, but for the first time smaller retailers had to compete on capital terms with the larger retail groups (Powell 1991). It was during this time that the 'supermarket' format, which was classified as a self-service food store with a sales area in excess of 2000 square feet, eclipsed the corner shop (Wrigley and Lowe 2002, Lyon *et al.* 2004). As suggested by Kay (1989: 105), supermarkets 'carved out their corner of the high street'. Yet this new format was slow to take shape – Tesco opened its first self-service store in St.Albans in 1947 and Sainsbury's followed with its first in Croydon in 1950 – the first Tesco supermarket *per se* was not opened until 1956 (Kay 1989, Lyon *et al.* 2004). By the late-1950s, there were only 175 food stores out of more than 150,000 stores meeting the supermarket criteria (Wrigley and Lowe 2002). By the early-1960s, there were still fewer than 600 supermarkets, accounting for less than 4 percent of food store sales in the UK (McClelland 1962). However, new entrants were beginning to appear in the market, some of which were suppliers moving upstream to retail distribution (Young 2004). In 1961, Morrisons the UK's fourth largest supermarket group today opened its first supermarket (Morrisons 2006, Key Note 2007a). Morrisons grew from an egg and butter stall in a Bradford market, which began life in 1900 under the management of William Morrison Provisions Ltd (Morrisons 2006). In 1965, ASDA (Associated Dairies) the UK's second largest supermarket group today was founded by a group of Yorkshire farmers (Young 2004, Key Note 2007a).

However, the catalyst that changed the food retailing market in the UK and made it into the one more recognisable today came in the mid-1960s, with the increased focus on retail price maintenance (Burke and Shackleton 1996). Grocery

products had long been subject to trade practices which prevented or restricted price competition (Lyon *et al.* 2004). Retail price maintenance (RPM) sanctioned the practice whereby manufacturers could stipulate a fixed selling price for their products through all distribution channels, a price that retailers were obliged to charge or risk being refused future supplies. In principle RPM supported small shopkeepers, but in reality it artificially kept prices high by effectively reducing and even eliminating price competition (Burke and Shackleton 1996). As noted by Kay (1989: 91), RPM 'allowed manufacturers to tell retailers what to charge the public in the name of preserving the maker's muscle and the bank balances of the corner shop'. A growing band of multiple retail chains strongly favoured abolishing RPM, because the enforcement of minimum prices prevented them giving their customers the best price and value, and the opportunity to present their product offer in the best light competitively (Kay 1989, Lyon *et al.* 2004, Bevan 2005).

The practice of controlling prices in this way had prevailed for over a hundred years and was originally introduced to maintain orderly competition and fair prices in the market (Burke and Shackleton 1996). Opposition to the scheme began in the late-1940s, initially from the Co-operative Movement who planned to use customer dividends to offer discounts on fixed price goods and build customer loyalty, and then from Jack Cohen (as he became known), the Tesco entrepreneur who wished to drive sales by drawing customers into his stores by offering cheaper prices (Corina 1978). Attempts to abolish price maintenance included recommendations made in 1949 by Harold Wilson (then President of the Board of Trade) to end all forms of price control, but the subsequent fall of the Labour government resulted in no changes to the system (Corina 1978). The new Conservative government intent on scrapping post-war controls also attempted to remove all price fixing, but the Restrictive Trade Practices Act of 1956, which banned suppliers collectively enforcing their list prices, still allowed suppliers to fix prices by individual retailer. Cohen, a member of the Conservative Party, felt let down by this decision and complained to his friends within the government, but to no avail (Corina 1978). In the early-1960s, frustrated by not being able to develop a stronger position in the market, Cohen approached Edward Heath (then Trade Minister) (Corina 1978, Powell 1991, Bevan 2005). In 1964, supported by

the Institute of Economic Affairs (a free-market think tank) which in 1960 had published an influential pamphlet entitled 'Resale Price Maintenance and Shoppers' Choice', Heath set about pushing a bill through parliament to abolish it (Bevan 2005). By removing fixed retail prices, the government hoped to reduce the cost of living (Corina 1978, Powell 1991). But, the abolition of RPM came at some cost to an already unpopular Conservative government, with the backlash from small shopkeepers watching their livelihoods disappear, often cited as one of the reasons for the downfall of the Conservatives in the 1964 election (Raven *et al.* 1995, Bevan 2005).

The demise of RPM was a huge boost to the advancing multiple retail chains, heralding price competition and 'the era of the "loss leader"' to entice customers with a bargain' (Raven *et al.* 1995: 2). Discounted prices on loss leaders successfully drew shoppers to the multiples, and 'value' – defined by price alone – became the new consumer watchword (Raven *et al.* 1995, Lyon *et al.* 2004). The emphasis in food retailing had shifted to price and for the first time retailers could charge any price they wished and thereby 'assert their power over suppliers' (Kay 1989: 106). This was a critical change in the history of food retailing in the UK (Kay 1989, Raven *et al.* 1995). The 1964 Resale Prices Act changed the balance of power between supplier and retailer for evermore, as supermarkets 'won carte blanche... to cut prices to whatever level they deemed manageable' and to offer the customer 'the best financial deal' (Bevan 2005: 49). The abolition of RPM hit the independent and small multiple retail chains the hardest (Young 2004). Between 1965 and 1998, one of the biggest single retail players, the Co-operative Society Movement, shrank from over 35 percent to less than 10 percent of the market and the 'independents and others' sector from 50 percent to under 15 percent (Seth and Randall 2001, Young 2004). By comparison, the main multiple chains (Tesco, Sainsbury's, ASDA and Safeway) moved from under 10 percent to some two-thirds of the market during the same period (Young 2004). In order to capitalise on the new found era of price competition post-1965 multiple chains relocated their shop premises to bigger sites, which resulted in the creation of the 'superstore' (O'Brien and Harris 1991). The superstore was defined as a single-level, self-service store with at least 25,000 square feet of sales area, selling a wide range of food and related items,

and supported by extensive car parking (Wrigley and Lowe 2002). The (out-of-town) superstore was a key component of the marketing strategy of the lead multiple groups and transformed food retailing in the UK. The pace of change from conventional supermarkets to superstores quickened during the late-1970s and early-1980s, and led to the introduction of the hypermarket (Seth and Randall 2001, Wrigley and Lowe 2002). The hypermarket with a sales area of 50,000 square feet or more enabled the multiple retail chains to continue to *dominate* during the 1980s (Raven *et al.* 1995, Seth and Randall 2001, Key Note 2003).

However, there were other forces which impacted on the development of the multiple retail chains, particularly the changing social and economic circumstances in the country. These included (i) employment stability – rising ‘real’ incomes and an improved income distribution, (ii) the proportion of personal income spent on housing, (iii) the growth of car ownership and mobility, (iv) the continued rise in the number of women in employment, and (v) higher wages (O’Brien and Harris 1991, Burke and Shackleton 1996). Post-war Britain experienced fundamental changes in its social structure and by the early-1970s, there was a steep rise in the country’s population with different forms of ‘family’ emerging. Widespread demographic changes and accompanying employment opportunities helped to drive up wages and with improved income distribution there was a growing condition of affluence (O’Brien and Harris 1991). Economic stability in the country influenced customer purchasing habits and buying patterns and directly impacted public consumption in the UK (Marwick 1982). This was the period that, in the words of Marwick (1982:13) gave ‘rise to the birth of the consumer society’. New opportunities emerged for the populace to spend household income on houses, cars and domestic appliances, but such opportunities depended on security of employment, the availability of mortgages and a belief in the country’s future economic strength (O’Brien and Harris 1991). The increased expenditure on housing, personal transport, leisure and labour-saving devices (freezers and microwaves), coupled with increased car ownership and women working outside the home, reflected the changing patterns of personal consumption in the early-1980s. There was a shift towards bulk purchasing, which the superstore and hypermarket were able to capitalise on (O’Brien and Harris 1991, Seth and Randall 2001). Furthermore, increased car ownership

made out-of-town shopping possible and the appeal of the 'one-stop-shop' provided by the likes of Sainsbury's, Tesco and ASDA grew, as did the range of products on offer, including convenience products like ready-prepared meals' (Burke and Shackleton 1996). The food manufacturing industry keen to exploit consumer demand, invested in the technological advancements of freeze drying and controlled atmosphere packaging. The result was an efficient process for the production of convenience foods and an onslaught of new fresh and chilled product ranges (Traill 1997, Wrigley and Lowe 2002). The increased leisure activity of watching television and the explosion of food advertising which tended to homogenise tastes across the nation and reduce regional and local differences, also impacted on consumer shopping habits and patterns of consumption (Burke and Shackleton 1996, Lyon *et al.* 2004). As more people became employed and engaged in leisure activities, individual time became a priority and convenience foods an opportunity for the multiple chains (Burke and Shackleton 1996). The distinct aspect of change relating to the social organisation of demand during this period, was the growing presence of the big multiple retail chains in the marketplace and the way they developed to target different types of consumer need and interest (Burke and Shackleton 1996, Harvey *et al.* 2002).

2.3 Arrival of the Superstore and Ascendancy of the Supermarket Group

The third phase in UK food retailing witnessed the launch of the superstore and the ascendancy of the supermarket groups, which today not only command the high street, but also wield authority over the supply chains that serve it (Wrigley and Lowe 2002, Bevan 2005, Simms 2007). The 1980s witnessed the increasing concentration of the food retailing sector in the UK and the rise of the retail corporation, the 'mega-chain' which became significant in the country's economy (Gardner and Sheppard 1989, Wrigley and Lowe 2002). The transition of the conventional supermarket to the superstore format arrived quickly in the 1980s. Supermarkets were primarily located on high streets and in town centres, whereas superstores were out-of-town emporiums with an extensive range of fresh foods and non-foods, such as household items, clothing and petrol (Wrigley and Lowe 2002). As a consequence, spending on food and other goods was rapidly increasing at the local superstore (Key Note 2003). Previously, food retailing had primarily focused on price, but customer aspirations were changing, food quality

was becoming a key requirement and Tesco in particular, responded by abandoning its 'pile it high, sell it cheap' past and moving upmarket (Kay 1989, Powell 1991). Shoppers were beginning to have confidence that prices in particular retailers would be generally competitive, which allowed supermarket groups the opportunity to 'lure' consumers 'upmarket into the tempting exotica and luxuries' (Kay 1989: 94). As the supermarket groups grew, they faced an increasingly 'demassified' (segmented) consumer market, which they became increasingly adept at responding to by differentiating their offer (Seth and Randall 2001, Wrigley and Lowe 2002). The leading supermarkets developed targeted retail offers for particular consumer segments and actively orchestrated the market to create a unique position for themselves within it (Raven *et al.* 1995, Wrigley and Lowe 2002). The growing prominence of the supermarkets in the marketplace and their increased *buying power* provided the means for them to shape and capitalise on the consumer's growing appetite for new and varied foodstuffs in a convenient self-service format. Increased consumer spending led to increased profits, which together with more easily obtained capital enabled the UK top tier supermarkets to expand at an accelerated rate (Seth and Randall 2001). In the last few decades of the twentieth century, food retailing in the UK was transformed through the 'concentration of capital' in an industry which was 'increasingly dominated by "big capital" in the form of large corporations' (Wrigley and Lowe 2002: 22).

No other country in Europe experienced the ascendancy of the supermarket group quite like the UK (Harvey *et al.* 2002, Wrigley and Lowe 2002). During the 1980s and early-1990s, the superstore had become one of the most important formats to drive the rapidly increasing sales and profit levels of the major UK multiple chains (Wrigley and Lowe 2002). The supremacy of these groups and the success of the edge-of-city superstore retail format had been fuelled by demographic change, suburban development, the widespread increase of car ownership and changes in consumer requirements. However, it was both the liberalisation of planning policy and the attitude of the national government which was central to the rise of the supermarket group during this period, particularly in terms of where food retailers could locate (O'Brien and Harris 1991, Wrigley and Lowe 2002). During the 1980s, a small group of food retail corporations emerged

in Britain, 'whose turnover, employment levels, profitability, and sheer market and political power came to rival the largest industrial firms in any sector of its economy' (Wrigley and Lowe 2002: 31). The growth of these mega-chains – Sainsbury's, Tesco, Argyll (later to be Safeway), ASDA, and Gateway (now Somerfield), was driven by both merger and acquisition, and by 'organic' expansion (new store development and store extensions) (Seth and Randall 2001, Wrigley and Lowe 2002). The 1980s saw an unprecedented wave of mergers and take-overs in the UK food retail industry. The Dee Corporation who already owned Gateway, bought International Stores from British American Tobacco and then Fine Fare, the Argyll group bought Safeway (Gardner and Sheppard 1989), and Tesco bought Hillards, a Yorkshire-based retail group in 1987 (Gardner and Sheppard 1989, Powell 1991). This spate of activity exacerbated the existing tendencies of the industry to create 'fewer and fewer firms controlling larger and larger shares of the market' and a level of retail concentration which made British retailing 'uniquely the province of big business' (Gardner and Sheppard 1989: 24-26). In this regard, the British retailing experience was quite different from its European neighbours during the period (Wrigley and Lowe 2002). In Germany, the discount model developed by small retail groups dominated the market (Wrigley and Lowe 2002). While in France the small market/specialist retailer prospered, which Breed (1998) suggests is largely due to local authorities in France being given the right in 1973 to veto the building of a supermarket over 1,000 square metres.

In comparison, there was a 'frantic' store-building boom by the leading supermarket groups in the UK during the late-1980s. New store growth had become the second line of attack for building market share, which led to intense competition for new sites (Wrigley and Lowe 2002). Edge-of-city superstores operated on lower costs and with limited competition from rival stores of the same 'vintage', so the format became a key driver of increased sales and profits (Wrigley and Lowe 2002). New store development offered a comparative advantage and quickly became the new critical arena of competition between the supermarket groups (Raven *et al.* 1995, Wrigley and Lowe 2002). Subsequently, the late-1980s and early-1990s was 'widely characterised as an era of *store wars*' (Wrigley and Lowe 2002: 78, emphasis as stated). However, faced with an ever-

changing and increasingly segmented consumer market, the supermarkets also needed to maintain the interest and satisfaction of the consumer (Gardner and Sheppard 1989, Wrigley and Lowe 2002). Product innovation became a critical requirement and supermarkets developed an array of new product ranges – ready prepared chilled, frozen, canned and dried ambient meals based on both ethnic and traditional cuisines (Traill 1997). The majority of the new products were launched under the retailers' own-brand and supermarket groups became skilful in their use of design principles to create a distinctive corporate identity associated with these new ranges (Traill 1997, Gardner and Sheppard 1989). By extending their product offer and creating a distinct 'own-label' position in the market, the supermarkets were able to differentiate themselves from the opposition (Gardner and Sheppard 1989). As noted by O'Brien and Harris (1991: 109), own-label products also gave the supermarket 'a strong visual identity and appeal' in the 'pursuit of a distinctive image'. New stores, store extensions and the refurbishment of existing stores helped maximise the use of space and accommodate these new product ranges (Seth and Randall 2001, Wrigley and Lowe 2002).

The retail groups Sainsbury's, Tesco, and Marks & Spencer Food, significantly shifted their focus to the premium market by widening their product ranges to include ready packaged meals, prepared meats, fresh fish, continental breads, ethnic chilled foods, patisserie and fresh dessert ranges, and exotic, previously difficult to obtain fruits and vegetables – 'new high-value-added speciality convenience foods' (Burke and Shackleton 1996: 26). Supermarkets were stealing the march on quality and product ranges were designed to appeal to the upwardly mobile and socio-economic classes A and B – an important factor in ensuring higher profit margins (Raven *et al.* 1995, Burke and Shackleton 1996, Wrigley and Lowe 2002). However, this strategy carried the risk of neglecting the interests of many poorer consumers and helped to create a market niche for such operators as Kwik Save and encouraged the continental discounters Netto, Aldi and Lidl to enter the UK market (Burke and Shackleton 1996, Harvey *et al.* 2002, Wrigley and Lowe 2002). During the more difficult trading times of the early-1990s, the leading supermarkets were forced to respond to such discount operators (Wrigley and Lowe 2002).

However, food retailing critically relies on market information about changing consumer tastes and shopping behaviour, at which the larger established supermarkets excelled (Harvey *et al.* 2002, Wrigley and Lowe 2002). By exploiting data both in-store and further upstream in the supply chain, supermarkets were able to source products more effectively, thereby reducing their cost-base (Young 2004, Simms 2007). From the late-1970s to the mid-1990s food retailing in the UK underwent an organisational and technological transformation in supply chain terms (Womack and Jones 1996, Wrigley and Lowe 2002). The introduction of self-service had pioneered the standardisation of packaging, pricing and quality, which paved the way for the introduction of bar-scanning and automatic replenishment systems (Seth and Randall 2001, Harvey *et al.* 2002). To meet customer demand and ensure continued product availability, 'the very core of retailing', supermarkets became inevitably 'concerned with planning, coordinating and controlling the flows of product and information into their companies in order to get the right products in the right place at the right time' (Wrigley and Lowe 2002: 83). In the past, valuable selling space was taken up by storage in the retail store and the system of distribution to replenish stocks was both inefficient and costly. There was a distinct lack of control over the distribution process, few if any retailers could trace the progress of a pallet of goods through the network (Rudd 1987). The activity of strategically managing the supply chain; the movement and storage of inventory from suppliers through store to the customer, became known as logistics management, with the management of that flow beginning at the source of supply and ending at the point of consumption (Christopher 1986, Wrigley and Lowe 2002). All the major supermarket groups created sophisticated logistics systems which played a decisive role in the streamlining of supply chains (Raven *et al.* 1995, Womack and Jones 1996). One of the key enablers of these developments was bar-coding, the ability to give every individual product a unique reference, a series of numbers (bars) which could be electronically scanned (Gardner and Sheppard 1989, Raven *et al.* 1995).

Another link in the chain which was to transform supply management was the advancement of information technology, resulting in Electronic Point of Sale (EPoS) systems. EPoS enabled automatic scanning of product bar codes and a

much more rapid check-out operation (Gardner and Sheppard 1989, Wrigley and Lowe 2002). The process of taking the supply and servicing of individual stores out of the hands of food manufacturers and suppliers had first begun during the 1970s, but it was not until the mid-1980s that the supermarkets had the sophistication in their own distribution systems to take command of the extended supply chain (Harvey *et al.* 2002, Wrigley and Lowe 2002). Supermarkets own centralised distribution systems were extended to include Regional Distribution Centres (RDCs) where branded and own label manufacturers could supply goods to a central store (Raven *et al.* 1995, Wrigley and Lowe 2002). The RDCs removed the need for direct deliveries to every store in the supermarket chain and through a process of consolidation, whereby products could be grouped from a number of food manufacturers by individual store demand and shipped, supermarkets were able to engineer great efficiencies and cost savings (Raven *et al.* 1995). Further technological developments in the retail supply chain of multi-temperature vehicles gave supermarkets the opportunity to manage the upstream supply chain all the way from the country of origin and producer of goods, and helped to create further comparative advantage for those positioned at *the top of the chain*.

By the late-1980s, supermarkets managed a fully integrated system, in which EPoS scanning data was used to automate product reordering and the linkage between in-store stock levels, the warehouse/distribution network, and central administrative/financial functions was complete. Furthermore, these systems were increasingly linked back to suppliers via EDI (electronic data interchange), which allowed for the 'paperless' control of the supply chain and sophisticated sales-based ordering (SBO) (Wrigley and Lowe 2002). EPoS and SBO – an automatic stock replenishment system – revolutionised the retailing industry (Gardner and Sheppard 1989). These developments determined how supply chains would be managed, whether directly or through the adoption of just-in-time (JIT) supply strategies (Gibbon 2001). The tightness of linkages in the chain did not create a reciprocal dependency between supermarkets and their supply base, as each supermarket frequently sourced from a number of different suppliers in a given product sector (Dolan and Humphrey 2000). By the early-1990s, the EDI links of the key supermarket groups covered more than 80 percent of goods

supplied, and lay at the heart of the 'demand-pull' system of supply-chain management which changed the relationship between supermarket retailer and supplier for ever (Wrigley and Lowe 2002, Bevan 2005). The drive to secure market advantage brought the coordination of supply chains squarely under the control of the supermarkets, with 'lead' players choosing to both organise chains and externalise supply functions to preferred suppliers, as in the case of vendor managed inventory (VMI) (Raven *et al.* 1995, Gibbon 2001).

The major supermarket groups, with their sophisticated centralised logistic systems and immense *buying power* were transforming the UK marketplace, but there was a glitch in their accelerated growth. The superstore building boom, which had been quite dramatic up until this point, started to experience restrictions during the early-1990s (Harvey *et al.* 2002, Wrigley and Lowe 2002). The pressing difficulties of planning permission, planning appeals and the subsequent reduction in new development sites coupled with the saturation of many towns by the supermarket groups themselves, led to a renewed focus on mergers and acquisitions in the sector (Wrigley and Lowe 2002). In a heavily contested battle with Sainsbury's in 1994, Tesco secured the purchase of the William Low Group (a Scottish grocery chain), and in 1999, the world's biggest retailer Wal-Mart bought ASDA, while in 2003, Morrisons merged with Safeway (Seth and Randall 2001, Young 2004, Simms 2007). Thus, by the end of the twentieth century, the supermarket groups dominated the UK food retail market. They continued to revolutionise the customer experience, in terms of breadth of product choice and availability, whilst still ensuring cost benefits from continuing technological innovation in the supply chain were passed on to the consumer in the form of lower prices (Seth and Randall 2001, Wrigley and Lowe 2002). In the 1980s, Sainsbury's developments in its information technology (IT) and distribution systems produced faster stock/inventory turns than any of its rivals (Wrigley and Lowe 2002). However, by 1995, it was Tesco that had reduced its supply chain stockholding to just two weeks through the exploitation of new advances in information technology and JIT deliveries (Gibbon 2001, Wrigley and Lowe 2002). The supermarket groups had capitalised on large scale growth, reaping the benefits of market economies of scale and better buying terms, which coupled with centralised logistics (distribution systems) and new labour practices

(flexible working patterns) made the supermarkets 'the triumph of free markets' (Raven *et al.* 1995: 2). The benefits of the free market are 'held to be low prices, extensive choice, convenience and efficiency – defined in its broadest sense as the optimum allocation of resources over the long term for the benefit of society', which the supermarkets are credited with doing (Raven *et al.* 1995: 6). Supermarkets were 'the all-conquering heroes of the retail revolution' in the UK, offering 'the widest choice at the lowest prices' (Kay 1989: 91). With their 'vast, gleaming superstores – the cathedrals of Thatcher's Britain', the supermarkets transformed the buying experience and life of the shopper (Seth and Randall 2001: 272). They providing an ever changing range of products within a new and dynamic store environment – all that a consumer could wish for provided under the one roof (Raven *et al.* 1995, Wrigley and Lowe 2002).

However, there were other social factors that impacted on the development and the ascendancy of the supermarket groups, including the evolving structure of female employment, changes in personal credit, and growing consumer demand and expectation (Gardner and Sheppard 1989, O'Brien and Harris 1991). More women were working and contributing to the family household income and supermarkets increasingly recognised their purchasing power (Gardner and Sheppard 1989, O'Brien and Harris 1991). The working patterns of women (often part-time and structured around childcare) created a need for shopping at weekends which helped create more pressure for the reform of store opening hours and the liberalisation of the 1950 Shop Act (O'Brien and Harris 1991, Burke and Shackleton 1996). Shopping hours had been tightly regulated by the UK government with store opening hour restrictions dating back to the nineteenth and twentieth centuries, and in the words of Burke and Shackleton, had 'cast a pall over retailing' for more than forty years (1996: 60). There were many attempts to reform the law but it was not until the defeat of the Store Opening Reform Bill in 1986 and the anomaly of Sunday trading legislation falling into disrepute, that the Sunday Trading Act permitted seven day trading in 1994 (Burke and Shackleton 1996, Wrigley and Lowe 2002). In 1997, the bill was further amended and twenty-four hour round the clock US style supermarkets could be seen in the larger towns and cities in the UK (Wrigley and Lowe 2002).

Changes in financial regulations and personal borrowing in the 1990s also made their mark. Growing credit card ownership, increased consumer purchasing power and supermarkets' acceptance of credit cards in 1990 had a dramatic affect on sales (Wrigley and Lowe 2002). By 1994, 40 percent of people aged 18 and over held credit cards (*Credit Card Research Group* cited in Burke and Shackleton 1996). Other social changes added to the phenomenal growth of the supermarket, such as cultural changes in food, the growth in the number of single households, lifestyle changes, experience of travel, foreign foods, maturity of the 'baby-boomer' generation, all of which gave rise to unprecedented spending on new types of food (Traill 1997, Seth and Randall 2001, Harvey *et al.* 2002, Wrigley and Lowe 2002). Consumption in the UK was undergoing a transformation through the dynamic expansion in new foods; chilled foods, convenience meals, 'ethnic' meals (Indian, Chinese, South Asian) and Italian dishes (Harvey *et al.* 2002). In part, the transformation generated in food consumption was due to the sheer choice of products. This was in stark contrast to earlier times, when food supplies were limited⁵ and purchasing habits were dependent on what was available (Harvey *et al.* 2002, Wrigley and Lowe 2002). The limited range of seasonal produce in the local food store was overtaken by supermarkets scouring different parts of the globe for countries whose natural seasons were complementary to that of the UK. Where previously there had been 'seasons' in the UK food retail market, now there was all year-round supply of fresh produce (Harvey *et al.* 2002). The development of production expertise and distribution systems ensured reliable delivery over enormous distances (Harvey *et al.* 2002, Friedland 2003). By the early-1980s, extended supply chains from southern hemisphere locations were providing 'counter-seasonality' produce to the UK. There were table grapes from Chile and South Africa, speciality horticulture from Africa, and kiwi fruit from New Zealand (Raynolds 1994, Gwynne 1999, Friedland 2003). The impatient wait or quiet anticipation of the new season's crop of home grown English strawberries or Spanish oranges was relegated to the past (Harvey *et al.* 2002). This increased level of globally sourced fresh produce in UK supermarkets necessitated new levels of coordination between retailer and supplier/producer, and goes some way to

⁵ Many product ranges, particularly some varieties of produce, such as exotic fruit and vegetables, only became readily available in the early-1980s (Key Note 2006).

explain the adoption of standardised planting, picking and packing practices in agricultural production (Friedland 2003, Phillips 2006).

The explosion of television cookery shows in the early-1990s also played an important role in how food was consumed, helping to position many of the chefs presenting such programmes as ‘brands’ in their own right (Ashley *et al.* 2004). The arrival of the celebrity chef not only helped communicate the value of fine food but also raised consumer awareness of what could be done with new globally sourced produce and ingredients being supplied by the supermarkets. By the mid-1990s, the UK witnessed a scramble for celebrity chef endorsements and collaborative new product development, with numerous articles by the doyenne of traditional cookery, Delia Smith regularly appearing in the Sainsbury’s Magazine and the launch of Tesco’s new fresh pasta dishes in 1992 under the culinary auspices of Valentine Harris, an Italian chef, being only a few examples of this phenomenon (Ashley *et al.* 2004). However, by focusing on product quality, merchandising and marketing of the consumer offer, supermarkets built cost into their business and although there were seasonal and cyclical price cutting, the supermarkets lost their dominant position on price (Raven *et al.* 1995, Wrigley and Lowe 2002). This allowed new entrants to the market and by mid-1993, the expansion of the discounters had gathered pace, with discounters (including Kwik Save) forecasted to capture 15.5 percent of the total UK market by 1995 (Wrigley and Lowe 2002).

Initially, the UK experienced very low levels of penetration of the discount grocery model exemplified by the likes of Wal-Mart and Aldi, Netto and Lidl. This was largely attributed to the nature of the UK food retailing market, which was highly concentrated and as such, created substantial barriers to entry for potential new entrants (Wrigley and Lowe 2002). Thus, only companies with vast capital resources could enter the ‘first division of the UK food retailing sector in the medium to long term’ (Raven *et al.* 1995: 41). But with the onset of a recession in the early-1990s, there was a resurgence of the discounters, which made for turbulent times for the supermarkets. Nevertheless, true to their origins, the big three supermarket groups (Tesco, Sainsbury’s and ASDA) fought back, by returning to the 1970s style of price cutting and a number of local price wars

broke out (Raven *et al.* 1995, Wrigley and Lowe 2002). In order to maintain the local spatial monopoly critical to the economies of scale and profitability of the supermarket groups, and with the experience of a squeeze on profit margins due to price cuts, the market leaders introduced in-expensive own-label 'value' and 'essential' product ranges to compete (Raven *et al.* 1995, Wrigley and Lowe 2002). In June 1993, Tesco launched its 'no frills' Value range, by late October, ASDA froze its prices on 5,000 grocery lines and in November, Sainsbury's announced long-term price cuts on its 'essentials' Basic range (Raven *et al.* 1995).

The introduction of customer loyalty schemes and reward cards, led by Tesco in 1995, further changed the growth dynamic of the discounters in the UK market. The supermarket groups were able to leverage their competitive advantage due to their advanced technical and logistical systems, and embarked upon new marketing strategies (Wrigley and Lowe 2002). The development of store loyalty schemes enshrined a new form of trading relationship between supermarket and consumer (Harvey *et al.* 2002). Each time a consumer used a specific retailer's loyalty card, every detail of the transaction could be traced, for instance: the products bought, the proportion of own-label to branded goods, the average spend, the frequency of visit and much more (Harvey *et al.* 2002, Humby *et al.* 2003). This range of information allowed the retailer to continuously upgrade its socio-economic profiling of its 'captive audience', and monitor trends in consumer demand. Store loyalty cards created a new linkage between consumer and retailer, with the supermarket group understanding the shopping habits of consumers probably better than consumers themselves (Harvey *et al.* 2002, Humby *et al.* 2003). The relationship between retailer and consumer took on a new configuration, and there is much to suggest that supermarkets were able to capitalise on this position of power – an enhanced understanding of consumer behaviour (Harvey *et al.* 2002). During this phase of development in UK food retailing, supermarket groups emerged with their 'full-range one stop shop' (Harvey *et al.* 2002: 240), and a 'progressively tightened' grip on the market (Wrigley and Lowe 2002: 23).

Supermarkets in the UK have created a retail culture which pervades everyday life, they have become the epitome of Thatcher's free marketers; the saviour of better times for an ailing manufacturing based economy (Raven *et al.* 1995) and the 'baddies' of modern capitalism (Blythman 2004: 295). Supermarkets have 'reached such a level of concentration that they wield enormous power' and have become an oligopoly (Seth and Randall 2001: 278). An oligopoly is defined as a market dominated by a few companies (Porter 1985). In many ways, food retailing in the UK can be characterised by oligopolistic competition – a small number of supermarket groups battling for market share, through product differentiation, quality and availability, and heavy investment in retail outlets and logistic systems (Wrigley and Lowe 2002, Young 2004). Although in the past, supermarkets played a valuable role breaking down previous oligopolies – particularly where manufacturers were concerned – they have now become an oligopoly themselves (Seth and Randall 2001). The birth of Co-operative retailing, the provision of low priced goods, the liberalisation of planning laws and the support of successive governments to big retail corporations have helped to create a market which, today, is dominated by a small number of supermarket groups (Blythman 2004, Young 2004, Bevan 2005, Simms 2007). In this regard, the evolution of food retailing in the UK during the last century has been dramatic and uniquely British (Harvey *et al.* 2002, Wrigley and Lowe 2002).

2.4 Power of the Supermarkets

In a market worth in excess of £96bn annual sales in 2006, four major supermarket groups dominate: Tesco PLC, ASDA Group Ltd., J Sainsbury PLC and Wm Morrison Supermarkets PLC, the so called big four, which in 2006 accounted for over 75 percent of all UK grocery sales (Key Note 2007b) (a breakdown of supermarket groups' sales and market share is noted in Appendix C and Appendix D respectively). There are some other notable retailers in the marketplace such as Somerfield PLC, The Co-operative Group, Waitrose Ltd. and Marks and Spencer PLC, but their combined market share barely crept over 12 percent during the same period (Key Note 2007b). The dominance of the big four in UK food retailing today is the consequence of the radical changes which took place during the last forty years. The UK food market moved from one of mass consumption to one more fragmented and based on the changing attitudes,

aspirations and lifestyles of a more multi-faceted society (O'Brien and Harris 1991). Better educated and more sophisticated customers demanded and expected quality, service and reputation and the large supermarket groups were well positioned to meet these expectations. The competitive drive to fulfil consumer needs facilitated the gradual and deliberate growth of the major supermarket groups, and led to a marked concentration in the hands of a small number of players in the market (Raven *et al.* 1995, Harvey *et al.* 2002, Wrigley and Lowe 2002).

Relationships between supermarkets and suppliers/producers have changed in many ways during the last few decades (Duffy and Fearn 2004). Up until the late-1970s, the distribution function in retailing was firmly under the control of the supplier, but during the late-1980s the realisation that sustainable competitive advantage could be achieved by jointly managing supply chains, led to many collaborative efforts between supermarkets and suppliers (Rudd 1987, Bourlakis and Bourlakis 2004). By the early-1990s, many of the major supermarkets were engaged in supply chain initiatives, including supplier partnerships and what is termed efficient consumer response (ECR) projects (Duffy and Fearn 2004). The aim of ECR is to review the whole supply chain to eliminate unnecessary costs and add value to products, thereby responding to consumer needs more effectively. Because ECR depends on sharing information along the supply chain and working collaboratively, the effectiveness of projects depended on a cooperative relationship, as opposed to a more typically adversarial relationship (Duffy and Fearn 2004). However, the type of relationships formed between supermarkets and suppliers has been subjected to intense scrutiny in the UK over recent years, particularly in respect of the supermarkets' attitude to their supplier base. The UK Competition Commission published a high profile enquiry into supermarket behaviour in 2000, in which many supplier complaints and alleged abuses of power by supermarkets were noted (Duffy and Fearn 2004, Blythman 2004). Complaints made included claims that supermarkets demanded various non-cost related payments or discounts, imposed additional charges for doing business, made changes to contractual agreements without adequate notice and unreasonably transferred risks to suppliers (Competition Commission 2000). As a consequence of the enquiry, the big four – Tesco, Sainsbury's, ASDA and

Safeway – adopted a voluntary code of practice, the Supermarket Code of Conduct in March 2002, which was designed to improve relationships with suppliers and establish a climate of trust and mutual commitment as a basis for greater collaboration (Duffy and Fearné 2004). Ironically, this very code has recently been highlighted in the press as being flouted during the recent round of price cuts in the market introduced by Tesco and ASDA. This is an allegation which the Competition Commission is currently investigating as part of their 2007 review of the market position of UK supermarkets (Competition Commission 2007).

Nevertheless, the vertically integrated supply chain is part of the comparative advantage toolset, a ‘competitive weapon’ in the fight for market dominance (Bevan 2005: 26) and as such, supermarket groups continue to exercise control and grapple for more power in supply chains (Blythman 2004, Simms 2007). Claims are made continuously that supermarkets capture much of the profit in the supply chain and, ultimately, have the last say in how the chain is managed (Vorley 2003, Blythman 2004, Young 2004, Bevan 2005). Yet the market dominance of supermarket groups in UK food retailing is a late-twentieth century phenomenon, and the absolute power of supermarkets in global supply chains remains difficult to assess (Harvey *et al.* 2002, Wrigley and Lowe 2002). However, it is quite evident that supermarkets increasingly depend on sophisticated and well managed supply chains to maintain competitive advantage (price and product range) and thus, they will continue to be a key controller in global supply chains, often in place of the producer or supplier (Blythman 2004, Lawrence 2004, Young 2004, Bevan 2005). It is the buyer (the supermarket representative) who dictates when and how a product is offered to the consumer and determines which products will make the most profit (Wrigley and Lowe 2002, Young 2004). This scenario is aptly described as *retail capital* dominating *manufacturing capital* (Harvey *et al.* 2002) and is indicative of the power wielded by supermarkets in modern food retailing in the UK (Blythman 2004, Bevan 2005, Simms 2007). How such power is exercised remains a burning question for many social actors involved in debates on corporate responsibility in global supply chains.

2.5 Corporate Social Responsibility

In a globalised world corporate social responsibility (CSR) has become an important issue, because societal actors are constantly looking to the corporation to take an active role in improving the conditions of labour (Henderson 2001, Waddock *et al.* 2002). The 1990s saw growing concerns over corporate behaviour, particularly in the retail and manufacturing sectors, where there were numerous exposés of exploitative labour practices in global production chains (Klein 2000, Waddock *et al.* 2002). This resulted in a mounting pressure being placed on companies to adopt business practices that were more responsible (Klein 2000, Waddock *et al.* 2002, Hertz 2004). Waddock and others (2002: 133) identify such growing pressure as coming from three major sources: (i) 'primary' stakeholders (customers, employees, owners and suppliers), (ii) 'secondary' stakeholders (NGOs, social activists, local communities, governments and institutional or societal forces), and (iii) the initiation of 'global standards and performance indexes' based on 'best of rankings'. As noted by Henderson (2001) there has been a growing trend towards greater stakeholder participation on issues of environmental and social responsibilities of corporations.

The response of supermarket groups has been to try and shape the needs and expectations of customers, arguably one of the retailers' key stakeholder groups, and develop a market positioning vis-à-vis their competitors (Henderson 2001, Waddock *et al.* 2002). Hence, the first sighting of 'social responsibility' in retail organisations has largely been in relation to business strategy, and more often associated with minimising external threat, such as consumer boycotts, than with altruistic motives (Porter and Kramer 2002, Waddock *et al.* 2002). In describing the supermarkets' attention to detail in their business, O'Brien and Harris (1991: 110) noted that 'careful consideration is given to every imaginable aspect of the retail operation that can in some way influence the consumers' perception of the chain'. These comments are chiefly made in relation to the design and ambience of the retail format, but such sentiments are equally applicable in the current debate on social responsibility, because whatever influences the image or view of the supermarket in the consumer's mind, must be managed (Blythman 2004, Young 2004).

However, it has been suggested by Johnson and Scholes (2002: 9, italics in the original) that the CSR strategy of retailers is affected not just by societal forces, but also ‘by the *values and expectations* of those who have *power* in and around the organisation’. In this respect, the strategy adopted by supermarkets could be viewed as ‘a reflection of the attitudes and beliefs of those who have most influence’ on the organisation. Hence, where the boundaries are drawn may say more about the values of those who influence strategy, the *stakeholders* of the organisation – financial institutions, employees, customers, and perhaps suppliers (Johnson and Scholes 2002). In the UK food retailing market ‘corporate social responsibility’ has moved up the corporate agenda and been assigned a new role and purpose, with ‘corporate citizenship’ being embraced through the development of closer working partnerships and relationships between supermarkets and their key stakeholders (Henderson 2001, Hopkins 2004). Every major supermarket regularly states their CSR objectives, publishes reports on their social responsibility programmes and has announced supplier codes of practice, which detail their socially responsible values towards their supply base. Often supermarket annual reports provide progress updates, with achievements listed against indices on a scorecard, key performance measures that have been agreed internally, but which are heavily influenced by the various social audit organisations and special interest groups emerging in this domain (Hopkins 2004). Indeed, this can be observed from the CSR mission statements made by the key supermarket groups, most of which highlight their commitment to operating fairly in their business, in order to meet their customers’ expectations of a socially responsible company. Tesco, the UK’s biggest supermarket exemplifies this point in their Corporate Responsibility review 2007, stating:

Tesco has strong employment and environmental standards and we are confident that trading with us can be an important force for good anywhere in the world. We also understand that although our customers want low prices, they also want fair prices and decent standards.

(Tesco 2007a: 67)

In Sainsbury’s Ethical Trading Report 2003 there are similar sentiments:

Sainsbury’s believes that its customers want excellent quality and value for money, but not at the expense of people working in

developing countries who may be working in unsafe conditions and for poor wages.

(Sainsbury 2003: 2)

Sainsbury's have recently published a second CSR report in which they acknowledge there is greater consumer awareness of the impact their business has in the world, and they restate the social imperative of 'sourcing with integrity' and their commitment to ensure their operations stand up to inspection and challenge (Sainsbury 2007: 4-5).

ASDA, the second largest supermarket, does not produce a CSR report in the same way as their competitors, but on their corporate website under the heading 'ethical trading' there is the following statement:

ASDA is committed to ensuring that the goods that it sells are produced without exploitation and in acceptable working conditions.

(ASDA 2007)

Morrisons make a similar claim in their 2007 CSR report, stating:

Source Responsibly: We seek to ensure that own brand products and the ingredients that go into them are produced as responsibly as possible.

(Morrisons 2007a: 10)

However, there is a lack of clarity about what 'responsibly' actually means in some of the supermarkets' reports or on their websites, which creates the difficulty of how consumers are able to judge the CSR credentials of their local supermarket. It seems that CSR in the UK food retailing sector has moved from the social dialogue stage to one of reporting, and even with the number of case studies and success stories cited by supermarkets, it is still unclear as to what CSR actually means in respect of global supply chains (Bendell 2001, Barrientos and Dolan 2006). This raises the concern that the displays of social responsibility by supermarket groups reflect 'an enlightened self-interest' in the phraseology of Smith (2003: 53). During the 1990s, supermarket groups were able to build market share through a combination of product quality and range, investment in new stores, loyalty schemes and sophisticated supply chains (Wrigley and Lowe 2002, Harvey *et al.* 2002). But in the current age, when consumer awareness is at

its greatest, supermarket groups are being challenged to improve the conditions in those extended supply chains, where it is considered their realm of influence is great (Jenkins *et al.* 2002, Hopkins 2004).

2.6 Summary

The successive revolutions in food retailing in the UK during the last century have created a retailing empire like no other. The industry has evolved from the birth of the independent store, to the introduction of self-service and the multiple retail chain, through to the arrival of the superstore and the growth of the leading supermarket groups of today. The industry has emerged from the growth of the multiple chains (demand driven), followed by the market push of the supermarket groups (supply driven) through to the consumer demand of today (market pull). The large multiple retail chains (the current supermarket groups) have competed on price, new store development, innovative and new product ranges, efficient supply chains, and today it would seem on their social responsibility policies. The period of supermarket growth foreshadows the development of a retail industry in the twentieth-first century, where the supply of goods to UK households is dominated by a small group of retailing behemoths. A number of dynamic changes have taken place in the industry which have impacted the relationships between these supermarket giants and other social actors in the retail supply chain (suppliers, consumers and civil society). But one of the most pertinent to this research study is the shift in control of determining consumer prices in the market. In 1964, the abolition of retail price controls gave supermarkets the right to dictate the market price of goods manufactured by large companies and small producers alike. This change shaped and determined the nature of the relationship between supermarkets and their supply base, which is important to the focus of the thesis. The ascendancy of the supermarket groups in the latter half of the twentieth century was dependent on two key factors, the ability to control consumer prices in the market and the technical capabilities to manage a sophisticated integrated supply chain. The key events discussed in this chapter chart the development and rise of the supermarket empire and demonstrates why this group of social actors command a 'lead' position in global supply chains today.

Chapter Three

The Emergence and Development of the Banana Trade

Introduction

The UK retail market for fresh produce (fruit and vegetables) was worth £7.7bn in 2005, a growth of 21.7 percent since 2001. During this period, fresh produce accounted for 14.8 percent of weekly expenditure on food and drink, and bananas – the most consumed fruit in the UK – grew to an annual retail market worth in excess of £570m (Key Note 2006). In 1998, the banana replaced the apple as the most eaten fruit in the UK and today, the British public consumes approximately a hundred and forty million bananas each week, almost seven billion a year (Key Note 2003, 2006). Bananas are the biggest selling grocery item in terms of volume and provide the greatest return of profit to sales for UK supermarket groups (Griffiths and Lawrence 2007). Hence, this ubiquitous fruit is a very important commodity in the UK food retailing market.

The aim of the chapter is to present the story of the banana and the developments that have helped shape the growing and eating of this simple fruit. Like many tropical commodities, the production of bananas has its own unique history and characteristics. Some of the key moments and details of the industry are discussed, which in part helps to explain how the banana is the most popular fruit on the shelves of UK supermarkets today (Key Note 2006). A chief proponent of the export trade is the banana producer and an exploration of how the banana trans-national corporations (TNCs) have evolved is critical to understanding the global supply chain for this fruit, thus a summary of these key players is provided. The banana export trade is dependent on a sophisticated supply chain, including refrigerated shipping, ripening centres and distribution facilities in the importing country (Raynolds and Murray 1998, Myers 2004). The level of integration in the banana supply chain has led to the trade being highly capital-intensive and resulted in an industry which is dominated by a few major TNCs (Roche 1998, Myers 2004). The chapter will chart those historical events that have helped to define the global export trade of bananas.

3.1 The History of the Banana

The banana is one of the oldest known fruits, the fourth most important staple crop in the world and a major subsistence crop throughout the tropics (FAO 2003). But unlike other tropical fruits, such as mango and papaya, the banana has been traded in world markets for over a century (Cook 2004, Myers 2004). It is an ancient fruit, evolving thousands of years ago in Southern Asia⁶, from where it was carried by travellers and traders westward to become the basic food of African slaves on colonial estates in Latin America (Enloe 1989, Davies 1990). Although these bananas were red in colour, their stems were taken to the West Indies and on to Central America by Spanish missionaries in the sixteen century, where the plant quickly evolved in the tropical climates to become the more familiar yellow banana of today (Enloe 1989, Soluri 2003). The first record of the *yellow fruit* being brought to New York from Havana was in 1804, but the fragility of the fruit made its transport to far-away markets unprofitable (Enloe 1989, Roche 1998). Thus it was not until 1875 when bananas were served as ‘an exotic delicacy’ in the homes of affluent Bostonians that the fruit took off as an international commodity (Enloe 1989: 127). The banana became the height of good taste and luxury in American society in the early-1880s, but the highly perishable nature of the fruit meant it would not keep on the long transatlantic journey to Europe (Enloe 1989).

Soon however, with the advancement of steam-powered ships and refrigeration, such journeys were less problematic and bananas could be transported further afield (Enloe 1989, Myers 2004). With the launch of the so named *banana boat* in 1884, small but regular shipments arrived at London, Liverpool and other European destinations (Davies 1990, Sheller 2003). A major British shipping company, (which later merged with a tea importer to become Fyffes) started a regular trade to Liverpool from the Canary Islands, which were only six days away by steamer (Davies 1990, Myers 2004). The export of bananas from the Canaries to the UK rose from an estimated 10,000 bunches in 1884 to 50,000 bunches in 1886, but demand soon outstripped the supply of the Canaries (Davies

⁶ The word banana is derived from the Arab word *banan*, which means finger (Roche 1998).

1990). By the late-1890s, an American company United Fruit (later to become Chiquita International) capitalising on the growing requirements of the British market began shipping bananas to the UK from Costa Rica (Davies 1990). However, the British government somewhat concerned by a growing American influence in the banana industry, provided a subsidy in 1901 to a large British shipping firm Elder Dempster to operate a service to transport bananas from Jamaica to the UK (Davies 1990, Grossman 1998). This was the beginning of the struggle between British and American interests in the banana industry that would continue for more than a century (Davies 1990, Myers 2004).

By the end of the nineteenth century, consumption levels of bananas grew exponentially in Europe, and the banana emerged as an international commodity (Roche 1998, Sheller 2003). From an estimated 90,000 bunches being imported in 1886, the trade grew to an estimated 1.5 million bunches by 1901 (Roche 1998). The banana moved from being a rare and expensive luxury, available to a privileged few to that of a mass consumed food across Europe – bananas were no longer the preserve of the rich, but the fruit of the poor (Sheller 2003, Myers 2004). In order to meet growing consumer demand banana plantations were expanded and developed in most tropical regions (Sheller 2003). Increased demand also led to an intensification in the banana production process, which included the introduction of modern cultivation practices (the elimination of unsuitable soils, development of efficient draining practices, selection of proper planting material) and in particular, the introduction and use of fungicides, insecticides, and other chemicals to control diseases on the plantation (Roche 1998, Murray and Reynolds 2000). Banana cultivation techniques are relatively simple, but supplies are prone to natural disasters, such as hurricanes and disease (Roche 1998, Chapman 2007). Bananas, like other plantation crops, underwent a period of intense research during the 1950s and 1960s in an attempt to make the growing process more scientifically based (Soluri 2003, Myers 2004).

The banana is of the botanical genus *Musa* and the subgenus *Musa sapientum*, and there are a number of varieties of this edible fruit, but all are vulnerable to disease (Davies 1990, Chapman 2007). Until the late-1950s, the *Gros Michel* (the Big Mike) was the most abundantly produced banana clone and the basis of the

great American trade from the tropics to the US and Europe (Roche 1998, Myers 2004). The Gros Michel was economically efficient, being more sizable than alternative varieties at the time, such as the stubby Red Macabu and the small yellow Lady Finger (Chapman 2007). It also travelled well, and with a thicker skin than some, it arrived at its destination with less bruising (Chapman 2007). Its susceptibility to Panama disease (fusarial wilt) caused it to be replaced by the *Musa cavendishii*, the Cavendish in the 1960s (Soluri 2003, Myers 2004). Panama disease is a soil fungus that destroys the root system of the banana plant and substantially reduces production yields (Soluri 2003). It also has the potential to ruin a whole plantation (Myers 2004). Initially the big producers responded to the outbreak of Panama disease by abandoning vast amounts of land, but this only helped production levels in the short-term (Soluri 2003, Myers 2004). The interconnected system of a densely planted monoculture (a genetically similar host) ensured that the disease reached most of the major banana growing areas of Latin America between 1899 and 1930 (Soluri 2003).

Fortunately, the Cavendish variety was wilt-resistant and its shorter structure made it less susceptible to wind damage, which is a common problem in tropical climates (Roche 1998). However, the Cavendish also had its drawbacks, including a tendency for bruising and a vulnerability to leaf spot, Sigatoka disease (Roche 1998, Soluri 2003). But more worryingly for the international trade, it had a shorter shelf-life after ripening (Roche 1998). The majority of plantations in Latin American, Africa, Caribbean and Pacific (ACP) countries and Asia grow the Cavendish banana and nearly all international trade is conducted in this variety today (FAO 2003, Lines 2005). This is largely due to the fact that the Cavendish is high-yielding (almost double that of the Gros Michel), easily transportable, lasts up to 25 days after harvesting and is more disease resistant (Roche 1998, Soluri 2003). In 2004, the total world production of bananas (dessert variety) was estimated at 70.5 million tons. The Cavendish accounts for approximately 47 percent of global banana production, of which about a third is destined for the export market while the remainder services the more localised market (FAO 2005a). In itself the change to the Cavendish was a significant moment in the history of the international banana trade, but it also generated a

revolutionary change in the way bananas were transported (Soluri 2003, Myers 2004). Because of the delicate nature of the Cavendish variety the industry switched from exporting bananas on the stem to exporting them in boxes. This was a momentous change in the business and the benefits were great, the stalk could be left behind, the cardboard box better protected the fruit during handling, the boxes were palletised and modern mechanical handling equipment introduced, and less space was required on the ship and in the ripening room (Soluri 2003). The change to boxing also provided the opportunity for branding through the fixing of company logo labels on the bunch of bananas, helping to establish the producer's brand and its associated characteristics, such as quality (Myers 2004).

3.2 The Evolution of the Banana Industry

There is a complex and difficult history of multinational companies' political entanglements, international trade wars and worker insurrections in the banana industry (Roche 1998, Myers 2004). From the beginning of the twentieth century there was concern over the US-multinationals' control of the banana market, especially in Latin America where the majority of bananas were harvested (Roche 1998, Bulmer-Thomas 2003, Sheller 2003,). According to Sheller (2003) the massive production and export of bananas in the later half of the nineteenth century was part of the process of market concentration and echoed the approach used to protect such commodities as coffee, tea, rubber and palm oil in the past. Thus, the colonisation of tropical regions by the US government could be considered quite normal during this period (Enloe 1989, Bulmer-Thomas 2003). The regions adopted by the US during the 1890s included: the Philippines, Puerto Rico, the Dominican Republic, Cuba and Nicaragua and helped the US-multinationals develop major banana plantations in Central and Latin America, the Caribbean and Africa, and establish their prominent position in the sector (Enloe 1989, Sheller 2003, Chapman 2007).

Consequently, three big American agri-businesses: Chiquita Brands International, Dole Foods and Fresh Del Monte Produce; the so-called *dollar producers* who run highly integrated operations in Latin America, dominate the world trade in bananas. These major TNCs own or control by contract much of the production, own and organise the shipping, and own and manage the ripening facilities in the

export country (Roche 1998, Myers 2004, Chapman 2007). The perishable nature of the banana requires the entire supply chain – from production to retail sale – to be closely controlled. A vertically integrated operation provides the means by which producers can guarantee sufficient levels of quality fruit reach the market (FAO 2003). However, the level of capital investment made by the dollar producers in refrigerated shipping, ripening chambers and distribution systems has made the industry somewhat oligopolistic in nature (Read 1994, Myers 2004). As an oligopoly, these corporations receive substantial economies of scale in distributing the product and as such, they not only control a large share of the land suitable for cultivating bananas, but also monopolise the marketing system through which many independent growers sell their produce (IBCII 2004).

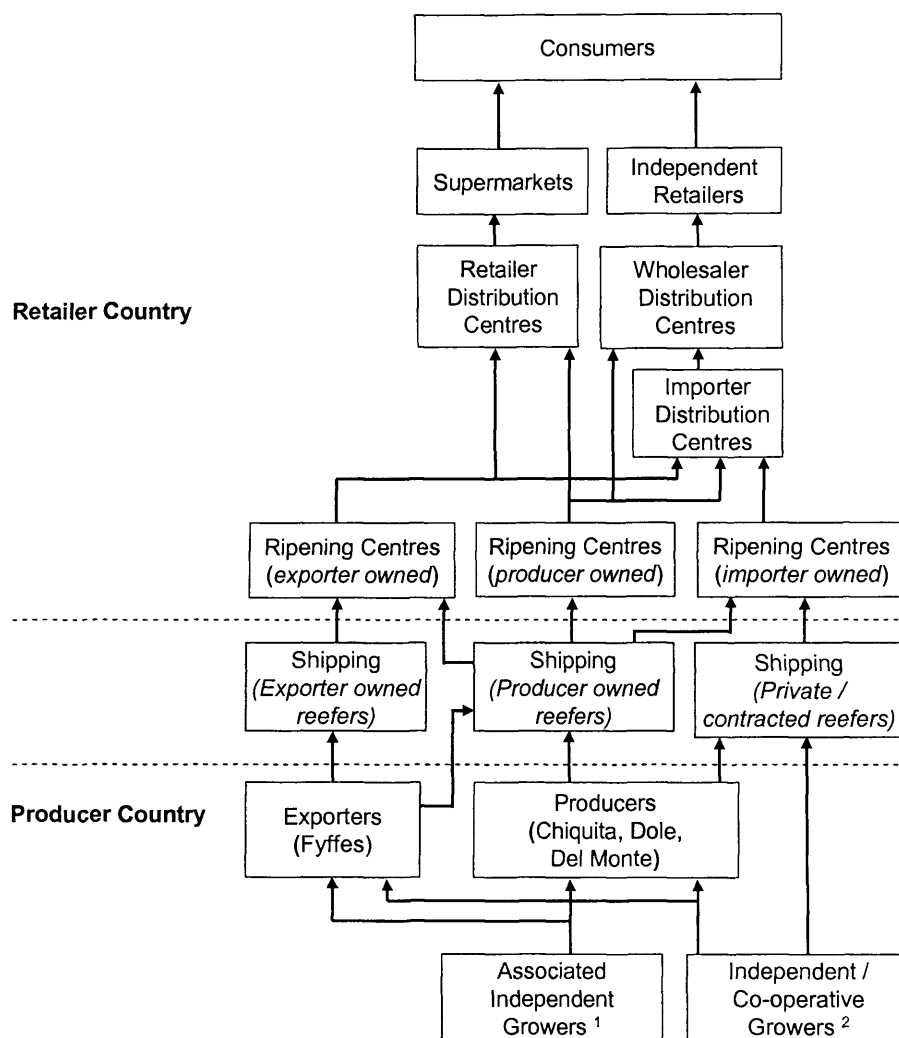
3.2.1 *The Banana Commodity Chain*

Bananas are cultivated in two different systems, the first is export-directed plantations and the second, is smallholdings directed at domestic markets (FAO 2003, Kastele and Stichele 2005). The large export-directed plantations cover vast swathes of land and employ industrial and highly intensive production methods to help guarantee a steady supply throughout the year, whereas smallholdings typically have lower yields, lower labour productivity, and poorer quality fruit (Read 1994, FAO 2003, Kastele and Stichele 2005). However, 80 percent of the world's bananas destined for export are under the control of the dollar producers, the US-banana TNCs (FAO 2003, Kastele and Stichele 2005). The TNCs are mostly known for their vast banana enclaves in Latin and Central America, but the *big three* also grow and source bananas from the more recently fast-developing producer states in West Africa, the Cameroon and the Ivory Coast (IBCII Forum Discussion, April 2005). As previously noted the movement of cargoes of bananas over long distances in prime condition is a very skilled and specialised business, and has resulted in a highly integrated supply chain.

An organised and well-managed supply chain is critical in terms of providing bananas to the UK supermarket groups, who expect certain conditions of supply from producers regarding product quality and delivery specifications. The diagram below charts the flow of product from a banana farm/plantation to the consumer, but of particular interest is the journey of the fruit through to the

supermarkets. This is the commodity chain, which supplies the supermarket banana – the virtually flawless, under-ripe fruit of uniform length and breadth.

Diagram 3.1 A Typical Banana Commodity Chain



Notes: ¹ Associated Independent Growers have supplying contracts with major producers or exporters (typically contracts are for 12-18 months).

² Independent Co-operative Growers are drawn upon to provide further supply requirements when the capacity of the preferred/associated supplier is reached or when climatic and production problems result in a shortfall of available supply from the primary associated grower.

Source: Interviews producers, Feb-April 2006

However, the dominant US-owned TNC producers largely own and manage the global banana supply chain. The origins and developments that have helped shape these key players in the industry are somewhat different and a summary is provided to inform later discussions on the role they play in the chain.

3.2.2 *Chiquita Brands International, Inc.*

Chiquita Brands International, Inc. is an international producer, marketer and distributor of fresh and processed foods, and employs approximately 25,000 people in more than 70 countries worldwide (Chiquita 2006a). Chiquita's net sales were approximately \$4.5 billion in 2006, of which \$1.93 billion was bananas. The company manages 119 farms in Latin America, which produce about half the supply of bananas distributed with the other half coming from independent producers in Latin America, the Philippines and the Ivory Coast (Chiquita 2006a). However, Chiquita has a chequered and complex past as the outgrowth of the United Fruit Company, which for years influenced the politics of Central America and gave rise to the phrase *banana republics* (Silver 2004). United Fruit built its empire from bananas and through the process, helped to turn the so called small states of Central America: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama into banana republics (Chapman 2007).

The beginnings of the company stretch back to the mid-1880s, when an American entrepreneur Minor Cooper Keith, commissioned to build a transnational railroad by the Costa Rican government, began planting bananas alongside the track for export to the US (Roche 1998, Chapman 2007). The venture proved so successful, that Keith acquired more land and expanded his banana production to Guatemala and Honduras (Read 1983). In 1899, Keith's business and the Boston Fruit Company merged to form the United Fruit Company, the first truly integrated fruit company due to its' alliances with shippers and wholesalers (Roche 1998). In many respects the history of the United Fruit Company (UFC) is the history of the international banana industry (Chapman 2007). The UFC became the first established multinational banana producer and maintained a virtual monopoly over the industry until the 1950s (Read 1983, Chapman 2007). It accounted for one in three bananas traded internationally at the time, and since the introduction of a steamer boat service to Manchester in 1902, the company indirectly controlled the UK market (Roche 1998). Being the first banana multinational, the UFC set the template for capital development in the sector: it sought control of land, railroads, wharves and steamships (Langley and Schoonover 1995, Chapman 2007). The company expanded its operations along

the Central America coastline and developed a network of vast plantations with only a company town at the centre; it was the chief architect of the 'banana enclave', a term used to describe isolated centres of extraction, exploitation, and production, which have largely been built by foreigners (Langley and Schoonover 1995, Chapman 2007).

During the 1940s and 1950s, UFC tried to promote a more positive image, claiming it had been a modernising influence on Latin America by transforming 'jungle wastelands' into productive agricultural compounds, complete with railroads, hospitals and schools (Soluri 2003, Chapman 2007). However, the company was a law unto itself and regarded the republics in which it operated as private fiefdoms. It had a reputation for promoting repressive regimes and coups d'état, which were supposedly launched to support the development of banana production (Chapman 2007). United Fruit has been accused of helping suppress labour rights in Colombia in 1928, supporting the events leading up to the Cuban Revolution⁷ in the early 1950s, of facilitating the overthrow of a democratic government in Guatemala in 1954 and supporting the 1973 military coup in Chile against Salvador Allende (Roche 1998, Gow 2001, Chapman 2007). During its history, the company was known by many names, but *El Pulpo* – the octopus, with its tentacles everywhere was perhaps the most apt (Chapman 2007). United Fruit started with only a few banana stems on the Atlantic Coast of Costa Rica, but it grew into a global power (Roche 1998, Chapman 2007). It controlled millions of acres of land, of which only a relatively small part was used but held nonetheless to keep its competitors at bay. The company had no need to establish cartels in order to control prices; it could do so through its monopoly control of the market (Chapman 2007). However, the UFC was challenged by US institutions for abusing its power in the market and a number of anti-trust actions forced the company to divest assets, which indirectly resulted in the development of both Dole and Del Monte (Myers 2004, Chapman 2007). In 1909, following a congressional inquiry into complaints of abuses in Panama and Costa Rica, UFC sold off a subsidiary to the Vaccaro Brothers Company, which later became

⁷ Angel Castro (Fidel Castro's father) worked for the United Fruit Company (Roche 1998).

Standard Fruit and subsequently Dole (Raynolds and Murray 1998, Myers 2004). In 1954, the US government filed another anti-trust action against UFC, resulting in further divestment and the opportunity for Del Monte to acquire plantations in Guatemala, making Del Monte the third largest banana exporter (Myers 2004).

In 1969, UFC changed hands and was merged with Eli Black's AMK Corporation to become the United Brands Company (UBC) (Myers 2004). Black's autocratic rule proved to be disastrous for the company and following the involvement of UBC in a Honduran bribery scandal⁸ in 1975, the dissipated asset base together with the subsequent loss of market share resulted in the company's stock price plummeting. Bankruptcy loomed and Black committed suicide, but the company was rescued by a group of investors (Myers 2004, Chapman 2007). In 1985 a major shareholder, Carl H. Lindner, took charge of the company and in 1990 re-named the company Chiquita, which also became the brand for its quality fruit (Chiquita 2001a, Myers 2004). Lindner streamlined the company operations by disposing of a number of peripheral businesses, one of which was Fyffes, a UK based subsidiary (Davies 1990, Scherer 2001). Also, Lindner who had many business interests was a long time political giver and made contributions to both the Republican and Democrat political parties, despite his more conservative leanings. This bipartisan patronage appeared to pay dividends in 1996, when the then-US Trade Representative Mickey Kantor serving in President Clinton's first cabinet, and supported by a Republican Congress brought a formal complaint before the World Trade Organization (WTO) against the EU, alleging that its' banana quota system violated global trade accords (Fox and Firor 1998). This action was critical for Chiquita, as Europe was and still is its biggest market (FAO 2003, Key Note 2006). However, following the difficult trading conditions of the 1990s which culminated in the US-EU banana dispute, Chiquita announced a major debt restructuring effort in January 2001 (Chiquita 2001a). After more than a hundred years dominating the international banana trade, Chiquita was facing difficult times (Chapman 2007). In May 2007, the company again attempted to reduce its debt through the sale and leaseback of its Great White Fleet (shipping

⁸ This event led to the enactment of the US Foreign Corrupt Practices Act (Chiquita 2001a).

company) (Nelson 2007). Shipping had been a central part of the company's business since the late-1880s, when Keith painted his ships white to reflect the tropical sun (Nelson 2007). By breaking its own maritime tradition, Chiquita previously the world's second largest banana shipper, has acquiesced control of one link in its vertically integrated global supply chain (Nelson 2007).

3.2.3 *Dole Food Company, Inc.*

Dole Food Company, Inc. is the world's largest producer of fresh fruit, fresh vegetables and fresh-cut flowers, and the world's largest producer of bananas and pineapples (Dole 2007). Dole Food Company, Inc. and Castle & Cooke, Inc. are privately held companies owned by Mr. David H. Murdock, who has served as chairman and chief executive officer of both companies since 1985. Formerly listed on the New York Stock Exchange (NYSE), Dole Food and Castle & Cooke were acquired by Mr. Murdock in 2003 and 2000 respectively (Dole 2005a). The joint group separated its food and real estate businesses in 1995, with Dole Food operating as a food producer and distributor, and Castle & Cooke operating as a developer and builder of residential real estate, resorts and commercial real estate (Dole 2005a, 2007). The combined companies make up one of the largest privately held companies in the US, with approximately 64,000 employees operating in more than 90 countries around the world (Dole 2005a).

Castle & Cooke emerged in the mid-nineteenth century as a food wholesaler in Hawaii and later developed interests in shipping and the sugar industry. The roots of Dole Food stretch back to 1899, when its founder James Drummond Dole arrived in Hawaii straight from the Harvard School of Horticulture and Agriculture with the ambition of starting a farming business (Dole 2007). James Dole began by growing pineapples, and in 1901 his business was incorporated as the Hawaiian Pineapple Company (Roche 1998, Dole 2007). James Dole developed the pineapple growing and canning business into Hawaii's second largest industry (Dole 2007). He was able to successfully grow and harvest pineapples in a country where many others had failed, and the company became synonymous with superior quality. Realising the significance of quality in the marketplace, James Dole decided to stamp the DOLE name on cans of pineapples in 1933, and helped to establish one of the major premium brands in the food

industry (Roche 1998, Dole 2007). A year earlier, Castle & Cooke acquired a 21 percent share of the Hawaiian Pineapple Company and during the late-1940s, Castle & Cooke continued to develop its food interests by investing in a seafood packer and helping to organise the Hawaiian Macadamia Nut Company. Castle & Cooke merged with Dole in 1961, but because the DOLE brand was so well known it became the key marketing brand of the new partnership (Dole 2007). In 1964, Castle & Cooke purchased a 55 percent interest in the Standard Fruit and Steamship Company of New Orleans, which was the first time either party of the merged company had embarked upon developing a trade in bananas (Myers 2004, Dole 2007). In 1968, the Standard Fruit Company – the second largest producer and importer of bananas – was fully acquired by Castle & Cooke, and by 1972 all bananas produced by Standard Fruit adopted the DOLE label and were merchandised as a premier brand. A year later, the company developed two large plantations on the coasts of Costa Rica and Nicaragua, and became the leading supplier of bananas to the US market (Roche 1998, Dole 2007).

Initially, Dole expanded its position in the international banana market through acquisition and joint ventures with amongst others, Fyffes and the Jamaica Producers Fruit Distributors (JPFDF) (Roche 1998). In 1993, it made a bid for Fyffes, but the bid failed with Dole being accused of undervaluing the smaller producer/wholesaler (Roche 1998). It is also widely believed that Dole attempted to buy Del Monte Fresh Produce, which was bought in 1996 by the privately owned IAT Group Incorporated (International Agro Trade) based in Chile (Key Note 1998, Roche 1998). However, in 1994 Dole acquired 35 percent of the JPFDF business in an effort to overcome the difficulty of importing to EU countries, and in 1996 it acquired Fyffes' Guatemalan operations (Roche 1998). Further investments have been made by Dole in countries with EU duty-free quotas, such as the Ivory Coast and the Cameroon, which suggests the producer is particularly agile in its manoeuvrings around the EU banana regime (IBCII Forum Discussion, April 2005). At the end of 2006, the remaining 65 percent of JPFDF was purchased by Dole for \$2.59 billion, helping to further consolidate Dole's position in the European market (Dole 2006, JPFDF 2006).

Today, Dole Food is a diversified fresh produce business in terms of both product and geography (Dole 2005a). For the fiscal year 2005, Dole generated revenues of approximately \$5.9 billion (Dole 2006). Bananas represent about one-third of the company's sales, of which approximately one-fifth are in Europe (Dole 2006). The US represents the company's biggest market, where Dole is the number one supplier of bananas (Dole 2006). Dole produces or sources bananas from a vast number of countries including: Colombia, Ecuador, Costa Rica, Guatemala, Honduras, Panama, the Philippines, the Ivory Coast and the Cameroon. Dole has a fully-integrated operation, which includes sourcing, production, shipping, ripening, distribution and marketing (Dole 2005a). The company both owns and leases land for banana production and sources bananas from associated producers and independent growers. Dole also provides varying degrees of storage, shipping, stevedoring and marketing services for its associated producers and other independent producers (Dole 2005a).

3.2.4 *Fresh Del Monte Produce, Inc.*

The producer Fresh Del Monte Produce, Inc. also dates back to the late-nineteenth century both as a fresh and canned fruit business, but the ownership of the company has changed many times (Roche 1998). The Del Monte name first appeared on a premium blend of coffee packaged for the prestigious Hotel Del Monte in Monterey, California in 1886 (Del Monte 2005). The California Packing Corporation (CalPak) which owned the Del Monte name developed stringent quality specifications for its premium range of food products, and early advertisements in the 1920s used the strap line *not a label, but a guarantee* (Del Monte 2005). But with prices plummeting in 1929 and many low-cost brands appearing in the market, CalPak focused on the value of dependable quality of the Del Monte brand. In 1955, CalPak introduced Del Monte Pineapple Grapefruit drink and Del Monte Stewed Tomatoes (Del Monte 2006). As the company became better known for the success of its food products, CalPak changed its name to the Del Monte Corporation in 1967 (Del Monte 2005). In the same year, the United Fruit Company (UFC) bought a 6 percent stake in the Del Monte Corporation as a precursor to a full takeover bid (Roche 1998). But in an attempt to block the UFC bid, Del Monte acquired a Tampa based banana company called

the West Indies Tropical Fruit Company in 1968, and started to develop an international share in the banana market (Roche 1998, Del Monte 2005). During the early-1970s the company expanded, setting up its own plantations in Costa Rica and purchasing new reefers (refrigerated boats) to enhance its transportation system and ship bananas to Europe (Roche 1998). In 1972, Del Monte's West Indies Tropical Fruit Company bought the sole remaining division in Guatemala, Bananera of UBC (formerly UFC, incorporated into Chiquita) (Roche 1998). The deal included the existing purchase contracts of Bananera and for the first time since the 1920s, a major competitor for the two leading producers Chiquita and Standard Fruit (later to become Dole) emerged (Roche 1998).

From 1979 to 1989 the company was owned by R.J. Reynolds Industries, when it was bought by Polly Peck International plc for US\$875m (£557m) (Roche 1998). However, the Del Monte Corporation was separated into two distinct entities; Del Monte Tropical Fruit and Del Monte Foods (Roche 1998, Del Monte 2005). Like its rivals, it suffered the price falls of the early 1990s and in financial distress, Del Monte Tropical Fruit was sold to a Mexican consortium for US\$600m in November 1992 (Roche 1998). The new owner changed the name of the company to Fresh Del Monte Produce, but only a few years later in 1996, the fruit producer was taken over by the IAT Group, a holding company of the Jordanian Palestinian Abu-Ghazaleh family (the current owners) (Del Monte 2005, 2006). The company was floated on the NYSE as Fresh Del Monte Produce, Inc. in 1997, but although the business was now a separate entity from the Del Monte Group it retained a licence to use the Del Monte brand in its fresh fruit business (Roche 1998, Del Monte 2005). Fresh Del Monte Produce sells direct to retailers, wholesalers and distributors in the US and UK, and in the rest of Europe sales are made to marketing associates with whom the company shares profits and losses (Roche 1998, Del Monte 2005). In 1996, Costa Rica supplied 29 percent of the company's bananas (Roche 1998), and the country continues to provide the largest share of the company's supply for the European market today (Del Monte 2006). The producer's main markets are the US and Europe, and bananas account for the majority of sales, although it is also the market leader for pineapples in the UK. Del Monte is the UK's third biggest supplier of bananas (Del Monte 2006,

Key Note 2006). Del Monte chiefly owns and part-owns operations in Costa Rica, Guatemala and the Cameroon (Del Monte 2006). The producer has experienced considerable growth over the past few years, especially with its exclusive supply arrangements for bananas with the Wal-Mart retail group, whose subsidiary in the UK is the ASDA supermarket group (Del Monte 2006, Key Note 2006). In 2006, Del Monte employed 37,000 people across the globe, and its net sales were \$3.21 billion, of which \$1.11 billion was bananas (Del Monte 2006).

3.2.5 *Fyffes PLC*

Fyffes PLC started life as a British tea company exporting colony bananas in the late-1880s (Davies 1990). Fyffes had been one of the first companies to capitalise on the growing demand for bananas in the UK by introducing steamers in the early-1890s (Sheller 2003). Elder Dempster, a British company involved in shipping bananas from Jamaica to the UK in 1901, was later that year amalgamated with Fyffes & Co. to form the company Elders and Fyffes (Davies 1990, Roche 1998). Fyffes, chiefly an importer and wholesaler, sourced its bananas direct from independent growers in the Caribbean, but the company also sourced from growers in Latin America, which was a bold move at the time (Roche 1998). Fyffes saw its role 'as one of strengthening the production and commercial efficiency of the local grower in his own country, supporting the grower in achieving a more viable business and improving production and quality' (Fyffes company statement, quoted in Roche 1998: 143). Sourcing from Latin America was also due to the fact that the United Fruit Company had taken a share in the Elder and Fyffes business in 1902 (Roche 1998). United Fruit gradually increased its control over the Elders and Fyffes business when it was facing financial difficulties in 1913, and acquired all its share capital by 1914 (Davies 1990, Grossman 1998). However, Fyffes still traded as a separate entity making agreements with principal banana growing countries and maintained a virtual monopoly on exports into the UK, before the importer Geest was encouraged by the British government to source bananas from the Windward Islands in the mid-1950s (Davies 1990, Roche 1998).

The current Fyffes Group was formed in 1986 after the share holding of the United Fruit Company was bought by the Fruit Importers of Ireland (Roche 1998,

Myers 2004). The Group expanded during the 1990s by adding more UK fruit wholesalers to its business and concluding an exclusive supply agreement for bananas with the Dominican Republic, but it was unsuccessful in trying to raise the capital to buy Del Monte in 1992 (Roche 1998). Fyffes first developed its European market by wholesaling, but to fully establish itself as a player in the international banana market, the company needed to grow faster so as to compete with the big three. A series of acquisitions followed through the mid-1990s, the most important being the Eurobanane Canaries Company of Spain (Roche 1998). However, the most high profile takeover Fyffes was involved in was that of Geest, an enterprise that promoted Dutch market gardening (Davies 1990). Geest was established as an importer of bananas in 1930s through the help of the British government, who were intent on enabling the export of Caribbean bananas (Davies 1990, Roche 1998). This was the first in a long series of import policies by the British government that provided preferential treatment for banana producers in the then colonial empire (Grossman 1998). But Geest experienced some difficulties when the EU banana market regime was harmonised and the importer was exasperated by the discovery that land bought in Costa Rica for \$100m was to be excluded from the EU quota (Roche 1998). Geest traded for 60 years sourcing only from small growers, but in 1996 the banana business was split into two (Davies 1990, Roche 1998). A joint venture company established by Fyffes and its partner the Windward Islands Banana Development and Exporting Company (WIBDECO) acquired 50 percent of the Geest business and the loss making Costa Rican plantation was sold in 1997 (Roche 1998).

Today, Fyffes is Europe's leading fresh produce distributor and wholesaler, selling fruit, vegetables and flowers, and the leading supplier of fresh produce in the UK (Key Note 2006). Fyffes and its joint venture operations employ approximately 4,800 people and its turnover was €408 million in 2006. It is the fourth largest produce company in the world and bananas represent about one-third of Fyffes' fruit sales and more than 50 percent of the group's operating profit (Fyffes 2006). The banana business is an integrated operation, with long-term supply contracts with growers in Costa Rica, Panama, the Caribbean, and the Canary Islands (Fyffes 2006, Key Note 2006). However, Fyffes has largely

dispensed with its own shipping operation having subcontracted this activity to other key players in the sector, and focuses instead on the wholesaling and marketing of its produce (Fyffes 2006).

As discussed above, a small number of companies dominate the international banana trade. In 2002, the estimated market share of world banana exports for the main producers in the sector were Chiquita 22.5 percent, Dole 20.1 percent, Del Monte 15.7 percent, Noboa 7.6 percent, and Fyffes 4.1 percent (FAO 2003). Grupo Noboa is a privately owned company and operates solely in Ecuador (Vorley 2003). However, the share of world banana imports of the TNCs is higher than their share of exports, because in addition to their own exports, they also purchase fruit from independent growers and independent exporters (FAO 2003). Thus, market shares differ significantly and as companies are reluctant to communicate the exact volumes of bananas sold in the main markets (the US and the EU) the exact percentages are difficult to confirm (FAO 2003, Kastele and Stichele 2005). However, the expected share of the three TNC companies in the US market is close to 90 percent, and in the EU market it is believed that they control around 80 percent (Chambron 2005, Kastele and Stichele 2005).

3.3 Banana Trade in the Modern Era

As previously described, banana production for export is centred in Latin America, where the key producer countries are Ecuador, Colombia, Costa Rica and Panama. Between 1998 and 2000, 80 percent of the bananas destined for the export market originated from this region. During the same period, Africa (the Cameroon and Ivory Coast) supplied 4 percent, the Caribbean (the Dominican Republic and the Windward Islands) 3 percent, and the remaining 13 percent came from Asia (FAO 2003). The strongest growth of exports during 1985-2000 was observed in Latin America, followed by Africa, with exports doubling in both regions, 5 to almost 10 million tons and 200,000 to 400,000 tons respectively (FAO 2003). The expansion of the international banana economy during the 1990s, especially in Ecuador and Costa Rica, and to a lesser degree in Colombia and West Africa, led to a structural overproduction in the market with increased competition between exporting countries (IBCII 2006). The industry experienced a 'global' overproduction crisis, which resulting in a number of price wars, most

notably in 1993, 1999, 2001 and 2002, when the major producers reduced their prices to European supermarkets and consumer prices tumbled (IBCII 2006).

3.3.1 *Banana Dramas*

A third of the world's banana exports arrive in the EU, the bulk of which come from the *dollar* producing countries in Latin America, but the EU market has proved difficult for the major banana TNC producers. One of the chief reasons for these problems is the import structure of the EU banana market (FAO 2003, IBCII 2006). The trouble began with the implementation of the EU banana market reforms in 1993. Both Chiquita and Dole objected to the fact that the new market regime upheld the rights of EU countries to import bananas from their former Caribbean colonies (Fox and Firor 1998). During the 1980s, both US-owned TNCs had invested heavily in expanding their production in Latin America, and exports to the EU had risen every year from 1987 to 1992 (Myers 2004). However, by the early-1990s, production was beginning to outstrip the growth in demand, which led to an oversupplied market and a subsequent drop in prices. The fall in price was particularly steep in the EU, where the dominant traders were trying to position themselves for import quotas in whatever new market regime would be adopted in 1993 (Reed 1994, Myers 2004). Chiquita the world's largest banana producer with 25 percent of the market at the time and Dole the second largest, were hit hard by the new market regime (Myers 2004). The Common Market Organisation (CMO) for bananas was introduced in its initial form in July 1993, following the completion of the Single European Market (SEM) (McCorrison 2000). The previous national schemes for banana imports varied considerably and there was a requirement to harmonise these and establish a common system for all EU member states (McCorrison 2000). In the past, countries were given preferential market access based on favouring territorial suppliers (France, Portugal, Greece and Spain) or ex-colonial ties (France, the UK and Italy) under the auspices of the Banana Protocol of the Lomé Convention (McCorrison 2000).

Under the Lomé Convention, preferential access to the EU market was arranged based on a zero tariff, whereas third country sources – largely where the dollar producers operated – were normally subjected to the full Common Commercial

Tariff (CCT) of 20 percent (Read 1994). The Single European Act required Member States to permit the free circulation of imports upon entering the market; unhindered by internal barriers. One of the key objectives of the SEM was to increase consumer welfare via greater competition in the market, both in terms of choice and lower prices (Read 1994). By maintaining traditional bilateral obligations in the SEM, consumers were effectively being expected to subsidise favoured producers at the expense of third-party (dollar area) suppliers and were artificially depressing world prices (Read 1994, Myers 2004). The EU was therefore faced with a conundrum, how to harmonise the import regime whilst not affecting the interests of preferential suppliers or antagonising the US-banana TNC producers. The solution was the Common Market Organisation for Bananas (CMOB) introduced in July, 1993 (Myers 2004). The CMOB was to regulate banana importation through a system of tariff-rate quotas, of which there were four: A, B, C and Additional Quantity and each had a set quantity in tons that could be imported into the EU. Bananas from ACP countries could be imported duty free under any of the quotas, but bananas from other countries could only be imported under quotas A, B and the Additional Quantity, and required a tariff of €75 per ton (Myers 2004, FAO 2005a).

The EU had become the world's largest market for bananas (35 percent of world trade) through the formation of the SEM and the dismantling of the preferential regime was crucial for the US-banana TNCs (Sheller 2003). The introduction of a tariff-quota system, which allocated EU imports between alternative sources, was an attempt to resolve the issue of the preferential regime (Myers 2004). The new system stipulated bananas could only be imported into the EU by traders holding import licenses, which would be allocated on the basis of past-trade volumes (Myers 2004). This system was intended to improve the competitiveness of the ACP producers by enhancing their 'vertical integration' in the chain through closer links with established importers (Read 1994). The new market system was a compromise and gave rise to some hostility from the US-banana TNCs, who claimed the system continued to offer preferential trade arrangements for EU territories and ex-colonies, whilst perpetuating the un-competitiveness of dollar producing countries in Latin American (Read 1994, McCorriston 2000).

The new system was also accused of exacerbating the problems in the industry, because at times the complex licensing scheme allowed for various country-specific quotas, as licences were allocated on the basis of past-trade volumes (Myers 2004). The underlying argument was that quotas and licences generated monopoly power, which trade liberalisation was expected to eliminate. But in reality, the introduction of a free trade regime for bananas in the EU actually favoured dollar producers, because of their vertically integrated global supply chains and the vast economies of scale in their production operations (Read 1994, Myers 2004).

One of the key opponents to the new EU quota system, Chiquita blamed its net losses of more than \$350 million since 1992, on its restricted access to the EU market (Fox and Firor 1998). Following the introduction of the new EU regime, Chiquita claimed it would lose up to 65 percent of its EU market share (Myers 2004). The quota allocated to Chiquita represented a cut of 20 percent on its' EU imports in 1992, and thus reduced its potential market, while the licensing system effectively transferred its trade to European companies by granting 30 percent of the dollar quota to importers of ACP and EU bananas (Myers 2004). Following heavy lobbying by both Chiquita and Dole, the US government pressed the WTO to look into the matter, claiming the EU banana quota system violated global trade accords. A year later, the WTO ruled against the EU and demanded the EU open up its markets (Fox and Firor 1998). The EU argued against the ruling, stating that the quotas were vital to the Caribbean economies, but nonetheless the EU was ordered to comply with the new standards by 1999 (Ryle 2002). The WTO insisted that the EU open up its markets, in spite of the fact that the quota system was designed to sustain banana growing in impoverished former colonies, such as the Windward Islands in the Caribbean and to help avoid the disastrous alternative of marijuana and coca growing (Ryle 2002). As noted earlier, the WTO ruling followed a history of political donations from Chiquita, but it was not alone; Dole also made hefty contributions during this period (Fox and Firor 1998, Ryle 2002). There had been a mobilisation of American political apparatus against the EU preferential system with prominent opponents, such as Senator Bob Dole, a major recipient of donations from Lindner (the CEO of Chiquita),

regularly speaking of the injustice of the banana trade regime in Europe (Fox and Firor 1998).

However, the trade quota system proved only an interim solution and further problems erupted in the late-1990s, resulting in further altercations between the dollar producers and the EU (Sheller 2003, Myers 2004). President Clinton's administration yet again escalated the US-banana TNCs' complaints to the WTO and also introduced punitive measures for European countries by imposing tariffs on imported products, such as French cheese and Scottish cashmere (Fox and Firor 1998, Scherer 2001). After several WTO rulings for the EU to open up its markets, the EU finally initiated a process in July 2001 to phase out all quotas and move towards a new tariff system by January 2006 (Myers 2004). However, the new system was still dependent on a tariff rate set by the EU, which had the potential to create future dissent amongst the many interested parties in the sector (IBCII 2005b).

3.3.2 *The Market*

The world banana market was created through European colonialism and the EU's preferential arrangements for ACP producers and the 'increasingly hegemonic United States and their corporations' (Raynolds and Murray 1998: 8). It is not surprising therefore, that the two biggest markets for export bananas are the US and the EU (FAO 2005a). In 2003, world imports totalled over 12 million tons with the US achieving the position of biggest banana importer, with just over 34 percent of world imports and the EU15 and the new EU10 receiving net imports of 28 percent and 6 percent respectively (FAOSTAT 2004). The total banana exports from the key producing countries for this period are noted overleaf.

Table 3.1 Banana exports in metric tons (MT) for 2000, 2002 and 2003 (selected countries)

Country	2000 (‘000MT)	2002 (‘000MT)	2003 (‘000MT)
Ecuador	3,939	4,199	4,643
Costa Rica	1,883	1,612	1,723
Colombia	1,680	1,570	1,543
Ivory Coast	217	226	243
Cameroon	238	259	314
Dominican Republic	80	113	122
Windward Islands	130	n/a	76
Total world exports	11,932	12,256	12,867

Source: FAO Trade Policy Technical Notes, FAO 2005a

One third of the world’s banana exports arrive in the EU market, the bulk of which come from dollar producing countries; chiefly Ecuador, Colombia, Costa Rica and Panama. Together, the dollar producing countries supplied over 2.5 million tons of bananas in 2003 (FAO 2003). The EU banana supply for the period 1999-2003 is detailed below:

Table 3.2 EU banana supply by origin in metric tons (MT) for 1999-2003

Regions	1999-2000 (‘000 MT) average	2002-2003 (‘000 MT) average	2002-2003 / 1999-2000 percentage (%) change
EU production	755	772	2.2
ACP countries	715	757	5.7
Dollar zone*	2,533	2,569	1.4
EU + ACP + Dollar zone	4,004	4,098	2.3

* Includes Ecuador, Colombia, Costa Rica and Panama

Source: Calculated from European Commission DG AGRI 2003, cited in FAO Trade Policy Technical Notes, FAO 2005a

The total European supply in 2003 of 4.1 million tons came from domestic production (the Canaries) (18%), Africa (12%), the Caribbean (9%) and Latin America (63%), (FAOSTAT 2004). As indicated in Table 3.2, there was only a modest increase in the bananas supplied by the dollar producing countries compared to the supply from ACP countries. This is partially due to the creation of supply categories (preferential, dollar zone and licensing) within the EU regulation, which led to some divestments in Latin American countries and the transfer of production to other locations, chiefly in West Africa (Myers 2004, Kastele and Stichele 2005). The provision of market protection for EU producers, traditional and non-traditional ACP countries encouraged the dollar producers to diversify their banana sources to obtain more EU import licences (Myers 2004). By making a bigger footprint in the ACP countries, the US-banana TNCs would be assured of qualifying for the 30 percent dollar licences reserved for this category in the future (IBCII Conference Notes, April 2005).

Following its enlargement to include an additional 10 countries in May 2004, the EU is now the largest banana market in the world (FAO 2005a). After Germany, Europe's second largest importer of bananas is the UK (FAOSTAT 2006). In 2005, UK banana imports amounted to £342.8m, at around 861,202 tons, and the leading supplying countries were the Cameroon, Costa Rica, Colombia, Dominican Republic and Belgium (re-exports) (Key Note 2006). Bananas are the leading fruit imported into the UK and represented up to a fifth of overall fruit imports until the lowering of costs by producers to enable supermarkets to reduce the retail price of bananas in 2004, as noted in the table below (Key Note 2006).

Table 3.3 UK imports of bananas and total fruit by value (£000) for 2001-2005

	2001 (£000)	2002 (£000)	2003 (£000)	2004 (£000)	2005 (£000)
Bananas	302,352	327,903	324,276	311,240	342,753
Total Fruit	1,432,350	1,565,984	1,664,243	1,787,736	1,943,930
% Bananas of Total Fruit	21.1%	20.9%	19.5%	17.4%	17.6%

Source: Department for Environment, Food and Rural Affairs (Defra) cited in Key Note 2006

3.4 The UK Supermarket Banana

Bananas have long been part of the UK culture, from the arrival of the first banana boat in the port of Liverpool in 1884 to the reintroduction of the fruit post-the Second World War (Davies 1990, Hennessy 1993, Lawrence 2004). The war caused a number of major problems for the UK banana trade (Davies 1990). There was a wave of unrestricted attacks on the merchant ships of Allied powers by the German Navy and many banana boats were sunk (Davies 1990). Then in November 1940, the UK government Ministry of Food banned banana imports (Roche 1998). Following the end of the war, Clement Attlee (Britain's Prime Minister at the time) instructed the United Fruit Company to send a shipload of bananas to herald the idea of a bright new future (Chapman 2007). This was to be the beginning of 'Social Democracy', the age of the 'welfare state', and 'the boat had a banana on board for each child and pregnant mother in the land' (Chapman 2007: 17-18). According to Hennessy (1993: 274), for children who grew up in the war the banana seemed to be 'an object of magical veneration'. However, it was some time before regular shipments arrived in the UK market either from the Caribbean or Latin American producing countries (Davies 1990).

Today, banana supplies to the UK come from two main groups of producers: the large US-banana TNCs (Chiquita, Dole and Del Monte) and the ex-colonial Windward Islands Co-operatives⁹. However, the greater volume of bananas imported are provided by the major TNCs and the wholesaler Fyffes, and a large proportion of banana sales are achieved through the major supermarket groups (FAO 2005a, Key Note 2006). In 2005, 85 percent of all retail sales of fresh fruit and vegetables in the UK went through grocery multiples (Key Note 2006). The banana is particularly important for the supermarket groups, because it outsells every other grocery item in volume terms, is the third highest selling product in terms of value, and provides the greatest return of profit to sales (Griffiths and Lawrence 2007). Supermarkets use bananas as a key promotional tool to show price competitiveness and 'value for money' (VFM) in the continuous battle to

⁹ The Windward Islands Banana Growers' Association (WINBAN) was formed in 1958 to help distribute and market Caribbean bananas, the association works with small and large growers (Sheller 2003).

attract customers (Blythman 2004, Lawrence 2004). In essence, bananas are generic in their market position; they are less associated with any one producer's label and synonymous with the supermarket brand (Ryle 2002, Lawrence 2004). Chiquita in particular fought hard to position their bananas as a quality brand in the market and many producers try to distinguish their produce by attaching branded labels to the fruit, this is still very much the case (Soluri 2003, Blythman 2004). The consumption of fresh fruit in the UK is driven by the characteristics of quality and price, thus there is a tendency for loose/non-packed fruit to be more associated with the supermarket's brand than that of the producer (Gwynne 1999, Blythman 2004). Bananas are defined as one of the 'known value items' (KVIs), the same as bread, milk, sugar and baked beans (Ryle 2002, Blythman 2004). KVIs are core weekly staples, shopping 'traffic generators', due to their frequency of purchase and as such, are considered extremely price sensitive (Blythman 2004: 258).

Supermarkets daily compare the prices on these items with key competitors and where a competitor is cheaper, they will react immediately by dropping their price (Blythman 2004). An example of such a response occurred in 2002, when the supermarket ASDA (owned by Wal-Mart) cut the price of bananas from £1.08 to 85p per kilogram (Ryle 2002). The situation was somewhat precipitated by Wal-Mart awarding its entire business to a single supplier; an exclusive deal with Del Monte (Blythman 2004, IBCII Forum Discussion, April 2005). Fresh Del Monte Produce, the world's third largest banana supplier was able to 'severely undercut the prices' of other banana producers in the annual round of sourcing discussions with the supermarket group (Bevan 2005: 167). This was viewed at the time by both the media and the retail industry as a major price war (Blythman 2004). In January 2005, heavy price cutting returned with ASDA reducing its 'smartprice economy' offer to 65p a kilogram (Key Note 2006). Tesco responded by reducing its 'value' offer to 59p a kilogram, the lowest market price for bananas in some years (Key Note 2006). One supermarket group follows another regardless of supply and demand (IBCII Forum Discussion, April 2005). However, bananas are listed in the UK shopping basket index (the barometer of food inflation) and as such, regular price reductions influence the inflationary

condition of the British economy (Blythman 2004, Bevan 2005). The supermarkets have long been heralded by successive UK governments for championing the fight to maintain low inflation through the provision of cheaper food (Blythman 2004, Bevan 2005). Between 2000 and 2005, bananas suffered a 40 percent price deflation and critics of the price-cutting strategy claimed no-one in the banana supply chain was making any money (Key Note 2006). But in March 2006, the round of price cuts began again, sparked off by ASDA who cut their price this time by 25 percent (Banana Link 2006). The competitive positioning of price in the UK food retailing market continues, with both ASDA and Tesco recently announcing a range of price cuts – bananas are naturally included on the list (Key Note 2007a).

3.5 Another Banana War?

The challenge of the new EU tariff system was to appease the US-banana TNC producers in Latin America, whilst retaining the support of the EU producers in Spain's Canary Islands, Portugal's Azores and the French territories of Martinique and Guadeloupe (Key Note 2006). The difficulty in the continued debate on tariffs is how to square the circle, as a TNC producer representative succinctly put it, 'how do you manage prices up in an oversupplied market' (IBCII Forum Discussion, April 2005). At the close of the ICBII conference the audience was left with the burning question of whether the high tariffs proposed for the Latin American producers would simply cut supply volume, and ultimately trigger another banana war (IBCII Forum Discussion, April 2005). A supermarket retail buyer responsible for sourcing large quantities of bananas from the Windward Islands reiterated this point:

“Bananas are in such a state of flux and trauma at the moment... the end of the current banana regime... is creating a state of flux... and the trauma is the prices at which they are being retailed at, compared with how much they are costing to produce, you know there has been about a third, 33 percent deflation in the last two and a half years, and the costs haven't gone down, and now the costs are actually significantly started to go up... it's put a lot of pressure on demand... a number of retailers are putting intense pressure on their importers and ripeners to reduce their costs, so that's where the trauma comes in” (Interview Retail Buyer GB@T1, April 2005).

Either way, whether it is the wide open plains of Latin America or the lower labour cost operations of West Africa, the US-banana TNCs producers have a substantial competitive advantage over the Caribbean producers, where the terrain is mountainous and there are much smaller farms and owner/grower networks (Grossman 1998, Sheller 2003, Myers 2004). This situation is well recognised in the industry, as another supermarket buyer puts it “the trouble with the Windward Islands is that they are hopelessly uncompetitive at producing bananas” (Interview Retail Buyer MB@T5, June 2005). The new levy was due to be imposed on approximately \$1.45bn of Latin American banana imports to the EU (Key Note 2006). The new tariff rate of €176 per ton of bananas – an increase from the previous €75 per metric ton – was implemented at the beginning of 2006 (Banana Link 2007b). Immediately, the new levy together with the elimination of the volume quota previously applied to Latin American banana imports contributed to a drop in banana prices in the major European markets. By mid-2006, the new banana regime was already creating difficulties for the industry and its workforce (Banana Link 2007b).

3.6 Summary

Bananas are a major staple export crop for many countries in Latin America, the Caribbean and the Canary Islands. They have been traded internationally for over a century. However, the world trade in bananas has been shown to be dominated by an oligopolistic system of a few large corporations. These US-owned TNC producers continue to grow sales, maintain their market share and dominate the international banana market. In part, this is because they are able to achieve great economies of scale from their vertically integrated operations, and in part due to the fact that bananas are a relatively simple fruit to produce and can be harvested all year round.

The market appeal of the banana is strong; it is viewed as a healthy food option and is often referred to as nature’s truest convenience food. However, the favoured fruit of many has experienced and continues to experience turbulent times. Despite its oligopolistic nature, trade in bananas is extremely competitive and costs have to be tightly controlled, which is somewhat hindered by the state of flux in the industry post the implementation of the new EU tariff system in

January 2006. During the early-1990s weak international banana pricing squeezed producers' profit margins to the point some producers were near to bankruptcy. Also, producers large and small are suffering the difficulties associated with an over-supplied market. This is exacerbated by the competitive drive of supermarkets to push down the price of bananas. The pressure for low prices continues unabated, whilst the demands for high quality produce by the major supermarket groups still remains. The continued cuts in the retail price of bananas make them cheaper now than they were four years ago, leading to an ever-increasing downward pressure on companies and workers engaged in the production process – the only cost in the global supply chain that many suggest is being squeezed.

The current state of the banana market brings into question how corporate social responsibility policies and commitments, made by both supermarkets and producers to improve the labour conditions of workers engaged in the production process of global supply chains, can be realistically achieved, and indeed who will be the parties (social actors) to bring this about.

Chapter Four

Global Supply Chains

Introduction

The main aims of the chapter are to present the literature on theoretical frameworks appropriate to the research of global supply chains and to review the governance systems that have emerged within these chains, such as voluntary labour initiatives. Since the early-1990s, there has been a growing public awareness and interest in how labour standards are developed and implemented in global supply chains. Following which, a number of labour initiatives including codes, standards and certification schemes have been applied to global supply chains (Jenkins *et al.* 2002, Christopherson and Lillie 2005). Many of these initiatives have been implemented by companies that have adopted CSR programmes in their international business operations (Jenkins *et al.* 2002, Hopkins 2004). As such they have been introduced either as the result of collaboration between parties involved in global supply chains (companies, workers and their representatives) or as a response to the campaign activities of other interested parties (NGOs, civil society groups and consumers) (Jenkins *et al.* 2002, Nicholls and Opal 2005). This suggests that the development of labour enforcement mechanisms is embedded in the relationships between the various constituents within the chain (Freidberg 2004, Christopherson and Lillie 2005).

The major outlet for food products in the UK is the supermarket and this has an effect on the hierarchy of control and the relationships within the food global supply chain (Wrigley and Low 2002, Young 2004). As suggested by Friedland (2003: 6) there is a need to consider such 'economic concentration in commodity systems' particularly as supply chains become more global. Control in a global supply chain can be exercised in various forms, from ensuring certain circumstances are maintained along the chain to actively coordinating the activities within the chain to ensure that these circumstances are achieved (Kaplinsky 2000). In order to understand better how control within the chain has influenced the introduction of voluntary labour initiatives, there is a need to

explore the theoretical models that may be applicable to the research. The models of most interest are those that draw on global commodity chain studies and emphasise changes of control within the chain and the dimension of governance (Gereffi 1994, Gereffi *et al.* 2005). This is particularly important in a sector like food retailing, where there is a concentration of supermarket buyer power, which can affect the way supply chains are organised.

In many instances, it is the supplier relationship strategies of the major supermarket groups that influence the development of labour codes of conduct in global food supply chains (Christopherson and Lillie 2005, Hale and Opondo 2005). This raises the question: whose interests do voluntary initiatives reflect, business or workers? As regards unilateral corporate codes, these would seem to be both driven and in the interest of business. However, multi-stakeholder initiatives that are more inclusive of organised labour often fail to reflect workers' interests. This is particularly so when there is no mechanism for the relevant worker representatives to monitor compliance of the codes (Jenkins *et al.* 2002, Christopherson and Lillie 2005). One labour initiative that has recently been developed which seems to overcome this difficulty is international framework agreements (IFAs) (Riisgaard 2005). The argument is that, while corporations are primary actors in the construction and organisation of supply chains, particularly in the food sector, other actors (labour, trade unions, nation-states, consumer focused NGOs) also have an interest in the organisation of the chain. These other groups of social actors are also crucial in the process of analysing governance in global supply chains.

The chapter is therefore concerned with four main areas of discussion that relate to the topic of research presented in the thesis: (i) an understanding of what constitutes a global supply chain, (ii) developments of governance systems in global supply chains, (iii) voluntary labour initiatives adopted by suppliers/producers providing goods to supermarket groups in the UK, and finally (iv) international framework agreements. Broadly speaking, there are two main themes presented in the chapter; the first is the theoretical positioning of the global supply chain and the second is the classification of the voluntary labour initiatives (codes of conduct) and the more formalised agreements (IFAs) that

have been introduced in the production operation of some global supply chains. In this way, the chapter aims to position the research topic and build towards a set of key research questions.

4.1 Commodity and Supply Chains

When discussing commodity chains, value chains and supply chains in a globalised context, it is helpful to distinguish what is meant by such terms. The more commonly accepted and most quoted definition of a commodity and a commodity chain, is that of Hopkins and Wallerstein (1986: 159) who describe a commodity as a 'good' or 'service' and a commodity chain as:

'A network of labour and production processes whose end result is a finished commodity... a commodity chain is a series of inputs and outputs that are linked together'.

Gereffi (1994: 96) draws on the work of Hopkins and Wallerstein and develops further the concept of a commodity chain into a global commodity chain, a set of 'linkages between various economic agents – raw material suppliers, factories, traders, and retailers' across a geographic space. Gereffi and others (1994) describe global commodity chains (GCCs) as the economic networks linking firms, states and industries that span producers, distributors and consumers to one another within the world-economy. Nevertheless, the globalisation and expansion of commodity chains has given rise to other ideas to describe the path a commodity follows, i.e. from its origins in production to its point of consumption (Gereffi *et al.* 1994). In relation to the food sector, I draw on this conceptual approach to examine the relations that define harvesting of crops, sorting and preparation, transportation and storage and finally retail and consumption.

Thus, there are a number of theoretical concepts that may be used to analyse inter-firm relations in productive systems. The majority of these concepts examine the key productive activities of design, production, marketing and distribution, and attempt to determine how such activities are divided between different enterprises involved. For instance, Porter (1990) employs a 'value chain analysis' to explore how the 'value system' of a company drives its business strategy in terms of forming and managing relationships with other firms in the productive system.

Porter (1985: 26) characterises international business as a 'value chain' of primary activities from extraction to production through to distribution, activities that are 'involved in the physical creation of the product and its sale and transfer to the buyer as well as after sales assistance'. Within the production system, the individual firm is expected to determine which of the chain's activities it will pursue, in what locations across the globe and with what form of organisational structure. Porter (1985, 1990) through his analysis of value chains, argues these decisions are driven and dependent on the overall business strategy and value system of the enterprise or firm. In this regard, Porter (1985: 26) employs the construct of the value chain as a 'basic tool for diagnosing competitive advantage and finding ways for enhancing it'. By following a 'value chain analysis' approach, he identifies the inherent advantage of multinational companies (MNCs) over domestic firms, as MNCs can conduct their operational activities anywhere in the world. Porter developed his theories of strategic management in relation to MNCs, but since the multinational firm conducts its business across national boundaries, the more commonly used term of 'transnational' is employed in discussions here (Gilpin 2001). The premise of strategic management in Porter's (1990: 43-4) model is that a firm's 'competitive advantage' is increasingly a function of how well that firm can manage the entire value chain. Thus, the transnational corporation is encouraged to pursue a number of strategic options, including alliances with producers, subcontracting supply and outsourcing production (Porter 1990).

Drawing on Hopkins and Wallerstein's (1986) analysis of commodity chains and Porter's (1990) work on value chains, Gereffi (1994) developed a global commodity chains model (Dolan and Humphrey 2000, Ponte and Gibbon 2005). Gereffi's (1994) GCCs model 'tied the concept of the value-added chain directly to the global organisation of industries' (Gereffi *et al.* 2005: 82). Gereffi (1994) focused on the inter-firm linkages of GCCs, in order to assess the degree of coordination and control of firms involved in international business activities. This model identified three main dimensions in commodity chains, which helped evaluate the economic behaviour within the chain. The first dimension is concerned with the input-output structure; 'a set of products or services linked

together in a sequence of value-adding economic activities' and the second, relates to territoriality; the 'spatial dispersion or concentration of production and distribution networks, comprised of enterprises of different sizes and types' (Gereffi 1994: 97). In this way, Gereffi situates the GCC model in production systems that frequently involve cross-border activity between independent firms, which creates a particular pattern of coordinated trade. The third dimension is a governance structure; 'authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain' (Gereffi 1994: 97). By including the issue of governance in the GCC model, Gereffi (1994, 1999) highlights the point that authority and power in the chain has consequences, both in terms of which firms are included/excluded and the opportunities available to firms for upgrading (i.e. moving into more sophisticated functions or producing more sophisticated commodities).

The governance structure that identifies the key notions of entry barriers and chain coordination is the most used aspect of the GCC analytical framework in food supply chain studies (Ponte and Gibbon 2005). Gereffi (1994: 97) makes the distinction between two main forms of governance in commodity chains, a *producer-driven chain* and a *buyer-driven chain*. He defines the *producer-driven chain* as a highly centralised system in which TNCs 'play the central role in controlling the production system' and the *buyer-driven chain* as a highly decentralised administrative structure where large retailers, buyers and trading companies 'play the pivotal role' in shaping the production network without actually controlling it centrally through their own headquarters (Gereffi 1994: 97). Gereffi suggests that a producer-driven chain is most often observed in sectors where production is capital-intensive and technology-intensive, and where companies controlling technology and production facilities, such as in automotive, heavy machinery and electronic components, exercise governance. In comparison, a buyer-driven chain is generally found in sectors where production is more usually labour-intensive, but in which design and marketing play an important role, and in which retailers and brand-name companies exercise key governance functions. In this respect, buyers determine what to produce and when, without actually producing the goods themselves and consequently buyer-

driven chains are more typically found in consumer commodity industries, such as apparel and food (Gereffi 1994). Global commodity chain analysis addresses the issue of who controls the chain and helps to identify the opportunities and constraints presented by different forms of integration/coordination of global production and trade in specific commodities (Gibbon 2001). Gereffi and others (1994) use the GCC concept as a means to examine the economic activities of firms in a globalised world, where there is a spatial dimension of production and distribution, and a governance dimension of competing levels of authority and power. Primarily, the focus on 'global commodity chains' as units of analysis reflects the importance assigned to the emergence of production sites that are geographically dispersed and integrated on a global basis, but in which power (or control) is mainly associated with system coordination, rather than direct ownership. As noted by Gibbon (2001), the importance of the GCC approach is its focus on the forms of integration within the chain, as chain coordination allows 'driving' agents to institute measures that reduce costs and risks, whilst maintaining supply and ensuring sales.

However, Gereffi's GCC model has been critically assessed. Two sets of analysis (Froud *et al.* 1998, Harvey *et al.* 2002) suggest that the GCC perspective is too narrow and does not allow for the complex economic activities that occur within supply chains. Froud and her colleagues (1998: 293) acknowledge Gereffi's work in developing the chain concept, but state that the GCC model 'constructs supply in over-simple linear terms and constructs demand as a series of reverse relations within the production/distribution chain'. They argue that 'global capital is no respecter of linear commodity chains' and point out that under 'restless late capitalism these chains are being fractured and broken' (Froud *et al.* 1998: 332). Froud and her colleagues (1998: 294) propose an alternative form of analysis – a 'sector matrix' approach – that 'de-emphasises the organisation of production' and instead analyses 'the two webs of demand and supply relations which meet at the points of product and service consumption' separately. They construct the demand side in terms of 'complementary and competing demands made by end uses' and the supply chain in terms of 'corporate consolidation of surplus from different activities inside and outside a specific demand matrix' (Froud *et al.*

1998: 293). However, this approach is more suited to the analysis of an industry where products can only be consumed along with a bundle of services that require end-user choice and are constrained within a complex supporting infrastructure, such as motoring services or healthcare. In part, this is due to the emphasis the sectoral matrix concept places on non-manufacturing activities and the interactions of firms at an intra-sectoral level (Froud *et al.* 1998). Indeed, Froud and her colleagues (1998: 301) acknowledge that different theoretical concepts may be applicable when examining the economic activities of firms in different sectors, as indicated by their comments:

‘Chain analysis works reasonably well for commodity foodstuffs or simple, durable, throw away manufactured products, like sports trainers, which require distribution before they can be sold but do not require complicated infrastructure and complementary services before they can be used’.

The GCC approach has also more recently been viewed as appropriate for agri-food studies, as agricultural commodities tend to fall into the category of buyer-driven chains (Dolan and Humphrey 2000, Murray and Raynolds 2000, Raikes *et al.* 2000, Hale and Opondo 2005). As noted by Murray and Raynolds (2000) and Raikes and others (2000), a commodity-based approach can provide better insights in terms of the types of firm structure and forms of coordination than a sectoral approach. However, having observed changes taking place in the last few decades of the twentieth century, Gereffi (1999) acknowledged some weaknesses in the GCC perspective himself. He recognised that global supply chains were being transformed, partly because producer-driven chains were changing into buyer-driven chains and partly due to the tendency for commodity chains to be more globally dispersed in the growing world-economy. He also noted that these changes influenced the way resources (raw materials, human and financial) were allocated in the chain, which resulted in the forms of coordination between different entities engaged in the chain to shift (Gereffi 1999).

Gereffi (1999) concluded that contemporary global commodity chains were becoming more decentralised, more flexible, and more complex, which is one of the reasons he added a fourth dimension to the GCC model – the ‘institutional

framework'. The purpose of the new dimension was to help identify local, national and international conditions and policies that shape the globalisation process at each stage of the chain. As Gereffi (1999) confirmed, he developed the fourth dimension chiefly to show the conditions that may influence access to markets. The indication is that market access in developed countries was becoming increasingly dependent on the participation in global production networks governed by 'lead' firms in those markets and consequently, governance was increasingly independent of its institutional context (Gibbon 2001, Humphrey and Schmitz 2002). This aspect of the GCC model was used mainly to delineate the conditions under which 'lead' agents incorporated 'subordinate' agents through their control of market information and market access (both technological and market knowledge) (Raikes *et al.* 2000: 393). In this regard, it may be possible to explain the circumstances in which firms shift from a high level to a low level of drivenness in production chains based on the power asymmetry of market access (Ponte and Gibbon 2005). Initially, Gereffi's (1994) GCC model focused on the 'vertical' relationship between buyers and sellers and the movement of goods from producer to consumer, but the inclusion of the fourth dimension and the recent work by Gereffi and others (2005) has helped to advance the model (Raikes *et al.* 2000, Ponte and Gibbon 2005). According to Ponte and Gibbon (2005), empirical and theoretically based discussions on global value chain analysis, which focuses on the changing aspects of chain coordination and policy-related upgrading in supply chains of developing countries, have together created the environment for a refinement of governance structures in global supply chains.

These debates have led to efforts to redefine governance in global supply chains in terms of how particular firms set, measure and enforce certain parameters under which other actors in the chain operate (Humphrey and Schmitz 2002, Ponte and Gibbon 2005). As noted by Humphrey and Schmitz (2002) governance in these chains is more a process of exercising control through the specification of what product needs to be delivered, in what quantity and when, and how it should be produced and at what price. When a group of firms can take this directive position and shape who does what in and along the chain, they can be viewed as

the 'lead' firm. In this way, the global value chain (GVC) approach can focus on inter-firm relationships and the institutional mechanism through which non-market coordination of activities can be achieved (Humphrey and Schmitz 2002). In contrast, market coordination activities tend to include standards relative to product attributes, such as product range and pricing proposition (Humphrey and Schmitz 2002, Ponte and Gibbon 2005). As observed by others (Dolan and Humphrey 2000, Raikes *et al.* 2000, Gibbon 2001, Hale and Opondo 2005), this new type of behaviour is more typical of buyer-driven chains, especially those led by branded retailers and supermarkets. In particular, fresh fruit and vegetable supply chains have been characterised by an increasing degree of buyer 'drivenness', which has been attributed to the concentration of supermarket retailing and the supermarket group's control over market information (e.g. consumer purchasing trends) (Dolan and Humphrey 2000, Hale and Opondo 2005). Also, supermarket groups sell the majority of fresh fruit and vegetables in the UK and in this respect, tend to dominate the global agri-supply chain by controlling the final link in the chain (to consumers) (Dolan and Humphrey 2000, Harvey *et al.* 2002, Key Note 2006). This is especially the case as regards market access and the organisation of supply agreements relative to quality specifications and delivery schedule (Dolan and Humphrey 2000, Harvey *et al.* 2002).

Accordingly, Gereffi and others (2005) developed a more complete typology of value chain governance, which goes beyond the original distinction between 'producer-driven' and 'buyer-driven' chains. The authors proposed a governance structure that re-emphasised the importance of the organisational context and more adequately specified the variety of 'network forms' in the global economy. Gereffi and his colleagues (2005) explain the changing governance patterns in global value chains (GVCs) by employing a theoretical framework which traces three variables: (i) the complexity of the information and knowledge required to sustain a particular transaction, (ii) the ability to codify and transmit efficiently this information between the parties involved, and (iii) the capabilities of the supply-base in relation to the requirements of the transition. These variables play a key role in determining how global supply chains are organised and in turn, generate five 'dynamic' forms of governance – markets, modular, relational,

captive and hierarchy – which range from low to high levels of ‘coordination’ and ‘power asymmetry’ (Gereffi *et al.* 2005: 78). In this regard, Gereffi and his colleagues (2005: 99) affirm that forms of governance develop ‘regardless of the institutional context’ and therefore, ‘power’ in global chains is de-coupled from the impact of state regulation and trade regimes. Instead, power is linked with the system of coordination and control exercised by the ‘lead’ firm in the chain – the ‘degrees’ of drivenness (looser or tighter) of the firm in their production/supply network (Gereffi *et al.* 2005). Their analysis of power relations suggests that, as forms of coordination move from hierarchy to market, the degree of power exercised by the dominant actor in the chain decreases (Ponte and Gibbon 2005).

However, as noted by Ponte and Gibbon (2005), the GVC framework captures some of the more important aspects of coordination between different functional and organisational positions in the chain and contributes to a more systematic (value-chain) understanding of the global economy. In this regard, the Gereffi (1994) GCC model and the governance structure developed by Gereffi and colleagues (2005) create the ideal basis for a theoretical framework for this research study. There are a number of reasons for this including firstly, the model recognise the types of relationships and forms of coordination in the chain, and therefore show how the chain is being managed. Secondly, the dimension of governance (authority and power) aids the analysis of ‘drivenness’ in the chain and can be used to build understandings of how ‘key’ or ‘lead’ firms build, coordinate, and control the linkages in the chain (Raikes *et al.* 2000). This is most appropriate to the focus of the research study, which is how UK supermarket groups influence the production link (or node) of the chain. Thirdly, the inclusion of ‘power’ in economic relations, not just in terms of barriers to entry but more notably in supply-chain management (Gibbon 2001) is pertinent to the way supermarkets’ policies on social responsibility shape global supply chains. Fourthly, the model focuses on how control shifts within the chain over time, which is important in terms of how various labour initiatives (forms of labour regulation in the chain) are instigated by different actor groups within the chain (producers and buyers) (Gibbon 2001, Hale and Opondo 2005). Finally, as Ponte and Gibbon (2005) acknowledge, the original distinction of producer-driven and

buyer-driven forms of governance remains a key one for understanding current changes in the global economy.

The research study draws on a value-chain centred framework that is based on the strategic management approach of Porter (1990) and the early work of Gereffi (1994, 1999) on GCC, whilst drawing on the more recently evolved perspective of the GVC framework developed by Gereffi and his colleagues (2005). The approach adopted by Gereffi and others (2005) reaffirms the relevance of ‘social processes’ in terms of power relations (Henderson *et al.* 2002) and as such, provides a more systematic approach to understanding how governance is enacted within global supply chains (Ponte and Gibbon 2005). The GVC framework does not explicitly link power relations as a form of governance to labour conditions in global supply chains. Nevertheless, the analytical type of governance defined as ‘market’, by Gereffi and his colleagues (2005) in the GVC framework is an interesting one for the banana sector.

The ‘market’ form of value chain governance is described as having market linkages that are typical of spot markets, that is they can persist over time with repeat transactions, but the essential point is that ‘the costs of switching to new partners are low for both parties’ (Gereffi *et al.* 2005: 83). The banana sector has been suffering from overproduction and oversupply in the market for some years, which has made the switching costs from one source of supply to another low, but chiefly this only applies to one party in the chain, the supermarket group (IBCII 2005b, 2006). The continual downward pressure on costs in the banana supply chain and demands by supermarkets (particularly in the UK) for lower prices has led to producers switching some of their production from higher-cost countries in Latin America to low-cost operators in West Africa (IBCII 2005b, 2006). However, equally applicable to the banana sector are the forms of governance defined as ‘modular’ and ‘relational’. The ‘modular’ value chain is characterised by suppliers making products to a customer’s specifications and committing to capital outlays on their behalf (Gereffi *et al.* 2005). There are certainly examples where banana producers, like other suppliers, adopt quality, packaging and supply specifications dictated to them by the supermarket groups (Dolan and Humphrey 2000, Gibbon 2003). The ‘relational’ value chain is described as a network where

more complex interactions between buyers and sellers take place, often with a high degree of mutual dependency (Gereffi *et al.* 2005). This form of governance could be considered in the banana sector, as some relationships between producers and supermarkets are more embedded than in other fresh produce supply chains (Murray and Reynolds 2000, Gibbon 2003). One of the criticisms of the GVC framework is that it overlooks the fact that ‘market’, ‘modular’ and ‘relational’ forms of coordination may exist in the same value chain and hence, these categories do not characterise governance in the chain overall (Ponte and Gibbon 2005).

Clearly, the GVC typology developed by Gereffi and his colleagues (2005) captures some important forms of coordination between actors in different functional positions in the value chain and can provide insights into how the chain is being managed by these actors. However, it does not explicitly link governance to external groups that also play a part in shaping the chain, which is a notable omission. Both the GCC model (Gereffi 1994) and the GVC framework (Gereffi *et al.* 2005) may be used to explore the power dynamics and relations between two ends of a chain (supermarkets and producers), but neither considers other patterns of power relations in the production chain. The linearity of the chain is important and the Gereffi (1994) GCC model is particularly helpful in determining how the level of drivenness in the chain ensures the implementation of supermarkets’ CSR policies regarding labour conditions in global production chains. But what of the other actor groups involved in the chain – nation-states, trade unions, worker representative groups, NGOs, civil society groups and consumers – whose relations with producers and (supermarket) buyers are not linear. These groups, often referred to as stakeholders, participate in global supply chains and have a voice regarding their governance. They form a different set of relations in the chain, which are not considered by Gereffi and his colleagues (1994, 2005).

What drives the form of governance in the banana chain, be it the demands of corporates or the influence of other actor groups, is the focus of this research. Thus, it is important to develop an understanding of what sort of actor is involved and what part they play in terms of governance, and to determine how the

'interests' of these different groups are promoted within global supply chains. In attempting to understand these relations, particularly as regards the labour conditions of workers in the production operation of the banana chain, it is necessary to develop the theoretical framework further. It is hoped that such development will be achieved through the analysis of the empirical data collected, when the role of each group of social actors (stakeholders), whether internal or external parties to the chain, will be more clearly identified.

4.2 The Development of Governance in Global Supply Chains

It was during the late-1990s that the term 'governance' came to prominence, not as a 'synonym for government' (Rhodes 1996: 653), but as a new or changed process for governing within a globalised world (Hirst 2000). In this respect, governance was considered as distinguishable from government (Du Gay 2000). As suggested by Jessop (2002: 51), governance can be used as a concept to address the 'incompleteness of the capital relation, the contradictions and dilemmas of accumulation, and the limitations of the spatiotemporal fixes that develop to contain, displace and defer these problems'. He goes on to use the term to refer to 'any form of coordination of interdependent social relations – ranging from simple dyadic interactions to complex social divisions of labour' (Jessop 2002: 52). The internationalisation of supply chains and the weakening of nation-state control over globalised production provide corporations the opportunity to act in a decisive way in the construction and operation of their supply chains. Relationships between producer and supermarket, supermarket and consumer influence the development of supply chains and the forms of governance within them. There are a series of links and interdependencies in global food chains, from farm to plate; the chain is a managed process within a framework of rules and standards. Of course, not all of these are enshrined in law; some forms of co-ordination are voluntary and dependent on the social relations within the chain. As noted by Rodríguez-Garavito (2005), codes of conduct are a novel form of governance that relies on coordination among non-state actors (companies, worker representative, NGOs and other civil society groups). Codes as a dimension of governance are in addition to the state and the

market, and do not depend on top-down state regulation or rely on market correction (Rodríguez-Garavito 2005).

However, non-state actors respond in different ways and there appears to be four types of governance structure emerging in global supply chains, the first three of which are self-regulatory. They can be classified as:

1. Corporate and industry independently sponsored initiatives – codes of conduct
2. Tripartite responses – mutually agreed codes of conduct between a number of social actors (Corporates, Trade Unions and NGOs)
3. Certification and verification systems of control – independently monitored standards
4. International Framework Agreements (IFAs) – between corporations and global unions.

The first, second and third types indicate new patterns of regulation, following a period of deregulation for business, although such re-regulation is on the basis of voluntary and informal agreement on the part of corporate actors. As noted by Christopherson and Lillie (2005), this would suggest corporate strategies are driving towards a private mechanism for labour regulation. The last type raises the question of more formal regulatory control of supply chains in a globalised world. However, it is also possible to suggest a fifth type, which is no regulation – essentially let ‘market forces’ prevail – but this can be problematic because companies may use competitiveness in the market as an excuse for the labour conditions workers are faced with (Burawoy 1985). In this respect, workers can be made to feel the threat of losing their job as a result of the threat to the viability of the firm if they do not accept their working conditions (Burawoy 1985). In some regards, companies are able to turn the market regime against workers, relying on the mechanisms of coordinating interests to command consent to sacrifices – a form of concession bargaining (Burawoy 1985).

The demand for minimum social requirements in international trade and greater accountability of TNCs in global supply chains is not a new phenomenon

(Malanowski 1997, Scherrer and Greven 2001, O'Brien 2002). However, they became more relevant in the last three decades, as parts of the Third World were integrated into the industrial division of labour and export-processing zones have given TNCs the opportunity to tap into large labour reserves without the obligation of adhering to local labour laws (Malanowski 1997, Scherrer and Greven 2001). The opportunity for companies to give themselves 'unfair competitive advantage by maintaining low standards' and 'reducing countries to the lowest cost levels' was a potential threat for labour conditions in developing countries (Malanowski 1997: 11). Both developing countries and organised labour, wary of the power being wielded by large multinational corporations demanded minimum social standards (O'Brien 2002). The International Labour Organisation (ILO) responded with a declaration of principles concerning multinational enterprises and social policy, which was adopted in 1977 (Scherrer and Greven 2001). The ILO, a tripartite United Nations body is responsible for the development of labour standards in the form of recommendations and conventions (Block *et al.* 2001). The membership of the ILO is made up of governments, employers and employees or their representatives, and all have equal rights (Malanowski 1997). However, whilst recommendations made to member states only provide guidance on labour standards, the conventions when ratified by member states have the status of treaties (Block *et al.* 2001).

In 1977, the ILO agreed the *ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (Scherrer and Greven 2001). The Tripartite Declaration applies globally to governments, multinational enterprises (MNEs), employers and workers. As a whole, the system offers an international framework for the development of voluntary labour-related commitments in codes of conduct and other social initiatives (Urminsky 2001). The Tripartite Declaration followed the introduction of the Declaration on International Investment and Multinational Enterprises by the Organisation for Economic Cooperation and Development (OECD) the year before, which contained

*Guidelines for Multinational Enterprises*¹⁰ (OECD 1996, Jenkins 2001). Both instruments of control were set at an intergovernmental level and sought to protect the sovereignty of countries by defining the responsibilities of international commerce and were endorsed by business (Jenkins 2001, Urminsky 2001). Essentially, both sets of guidelines were concerned with business social policies, and included operational programmes and agreements to follow certain standards affecting conditions of work (Urminsky 2001). The Tripartite Declaration reflects ILO standards and as in the case of the OECD guidelines includes a commitment to good industrial relations and trade union rights (Jenkins 2001). However, the obligations incorporated in the OECD guidelines were voluntary and not intended to be legally enforceable – they were intended to provide a guide to ‘good practice’ (OECD 1996, Jenkins 2001). The Declaration, the narrower of the two and as such more precise, focuses on employment relations and labour rights, but this is also unenforceable in law (Beek 1998a, Jenkins 2001). Since both the Tripartite Declaration and the OECD guidelines place a crucial reliance on national laws and practices, they do not establish an international legally binding instrument (Scherrer and Greven 2001). Hence, the impact of both has been relatively limited (Beek 1998a, Jenkins 2001, Scherrer and Greven 2001).

However, in 1998, the ILO adopted a *Declaration of Fundamental Principles and Rights at Work*, which stated that certain rights were fundamental (Block *et al.* 2001). These rights included: (i) freedom of association and the effective recognition of the right to collective bargaining (conventions 87 and 98), (ii) the elimination of all forms of forced or compulsory labour (conventions 29 and 105), (iii) the effective abolition of child labour (conventions 138), and (iv) the elimination of discrimination in respect of employment and occupation (convention 111) (ILO 1998). The conventions, which are often referred to as *core* conventions, have a broad-based ratification by member countries, but even where member states have not ratified the conventions they are expected to comply with the standard (Block *et al.* 2001, Jenkins *et al.* 2002).

¹⁰ The OECD guidelines apply only to enterprises operating in OECD countries (Urminsky 2001).

As noted by Block and others (2001) there are a number of existing models of International Labour Standards regulation (governance), which include:

- the legislative model (a more traditional model of labour standards regulation within a country or within jurisdiction of enforcement, e.g. in the EU)
- the trade sanction model (whereby labour standards and social clauses are linked to trade preferences, e.g. sugar and cocoa)
- the multi-lateral enforcement model (a model which encourages the voluntary adoption of labour standards, e.g. ILO core conventions)
- the voluntary standards model (an emerging model in response to political and social pressure)

By the mid-1990s, (i) the absence of state regulation, (ii) the failure to incorporate social clauses in international trade agreements and, (iii) the difficulties facing the ILO to enforce both the obligations detailed in the OECD guidelines and the core conventions, led to a proliferation of private and corporate codes being introduced (Beek 1998b, O'Brien 2002, Jenkins 2001). A key question regarding the core conventions was how they could be enforced, and this was where the ILO lacked power (Jenkins 2001, Block *et al.* 2001). Although, the ILO provides a vehicle to investigate cases of non-compliance, without the power to issue sanctions against the violating country or company it has relatively little power. In addition, participation by nation-states and TNCs to ensure conventions are upheld is voluntary (Block *et al.* 2001, Scherrer and Greven 2001).

The failure of governments to enforce labour standards has been an important catalyst in the increase of corporate voluntary initiatives in global supply chains (Jenkins 2001, Scherrer and Greven 2001). Trade unions, developmental NGOs (the more vocal being Christian Aid, Oxfam and the World Development Movement) and consumer groups mobilised to tackle the issue of poor labour conditions with business directly (Jenkins 2001, Hale and Shaw 2001, Scherrer and Greven 2001). In addition, there was a growing awareness of the working conditions of labour involved in global production chains through media campaigns – the transmission of information enabled by new technologies – and

civil society campaigns (Jenkins *et al.* 2002, Barrientos and Dolan 2006). Certainly, new technologies such as mobile phones and the internet helped social movements create greater visibility of labour conditions in far-flung production sites (Jenkins *et al.* 2002). Accusations of reputable companies selling everyday goods made by exploited workers, helped to galvanise consumers into action, and demand that companies take greater responsibility for the conditions in production chains and the fate of the overseas worker (Hale and Shaw 2001, Jenkins *et al.* 2002).

4.3 Voluntary Codes and Standards

By the mid-1990s, NGOs and civil society groups had markedly raised their profile and the pressure of media campaigns coupled with the threat of direct action, such as consumer boycotts, forced companies to review their position (Hertz 2001, Porter and Kramer 2002, Hopkins 2003). As noted by Klein (2000) the consumer boycott challenged the ‘political clout’ of companies as well as their market dominance. In this instance, the compelling case to adopt more responsible behaviour in global supply chains was much related to protecting the corporate brand, as few organisations were able to build a business case for CSR activity, other than one based on the premise of risk management (Porter and Kramer 2002, Hertz 2004). Retailers and manufacturers became acutely aware of the damage to their image of exposés of poor labour conditions, particularly as regards child labour (Klein 2000, Dolan and Humphrey 2000). Subsequently, a number of CSR policies were developed, which incorporated the introduction of labour codes of conduct and certifiable standards in global supply chains (Jenkins *et al.* 2002, Hertz 2004). The key objective was to ensure that social and environmental standards were being maintained in global production chains (Scherrer and Greven 2001, Jenkins *et al.* 2002, Hertz 2004). By their very nature, the policies developed by companies under the auspices of social responsibility were voluntary and often informal (European Commission 2001, Hopkins 2004).

Although there is no generally accepted definition of the term CSR, it is most often used to apply to corporate environmental and social initiatives that go beyond legal requirements¹¹ and are voluntary in nature (ILO 2003, Hopkins 2004). The European Commission (EC) define CSR as ‘a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’ (European Commission 2001: 8), the description most often quoted in CSR debates (Urminsky 2001). In this regard, labour codes of conduct and certifiable standards are also voluntary, and as such largely promote self-regulation for those corporations involved in producing or sourcing their products globally (Jenkins *et al.* 2002). In this way, labour standards are increasingly enforced through TNCs compliance to voluntary initiatives implemented in global supply chains rather than through national labour regulation (Jenkins *et al.* 2002, Christopherson and Lillie 2005). These new forms of labour governance have emerged at many different levels: (i) the individual firm, e.g. supermarket propriety ‘responsible sourcing’ codes and producer private labelling schemes, (ii) industry sector, e.g. the ETI Base Code and, (iii) across several sectors, e.g. SA8000 Standard (Jenkins 2001, O’Brien 2002, Barrientos and Dolan 2006).

Codes of conduct vary according to the areas they cover. Establishing distinctions between codes, labour standards, social labelling and certification systems can therefore be problematic (Urminsky 2001, Hopkins 2004). Codes also vary depending on the sponsoring organisation or partnership (different groups of stakeholders involved), the level of commitment, and monitoring processes (Scherrer and Greven 2001, Hopkins 2004). Thus, determining the boundaries of the schemes, which invariably overlap, makes categorisation of the various initiatives difficult (Urminsky 2001). The ILO report edited by Urminsky (2001: 13) defines a ‘code of conduct’ as a ‘written policy, or statement of principles, intended to serve as the basis for a commitment to particular enterprise conduct’. Essentially, a code of conduct is a guide for taking action, which

¹¹ In terms of legally binding laws at the national and international levels, such as laws applicable in the country of production or in the country where a product is sold (ILO 2003).

stipulates certain ways of working in business (Urminsky 2001, Hopkins 2004). Such codes move beyond current legislation to form a set of voluntary commitments which, according to Urminsky (2001: 13) are by their very nature 'often made in response to market incentives with no legal or regulatory compulsion'. However, there is a general acceptance that as public statements, codes usually have some legal implication under laws regulating business representation and advertising (Urminsky 2001).

During the last two decades, there has been a plethora of labour codes of conduct introduced by retail and supplier/producer organisations, which are applicable to global supply chains (Klein 2000, Jenkins *et al.* 2002). The majority of these have been developed as a key component of the CSR policies of such organisations (Hopkins 2004). The increasing pressure of public scrutiny placed business on the defensive and pressed companies to show greater attention to their social commitments (Carroll and Buchholtz 2000, Henderson 2001). The continual charges held against business for not caring for the social implications of their actions and the effect companies had on developing countries, fuelled the call for greater social responsibility and social justice (Carroll and Buchholtz 2000, Henderson 2001). According to Henderson (2001) these demands were somewhat tempered by the introduction of voluntary codes of conduct and self-regulation. Since the late-1980s and the early-1990s, companies have been reacting to union and NGOs' criticisms of their poor labour conditions by publicly announcing their codes of conduct (O'Brien 2002, Jenkins *et al.* 2002).

Codes are important for workers, because they help regulate labour practices across national boundaries and provide a new form of governance for globalised business. First, they seek to improve the working conditions of those employed in the production operation of global supply chains – they aim to ensure certain principles and standards are implemented and maintained – and second, they seek to promote and protect labour rights in the workplace (Block *et al.* 2001, Jenkins *et al.* 2002). In many respects, the codes introduced by companies have become the very means by which they are held to account (Jenkins 2001, O'Brien 2002). However, in practice these voluntary initiatives serve many purposes, including internal management of geographically dispersed sites, the strengthening of a

company's position to prevent bribery and corruption, and on occasions simply an attempt to enhance or improve the company's image or brand reputation (Beek 1998b, O'Brien 2002).

4.3.1 Corporate and Industry Codes

Retailers, producers and a number of trade associations in the food sector have introduced many labour codes of conduct (Urminsky 2001, Vorley 2003). In particular, supermarket groups introduced CSR policies which incorporated codes relating to the conditions of workers who were directly employed by suppliers/producers (Urminsky 2001). In this way, supermarkets were able to scrutinise and become more involved in the governance of the production chains in their supply base (Jenkins *et al.* 2002, Hopkins 2004). All the major UK supermarket groups have an ethical purchasing code and publish details of their CSR commitments and achievements in annual statements, as part of their annual reporting structure – a move in the direction of triple bottom line reporting. The producers involved in the global supply chain for bananas have also been active in their engagement of voluntary initiatives relating to social and environmental conditions. In November 1998, the UK Banana Group consisting of a number of the major banana importing companies – Fresh Del Monte, Fyffes, JP Fruit Distributors Ltd and S.H. Pratt – produced a 'Code of Best Practice' (Banana Group 1998, Fyffes 2004). The UK Banana Group was originally formed in 1984 by banana importers, ripeners and handlers to raise the profile of the fruit and communicate the benefits of eating bananas to consumers in a drive to increase consumption (Key Note 2006). The group's 'Code of Best Practice' provides guidelines for the engagement between UK retailers and overseas suppliers, and is specifically based on the ILO core conventions numbers 87, 98, 135 & 143 on freedom of association and collective bargaining, numbers 100 & 111 on anti-discrimination and equal remuneration, number 138 on forced and child labour and numbers 111, 29 & 105 on labour conditions and freedom to choose employment (Banana Group 1998). At the time, the companies within the Banana Group accounted for over three-quarters of all bananas imported into the UK – equivalent to approximately 665,000 tons per annum, so the coverage of the code was substantial (Key Note 2006). Notwithstanding this, in recent years the

Ethical Trading Initiative's Base Code has largely superseded the Banana Group Code (Banana Link 2005).

4.3.2 *The Ethical Trading Initiative Base Code*

During the 1990s, a number of different forms of code related activity took place, including the Fair Labor Association (FLA) in the US, which produced an agreement whereby clothes would be produced under fair conditions and the creation of the Ethical Trading Initiative (ETI) in the UK (O'Brien 2002). Urminsky (2001) describes these developments as multi-stakeholder codes, as they involve business enterprises, trade unions and NGOs. Indeed the ETI fits these criteria, and is defined as a tripartite alliance of corporate, trade union and development NGO members interested in improving the social conditions of workers employed in the global supply chains, which provide goods to the UK retail market (O'Brien 2002, ETI 2003). Corporate members are predominantly from the textiles and food industries (both manufacturing and retailing). Whereas union membership is largely from the International Trade Secretariats (ITSSs) (which were re-designated Global Union Federations (GUFs) in 2000), and the International Department of the Trades Union Congress (TUC) as opposed to the individual UK based unions in the industry sectors (Hale and Shaw 2001, Fairbrother and Hammer 2005). However, the UK Department of International Development is also involved in the ETI, which gives an international feel to the alliance (ETI 2003). At its inception in 1997, the ETI stated its chief aim as:

To develop and encourage the use of a widely endorsed set of standards, embodied in codes of conduct, and monitoring and auditing methods which will enable companies to work together with other organisations outside the corporate sector to improve labour conditions around the world.

(ETI 1998: 2)

The ETI evolved from the initial attempts made by developmental NGOs to agree effective procedures to monitor and verify company codes being implemented in global supply chains (Hale and Shaw 2001). In 2003, the ETI introduced its own code of practice entitled 'The Base Code', which included nine clauses and reflected the more relevant international standards in respect of global labour practices. The code and the accompanying 'principles of implementation' were

negotiated and agreed by the corporate, trade union and NGO members of the ETI and have two related functions, which are:

1. To provide a basic philosophy or platform from which ETI identifies and develops good practice; and
2. To provide a generic standard for company performance.

(ETI 2005a)

The nine clauses incorporated in the ETI Base Code include: (i) employment is freely chosen, (ii) freedom of association and the right to collective bargaining are respected, (iii) working conditions are safe and hygienic, (iv) child labour should not be used, (v) living wages are paid, (vi) working hours are not excessive, (vii) no discrimination is practiced, (viii) regular employment is provided, and (ix) no harsh or inhumane treatment is allowed (ETI 2005a).

The ETI is more specifically concerned with 'ethical sourcing', which it defines as a way of working that 'establishes a company's responsibility for labour and human rights practices in its supply chain' (ETI 2003: 2). The ETI aims to improve the conditions of workers through promoting the joint development of good supply management practices and encouraging retail organisations to work with its suppliers to implement internationally accepted labour standards. The ETI stipulates that the labour standards incorporated in its' Base Code constitute a minimum requirement for any corporate code of labour practice focusing on good supply chain management (ETI 2005a). When corporate members join the ETI, they commit to implementing the ETI Base Code in their supply chains and in doing so, report annually on their progress. Many of the UK supermarket groups are members of the ETI, including Tesco, Sainsbury's, Asda and the Co-operative Group, as are many of the producers and wholesalers who supply and import bananas into the UK, such as Chiquita, Del Monte and Fyffes (ETI 2007).

4.3.3 Social Accounting 8000 Standard

In 1996, Social Accountability International (SAI) a US-based, non-profit organisation dedicated to the development, implementation and review of voluntary verifiable social accountability standards introduced a generic

management system for corporations, with a third-party certification process called 'Social Accountability 8000' (SA8000) (SAI 2005). The SAI evolved from the Council on Economic Priorities (CEP) and its' advisory board includes representatives from corporates, NGOs and trade unions (SAI 2001). The SA8000 certification system is an independent and auditable standard for the social accountability of corporations, based on the international workplace norms stipulated in the core conventions of the ILO and the UN Universal Declaration of Human Rights and Convention on Rights of the Child (O'Brien 2002, Scherrer and Greven 2001). The SA8000 Standard is also modelled on the International Organisation for Standardisation management systems of ISO9000 and ISO14000 (SAI 2005).

The SA8000 Standard can be applied to any industry and incorporates many of the elements that trade unions and NGOs consider essential for labour codes of conduct. These include: (i) no child labour, (ii) no forced labour, (iii) a safe and healthy work environment, (iv) freedom of association and right to collective bargaining, (v) no discrimination, (vi) no corporal punishment, (vii) working hours to comply with the applicable law, (viii) compensation/wages at the legal and industry norm, and (ix) integration of the standard into the organisation's management systems and practices (Scherrer and Greven 2001, O'Brien 2002, SAI 2005). The SA8000 Standard does not purport to be multi-stakeholder, as it is limited to a selection of stakeholders (Hopkins 2004). But following Urminsky's definition noted earlier, the SA8000 Standard can be classified as a code of conduct, and thus the term of 'codes' will be used when referring to the variety of voluntary labour initiatives present in global supply chains whenever possible.

4.4 International Framework Agreements

It has been argued that the advent of codes involving business, trade unions and NGOs has been an important stage in the development of other agreements between companies and unions, such as International Framework Agreements (IFAs) (Riisgaard 2004, Fairbrother and Hammer 2005). IFAs secure the commitment of TNCs to respect the fundamental rights of workers and as such provide another route towards better conditions for labour (Riisgaard 2004).



They are agreements on minimum labour standards negotiated between TNCs and GUFs (and national and local union bodies) and normally include recognition of the ILO core labour standards (Riisgaard 2005, Fairbrother and Hammer 2005). IFAs are negotiated at the international level, but require participation of the relevant regional, national and local unions (Fairbrother and Hammer 2005). At a minimum, IFAs include the principles of freedom of association and collective bargaining, but some include further provisions, such as a commitment to decent wages and the provision for safe and hygienic working conditions (Riisgaard 2005, Fairbrother and Hammer 2005). IFAs often develop from codes of conduct, but in many respects IFAs are viewed as a 'step' beyond these codes (Fairbrother and Hammer 2005, Frundt 2005). IFAs set minimum labour standards and obligations, and although these are not legally enforceable, TNCs are obliged to accept some responsibility for ensuring labour rights are maintained along the supply chain (Riisgaard 2004, Hammer 2005). In addition, some of these agreements are not restricted to the signatory company, as there are often stipulations made that suppliers will also be persuaded to abide by the agreement (Fairbrother and Hammer 2005). Furthermore, IFAs are structured to give unions' formalised representation at a senior level within the corporate organisation, which makes it possible to override local union-management hostility (Riisgaard 2005). This, together with the opportunity provided to unions to monitor compliance of the agreement on the ground, fundamentally distinguishes IFAs from any other voluntary initiative (Riisgaard 2005, Fairbrother and Hammer 2005).

There are two such agreements in the global food sector, one of which is the IFA signed in June 2001 by Chiquita International with the International Union of Foodworkers (IUF) and the Central American trade union COLSIBA (Coordinadora Latinoamericana de Sindicatos Bananeros) (Were 2003, Riisgaard 2004). At the time, the framework agreement was described as 'a groundbreaking partnership' for labour rights, on the basis that it included freedom of association, and minimum labour and employment standards for workers in Chiquita's Latin American banana operations (Chiquita 2001b). In the agreement, Chiquita reaffirmed its commitment to the ILO core conventions numbers 29, 87, 98, 100,

105, 111, 135, 138 and 182 (Chiquita 2001b). (Details of these conventions are noted in Appendix E.)

According to Riisgaard (2005), IFAs are a step forward in terms of labour regulation because they provide a review function for worker representatives and company managers to meet, and oversee the application of the agreement. However, according to Hammer (2005), IFAs are not better codes with trade union involvement – they are qualitatively different and offer a different platform for industrial relations, and it could be argued governance. The indication being that with such agreements global unions have the potential to gain substantive recognition for labour rights with international employers (Fairbrother and Hammer 2005). IFAs also have the strategic value of the possibility of advancing voluntary labour standards and multi-lateral legislation (in the ILO) approaches to labour rights sequentially (Block *et al.* 2001, Hammer 2005). In this regard, Brecher and others (2006) suggest that IFAs offer the potential of a power shift in relationship terms between the various actors involved in global supply chains.

4.5 Conclusion

The argument presented in this chapter demonstrates that there has been a shift in the forms of labour regulation implemented in global supply chains from mandatory national (state) and international (supranational institutions) to a situation whereby corporations have adopted voluntary initiatives, such as codes of conduct and certifiable standards. These initiatives serve business interests because they demonstrate efforts to improve the labour conditions of workers, and hence help corporations defend their social responsibility credentials. However, the implication of this change, is that *governance* is structured by the policies of specific actors (chiefly corporations), which coordinate and control the chain. This transition has created a new regime of labour regulation in global supply chains, one that is marked by the adoption of private global regulation, that is through the adoption of voluntary labour initiatives such as codes of conduct and certifiable standards. Indeed, as noted by Urminsky (2001) there may be instances whereby governments encourage such voluntary initiatives as a substitute for more formal regulation of business. Hence, there is a sense of de-regulation becoming re-regulation in the form prescribed by business. The role of

unions, NGOs, civil society groups and indeed, workers themselves becomes less clear in this form of labour regulation. In this context, calls for governance of global supply chains bring the relationship between capital and labour to the centre stage.

The debates on what form governance should take and the increasing adoption of voluntary initiatives, some of which lead to private regulation in global supply chains, presents a puzzle – one that leads to the focus of the fieldwork study and the key research questions that are addressed:

1. Does the adoption of codes of conduct improve labour conditions on banana plantations?
2. In whose best interest is it to adopt codes and other voluntary initiatives, such as International Framework Agreements (IFAs)
3. What do workers think about codes and IFAs?
4. Are IFAs a decisive step towards re-regulation?

Chapter Five

Methodological Reflections

Introduction

The aim of the chapter is to describe the methodology adopted in this research study. The overall approach is qualitative and the chapter is divided into separate sections that discuss some of the more interesting methodological issues encountered in conducting qualitative research where *capital* and *labour* intertwine. In the thesis, I explore the areas of corporate social responsibility and the ‘positioning’ of labour codes of conduct in a global banana supply chain. I achieve this by observing, interviewing and conducting conversations with many of the social actor groups directly engaged in the chain and those that have stated an interest in the way the chain is organised and controlled. I use interpretive sociology that begins with the actor’s perspective; I listen to what comments are made and then categorise and re-interpret these accounts from an analyst’s perspective based on the analytical framework that informs the study. Thus the statements made in the thesis are often contextualised by the information garnered and the insights developed. However, the knowledge gained during this process is also undoubtedly influenced by my own perspective on the issues of ethical trade in food retailing and my personal history in the retailing sector.

I reflect on the qualitative methodology, but I also discuss the reasoning behind this approach. The overall intent of the chapter is to describe some of the more interesting issues and challenges I encountered when conducting the research. Thus the chapter begins with a brief background to qualitative inquiry and the journey taken towards answering the key research questions. Thus I introduce the methodological approach taken in this particular study and reflect on the processes of negotiating access, data collection, data analysis and reflexivity. The chapter is therefore structured under a number of broad sections: Methods of Inquiry, Research Journey, Fieldwork, Analytical Criteria, Research Ethics, and Conclusion.

5.1 Methods of Inquiry: the Procedural Pursuit

The overall approach of the research is qualitative and multi-method; reflective, narrative, and sometimes experimental. Qualitative research can help to make sense of the ‘what’ and the ‘how’ of everyday activity, by identifying the context of such events within a social arena (Denzin and Lincoln 2000). As noted by Becker (1992) the qualitative approach aids the process of studying people doing things in the places where things are done. It is a method of inquiry which takes a ‘naturalistic approach’, consisting of a ‘set of interpretive, material practices’ that can locate the observer in the world and transform it into ‘a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self’ (Denzin and Lincoln 2000: 3).

Four main types of research activity focus this study, including: (i) participation in an international conference organised and attended by key stakeholders in the banana industry, (ii) semi-structured interviews with key decision makers at the retail end of the banana supply chain, (iii) a period of fieldwork in a banana producer-country, during which I conducted semi-structured interviews and focus groups involving an array of social actors, and (iv) a series of interviews with other interested parties in the chain based in Europe, including trade unions and NGOs. I also attended a more general conference on ethical trade and CSR, a presentation of the research findings by the ETI Impact Assessment team, conducted a detailed literature review and undertook documentary analysis.

I conducted the fieldwork in one country, adopting a ‘case study’ approach. The term case study is used to identify a specific form of inquiry, with ‘a *range of dimensions*’, one of the more important dimensions being ‘the *number of cases investigated*’ followed by ‘the *amount of detailed information* that the researcher collects about each case studied’ (Hammersley and Gomm 2000: 2, italics added). The case study affords the opportunity to gather and analyse information about a large number of features of each case, the emphasis being on the qualitative nature of the data rather than the quantification of data (Hammersley and Gomm 2000). As such, the case study approach leads to a more narrative approach.

5.2 The Research Journey: Where to Begin?

The research journey began with my experience in the industry. This study was facilitated by contacting a network of former colleagues in numerous supermarket retailers in the UK. The supermarket 'buying fraternity' is somewhat incestuous and typically, with careers moving between supermarket groups, there is virtually always someone who has a contact in the 'opposite camp' or 'someone who knows someone' and as such referrals across competitive boundaries were not unusual. Thus I was transferred from one individual to the next in a number of supermarket retailers in my endeavours to construct a research plan. It was suggested to me by one of these informants that the best course of action would be to make contact with the three major banana TNC producers. This was to be the start of a journey that would eventually lead me to the banana plantations of Costa Rica, where I would observe the production process of a fruit destined for foreign markets.

The first requirement was to approach the producers, but I knew from personal experience I needed some form of introduction or at the very least some contact names in the companies I was about to approach; *cold calling* would not be my best option. Cold calling is a typical phrase used in the sales and marketing environment, whereby no previous contact or introduction has been made, it has the literal sense of knocking on doors unannounced. I contacted a former retail colleague who had previously had some involvement with the banana sector and asked for advice; from which I was given my first producer contact name and telephone number: a representative in Chiquita, who as my colleague noted "will be amenable to your study and will probably be happy to meet and talk to you, also he won't mind me giving you his telephone number" (Conversation Retail Colleague, December 2004). I arranged to meet the representative at the Ethical Corporation conference held in London on the 22nd of February 2005.

The conference was a two-day event entitled 'Business/NGO Partnerships and Engagement', and a number of case studies were presented to show the structure and progress of such collaboration. Several of the presentations caught my

attention, including one by the ETI and Marks and Spencer PLC regarding the implementation of the ETI Base Code in the company's food supply chain, and another by Chiquita International. One of the statements made in the presentation by the representative from Chiquita stood out, he said 'Companies are citizens of the wider world, they are not only concerned with self-interest, but have a duty to society' (Conference presentation, February 2005). The comment may have been constructed for the conference audience, but it made me think a little more about the lens through which I could view my own research and how I could explore the relationship between business and society.

As agreed, I met with the representative from Chiquita and we had the opportunity to talk at length. We discussed the banana industry, the production process, labour codes of conduct, the position of UK supermarkets on issues of environmental and social conditions on banana plantations and tentatively explored the opportunity of me visiting a banana plantation owned by Chiquita (Conversation George Jaksch, CSR Director: Chiquita, February 2005). While the location of the field study trip had not been finalised, indications from previous discussions with my retail network were that Costa Rica would be the ideal place. The reasoning for this choice was Costa Rica was one of the biggest banana exporters in the world and the country was considered a more stable and safer environment compared to its Central American neighbours. Having discovered that Chiquita had a large number of banana farms there, I was disposed to study the industry there. However, other considerations needed to be taken into account, such as which other banana TNC producers operated in Costa Rica, and how best could I make contact with them. Jaksch (Chiquita) informed me of a major event in the banana industry calendar, which was due to take place in a couple of months, the Second International Banana Conference (IBCII). I was not aware of this event and as all the major actors in the global banana supply chain – producers, retailers, government officials, trade unions and NGOs – would gather to discuss the issues and challenges facing the industry, it seemed opportune for me to attend. As noted by Jaksch, it appeared to be perfect timing

for my study and “a chance to meet everyone who is important in the world of bananas” (Conversation George Jaksch, CSR Director: Chiquita, February 2005).

5.2.1 *The Second International Banana Conference*

By attending the Second International Banana Conference (IBCII) in Brussels, I was able to make contacts and engage with many stakeholders in the global banana chain from corporate entities to trade unions, and from government representatives to civil society groups. The key objective of the conference was to ‘secure commitments by governments and banana companies to respect/enforce labour and trade union rights and standards for workers in all producing countries’ (IBCII 2004: 2). The whole conference agenda was structured around what the organisers deemed the most pressing question in the banana industry ‘How to Reverse the Race to the Bottom’ – a question of tackling the major issues of fair prices, living wages and labour rights. The main argument was that producers, driven by the major supermarket groups, were seeking ever lower production costs in order to supply cheaper and cheaper bananas and this was crippling the industry and its workers (IBCII 2004).

Following the First International Banana Conference (IBCI) in 1998, it appeared that the majority of banana producers and trading companies accepted the diagnosis of the dire conditions in the banana industry and were intent on rectifying the situation (Farquhar and Smith 2005). Yet, in spite of this understanding and the proliferation of voluntary labour initiatives and codes of conduct being introduced, achievements on the ground seemed limited (Farquhar and Smith 2005, Chambron 2005). According to Chambron (2005) conditions in socio-economic terms actually appeared to worsen during the years following the first conference. One of the reasons commonly cited for this, was the power¹² of

¹² During the IBCII event the terms ‘power’ and ‘buying power’ were often used to describe the level of control supermarket groups have over the banana producers, both the TNCs and the independent growers (IBCII Observations, April 2005).

the major supermarkets, who by ‘flexing their muscles’ in terms of their buying power over the last number of years, had extracted cost reductions from producers in order to cut the price of bananas for the consumer. This had resulted in both a number of ‘price wars on the high street’ and ‘a degrading of the conditions on banana farms’ (IBCII Forum Discussion, April 2005). The large supermarket groups were accused of taking advantage of a structural oversupply in the industry, and it was suggested that the pressure for cheaper and cheaper prices was to the detriment of improvements to labour conditions (IBCII Forum Discussion, April 2005). The importance of the role of the supermarkets as regards maintaining environmental and social standards in the banana supply chain was becoming increasingly apparent.

I attended two of the breakaway workshops, the first called ‘Reversing the erosion of labour rights’ and the second ‘Living wages and fair prices: whose responsibility?’ I hoped this would give me further understanding of the factors influencing the success of voluntary initiatives and codes of conduct in the global banana chain. And, as events unfolded during the three day conference, it became more evident that there were a number of factors influencing the effectiveness of codes implemented in the production process of the global supply chain for bananas. The key factors that emerged included:

- The corporate strategy, organisational structure and culture of the producer company
- The corporate social responsibility (CSR) principles of the supermarket retailer

The company philosophy, infrastructure and values needed to be considered when evaluating the function and effectiveness of labour codes of conduct. Based on the presentations, discussions and my observations at the conference, it appeared that codes were applied differently and had varied significance, dependent on the philosophy of the organisation (corporate strategy) and the type of organisation (the corporate structure). This consideration played a key role in determining the

fieldwork location, the plantations to visit and the banana companies/producers I would need to engage with.

5.2.2 *A Round of Retail Interviews*

Prior to and following the IBCII event in April 2005, I conducted a series of semi-structured interviews with representatives from all the major UK supermarket groups. I spoke with buyers, CSR representatives, supply chain executives and technical managers. This both helped me to prepare my thoughts before going to Brussels and enabled me to ask some searching questions following what I had heard at the conference. In general, the retail representatives were happy to speak of their policies on social responsibility, their commitments to labour codes of conduct and listen to what I had observed at the conference. However, it soon became evident that they were aggrieved at being held responsible for the poor conditions in the banana production chain, and some suggested that the major producers were accountable for such matters. Clearly each actor has their own perspective on the issue of equitable labour conditions in global supply chains, but the challenge for me would be to interpret the statements of my retail informants while remaining objective. I needed to suspend my understanding of retail buying and knowledge of supply chains, so that I would continue to scrutinise what I was being told and not be coerced into condoning the position of any one social actor in the banana supply chain.

5.2.3 *The Case Study Location*

Careful consideration was given to the suitability and the feasibility of carrying out the research in my chosen location (Hammersley and Atkinson 1995). But my decision was undoubtedly influenced by personal circumstances and contacts (Pollard 1985). The fieldwork location was selected on the advice of retail contacts, their suggested selection criteria being: (i) the country needed to be a major banana exporter to the UK, (ii) there would be fairly good access for potential respondents, and (iii) the location would be relatively safe on a personal level. Thus Ecuador and Columbia, Latin American countries that met conditions

(i) and (ii), but not the last consideration, were excluded in favour of Costa Rica, which met all three conditions for a trusted fieldwork location.

Figure 5.1 Map of the Republic of Costa Rica



Source: EIU, Economist Intelligence Unit 2005.

Costa Rica proved to be the correct decision for a number of reasons; first it is an appropriate location to conduct this form of study, second it is the third biggest exporter to the European market and all the major banana producers operate there, and third, it is considered relatively safe for a lone female researcher to conduct this kind of research. However, there was still the need to consider language and the fact that Spanish was the native tongue in Central America, which would require the use of translators and a requirement to acquire basic communication skills in another language and culture. For eighteen months prior to embarking on my field study trip I attended weekly Spanish classes and during my time in Costa Rica I sought out a personal tutor to help develop my language skills. This was critical, not only so I could live day-to-day in a location where little of my own native language was spoken, but more importantly so that I could connect and communicate with possible respondents both formally and informally. This was one of the trials and tribulations I had to face in choosing to conduct research in

another country and culture. One of the more physical tribulations was the climate, the constant humidity on the plantation and the accompanying animal life that such conditions bring, such as spiders and snakes on the plantations, and red-biting ants and cockroaches in my living quarters.

5.3 Fieldwork - An Expedition

The Second International Banana Conference was a 'jumping off platform' theoretically and heavily influenced the structure of my study and fieldwork. The conference took place in the early stages of my research project and provided a great opportunity for me to 'pick up' contacts and 'negotiate' access to the field. The design of a research project is intended to help situate the researcher in the empirical world by building the connections with specific locations, groups of individuals, institutions, and other bodies of relevant material (Denzin and Lincoln 2000). In many ways, the conference fulfilled these requirements. Whilst, I was still in the midst of drawing on my own retail experience to develop my ideas and contemplate the approach of the research study, I was compelled to consider the problems and concerns raised in this forum. The conference in many ways acted like a catalyst; it brought clarity to those questions I had asked myself regarding the 'ethical' supply chain. The issues and challenges being faced in the global banana chain resonated with my previous experience of retailing. As a retail buyer involved in the product sourcing process of fresh foods for a major supermarket group I was constantly mindful of trying to reach a fair agreement for all parties engaged in the supply chain. However, there were always market pressures: of being competitively priced, maintaining market share, and meeting sales targets and profit margins; *the bottom line*, which seemed to defy all best intentions. My experience as a retail consultant in a number of other major supermarket groups also confirmed the fact that there were many individuals trying to 'do the right thing', that is attempting to be equitable in their business practices. But somehow it seemed as if their efforts were often thwarted. It was with this experience in mind and the insights gained through the attendance at the IBCII event that I was spurred on to more fully explore the dynamics of the ethical trade dilemma.

Documents can be defined as social productions and important when an area of research is of immediate interest (May 2001). Being able to examine the CSR policy statements of the supermarkets and the producers, and their intended recipients was also an important first step in the research process. Documentary analysis both prepared the groundwork for my field study and supplemented the data I collected during my field trip. Prior to travelling to Costa Rica, I obtained company financial reports, government policy materials, social auditing criteria, union agreements and research studies conducted by a variety of actors interested in the implementation and monitoring of codes. The process of analysing these documents helped me develop my approach to the study and formulate a number of questions for the different groups of social actors engaged in the banana chain.

5.3.1 *The Nature of Fieldwork*

Bailey (1996: 1) states briefly that ‘field research is the systematic study of ordinary events and activities in the settings in which they occur’. To gain an understanding of an event, data needs to be collected; interacting and observing people can achieve this during the course of their daily lives, usually in self-contained settings such as workplaces (Maanen 1988). As noted by Maanen (1988) fieldwork usually means living with those who are studied over a lengthy period. My approach was somewhat different, mainly because I had not planned to conduct an ethnographic study. However, I needed to visit the location where the topic of interest – the banana production chain and the labour conditions therein – occurred, and this required me to spend two months conducting fieldwork. This gave an ethnographic dimension to my study. The term ethnography is often contested, but according to Hammersley and Atkinson (1995) ethnography may have several features which include a strong emphasis on exploring the nature of particular social phenomena rather than setting out to test hypotheses about them and the analysis of data involving explicit interpretation of the meanings and functions of human actions.

I visited Costa Rica from the 10th February to the 9th April 2006. For practical reasons, I was based in Heredia – a town in the central province of Costa Rica –

that was close to the National University as opposed to a banana town in the province of Limón. A few months prior to my trip to Costa Rica, a colleague of mine who is a native of Columbia suggested it may be best for me to have some sort of 'safety net' in a country where I knew no-one. Indeed, I was totally reliant on commitments made by company executives based in Europe and the US to guide me through the maze of contacts I would need to make on the ground. My colleague suggested writing to a number of academic institutions in Costa Rica to ask for their support in terms of providing the infrastructure of a desk, access to the internet for email and a phone from which I could contact my potential gatekeepers in the county. In exchange, I would offer to discuss my planned fieldwork and where possible share some of my research experience. After searching the world-wide-web, a number of academic institutions appeared to be a good match in terms of research interest. Thus with the help of my colleague, who helped me construct a letter of introduction in Spanish, I contacted the Director or Head of Research in a number of these institutions. I received an immediate response from the El Centro Internacional de Política Económica para el Desarrollo Sostenible (CINPE), the International Centre for Economic Policy for Sustainable Development of the National University based in Heredia, near the capital San José.

I had originally thought of creating a base for myself in the province of Limón, the main banana-producing locale, but I had been advised against it by my retail contacts. The majority of towns in the district are banana towns with few potential places for me to stay or work when not involved in farm visits and conducting interviews. Also there was the possibility of feeling more like an exile, or as Maanen (1988: 9) describes it a 'self-initiated exile' in the towns. The feeling of stepping into a culturally alien community did indeed concern me. Costa Rica is a well known holiday destination, famous for its rainforests and beautiful beaches, and considered a wonderful place to visit. But for me personally, not knowing anyone in the country made me feel quite isolated from the moment I arrived. I felt like an alien surrounded by strangers, watching my every move, attentive to those around me and ready to react to any strange

episodes or misfortune that may be bestowed upon me. As suggested by Maanen (1988) there is a strange sense of both excitement and fear when conducting fieldwork, and this is very much my experience.

However, I still spent periods in the banana locale. The distance from Heredia to Limón was such that I needed to stay over each time I visited the plantations. I made the journey to the Limón province five times in all, staying for two to three days on each occasion. During these periods, I was able to immerse myself in the social setting of a banana town and observe behaviour. I kept detailed fieldnotes and took a great number of photographs of the locale I was situated in and of the production activities I observed on the farms. I also kept a personal diary during my stay in Costa Rica, little 'memos to the self' to record my experiences and emotions (Denzin and Lincoln 2000: 3). I often refer to this when reviewing my data or contemplating what I observed whilst staying in the banana towns.

5.3.2 Securing Access in the Field

There is always a balance to be struck between the ease of access and potential difficulties when being directly sponsored by a gatekeeper (Hammersley and Atkinson 1995). Certainly, this was a matter I needed to consider in light of my connections to the supermarket buying fraternity and knowledge of the retail supplier base. In some ways, this could pose a problem, in that workers/respondents may not see me as independent of the companies: supermarkets and producers, and the social audit organisations. Yet, I felt a strong moral obligation to tell the workers' story. My field study was conducted in cooperation with two of the US-banana TNC producers, a wholesaler, and a small number of independent producers – all of whom supplied the major UK supermarket groups. I was unable to arrive unannounced on plantations, thus the farms visited were expectant of my visit and the purpose of my research. I had to provide in advance an abstract of my research interest, a summary of the questions I was likely to ask and written assurances that my research was purely for academic purposes only. All my correspondences with the farm were channelled through a local CSR or Compliance Manager and were written in both

English and Spanish. Fortunately, I had been made aware of these requirements before arriving in Costa Rica, and I was able to prepare most of these correspondences in advance. This proved to be very beneficial, as it allowed me to check and verify my translation with my Spanish-speaking colleague from Columbia.

5.3.3 *¿Hable español? : Do you speak Spanish?*

Prior to my field study trip, I undertook a programme of Spanish language courses, but I was not fluent in the language and required the assistance of translators to conduct my interviews. I accepted that this may create difficulties in terms of the barrier that this may create between me and the informant, and the way their testimony would be re-laid to me. The potential for a translator to re-interpret what was said was also troublesome because of the requirements for the delicate analysis of ‘talk’ which is not necessarily based on what is said or the interactive conversation (Hammersley and Atkinson 1995). The need to work closely with a translator, the social interaction, the requirement to make sure informants understood the differing roles of the researcher and the translator were all aspects of the research study that needed to be managed. However, the critical point for me was whose voice I would hear, that of the translator or the informant – who would be my respondent. Fortunately, I could follow and understand much of the conversation and was able to interject and clarify when I felt the translation was unclear or sketchy. Although I had completed an intense course of Spanish learning and continued with personal tutors during my stay in Costa Rica, the reality of living in another language and culture was very different to what I had expected. In order to reflect on the circumstances I found myself in, I also kept a personal diary during my visit to record my experiences, thoughts and emotions.

5.3.4 *Interviewing*

In order to secure respondents on the farms visited, all interviews with workers were conducted whenever possible in privacy and they were guaranteed anonymity. I employed a semi-structured interview approach following a list of questions I had prepared in both English and Spanish before leaving the UK (a

copy in English is provided in Appendix F). Some of these questions were amended during the interview process as experience of a few interviews taught me, especially communicating through translators, that the questions could be more precise. In addition, there were occasions when time with a worker was limited due to the work they were engaged in and I adopted a more open-question explorative approach to the interview. This method is considered effective in capturing work-experience (Cassell and Symon 1994). I chose semi-structured interviews to collect data because, as noted by others, this is a technique that allows for greater depth and expansion of the interview – the opportunity to probe an interviewee’s response (Hammersley and Atkinson 1995, Denzin and Lincoln 2000). I used funnel questions – open ended to more directed questions – which enabled me to work towards and more fully explore the key research questions (Hammersley and Atkinson 1995). However, as noted by Becker (1998) there can be inherent dangers with this process including the problem of respondents trying to second guess the researcher’s agenda and subsequently, presenting themselves as they want to be perceived.

Implicit in negotiating access to respondents is deciding on the type of methodology to use in the sampling process. The sampling process is often neglected in qualitative research, being seen as a ‘positivistic worry’ on the one hand, or a non-value added activity, due to the use of ‘non-probability methods’ on the other (Gobo 2004: 435). However, Gobo also concedes that qualitative research does not need to sample or consider serious sampling issues based on the fact that most theoretically significant and important studies in field research are based on ‘opportunistic samples’. The process of selecting respondents to interview on the farms I visited is best described as creating a purposive sample. On each farm, I sought to interview a representative number of field workers and packhouse operators, at least one permanent committee member (workers’ representative) and at least two representatives of management (supervisor and/or farm administrator). I also attempted to balance the number of male and female workers I spoke to, but this was somewhat influenced by the gender split on the farm – men work mostly in the field and women in the packhouse. I also

attempted to interview workers that were union members, but this proved virtually impossible as I was constantly told on each farm I visited that there were no such workers. However, I did on occasions through casually chatting to workers find there were individuals who in the past had been members of the local union. This provided me with an opportunity to explore the reasons why that worker was no longer affiliated to a union.

5.3.5 Focus Groups

In addition to interviewing respondents in the workplace, I conducted three focus groups away from the plantation. Audit groups to assess workplace practices use focus groups (SAI 2005) and it seemed an appropriate method for me to employ to collect data. The method is different from group interviewing as focus groups depend on interaction between the participants within the group. Of course, there is the danger of the situation being contrived and artificial, and in my case, there was the problem of stopping the discussion intermittently to allow for translation. However, there are also benefits associated with this method:

- 1) The opportunity to gain several perspectives on the same topic
- 2) The possibility of observing people's shared understanding of a situation
- 3) The way individuals are influenced by others in a group situation

However, there is the wider concern of whether the viewpoints garnered in this sort of situation are more a reflection of group dynamics, than the reality on the ground. The focus groups were organised in collaboration with a local union representative, who invited banana workers to come and discuss their working conditions in meeting rooms in the local union office and community centre. In many cases it proved difficult to ascertain which farms the participants came from, as some displayed a degree of anxiety when asked to name the farms they worked on or who their employer was. This was unfortunate, but more so was the imbalance of gender (mostly male workers attended) and the fact that most of the participants were harvest workers. Compared to the interviewing process the ratio between field workers and packhouse operators was therefore not so balanced. However, the selection process of respondents in this instance was

outside of my control, albeit I had directed the union representative in terms of the required numbers and experience of potential participants.

5.3.6 *Other Social Actors*

Whilst in Costa Rica, I also conducted interviews with other social actors involved in the banana chain. I met with a number of CSR, technical and regional managers of the major TNC producers, a regional union coordinator (COLSIBA), a local union official (SITRAP), a representative from a local NGO (ASPEROLA), social accounting auditors (Rainforest Alliance) and officials from the country's National Banana Corporation (CORBANA). These other interviews provided new voices and perspectives to the debate on labour conditions on banana plantations. I was able to arrange some of these interviews prior to my visit following the discussions I had and the contacts made during the IBCII event in April 2005. Indeed, union officials from COLSIBA who I met at the conference were particularly keen for me to contact them when I was due to complete my field study. They seemed concerned that I would "see the real thing", stating that I "must visit independent plantations [because] the companies all say one thing, but it is very different on the ground, the only way is to see it" (Conversation COLSIBA Representatives, April 2005). Other contacts, however, were made one-by-one through recommendations and referrals when in the country. There was an element of luck to meeting these informants because I was attempting to 'connect the dots' in a somewhat complex and sometimes not very open network (Freidberg 2004).

5.3.7 *Final Phase of Data Collection*

On my return to the UK, I had a mass of interview and focus group transcripts, a number of taped conversations and a variety of documents to analyse. One of the first tasks was to try and synthesise what I had learned of the banana commodity chain and the labour conditions therein. During this process I revisited my earlier interview transcripts with retailers and found myself speaking again to a number of retail colleagues. I also discussed with some of the producer companies the data I had collected and my experience in Costa Rica. This was a way for me to

reflect on what I had observed and to clarify some of the details. During this period I also met with other social actors, including a representative of the Ethical Trade Initiative, a campaign director from Banana Link and a representative of the IUF.

In Costa Rica I had seen the bananas shipped out of Port Limón, but I had yet to see them arrive in their appointed destination. My final overseas visit was to Antwerp, the biggest banana port in the world, to see the ripening process and observe how this delicate fruit survived its journey. Antwerp is the first European destination for the majority of bananas, from where they are quality checked, ripened and transported either by road or sea to their final market. I had managed to trace every link in a global banana supply, apart that is from taking a passage on board a banana boat, spoken to a variety of social actors involved in the process, and was beginning to understand the issues surrounding voluntary labour initiatives in the sector.

5.4 Analytical Criteria

One of the early challenges when embarking upon a research study is to determine the analytical framework in which to evaluate the findings of an investigation. As noted in Chapter Four, there are a number of approaches which are helpful in evaluating inter-firm relations and the different roles of social actors in global supply chains. However, following the lead of many other researchers in similar circumstances (Dolan and Humphrey 2000, Murray and Reynolds 2000, Hale and Opondo 2005), I decided to draw on Gereffi's (1994, 1999) GCC model, and Gereffi and his colleagues' (2005) GVC framework. This is largely because other theoretical concepts would distract from the acute level of control exercised by UK supermarket buyers in global supply chains and thus prove less appropriate to the research interest. Control, which is evidenced by the constant downward pressure on producers to reduce their selling costs to enable the on-going price reduction of bananas in the supermarket (Field notes, Feb-April 2006). The GCC model and GVC framework are ideal for conceptualising patterns of control in the banana chain, which is highly characteristic of a buyer-

driven chain, but which also has producer-driven characteristics. This approach allows for an exploration of the power dynamics between the two ends of the global banana supply chain. In this way it is hoped, a better understanding will be developed of the impact 'buyers' have on the labour conditions of workers, whilst recognising the dominant role of the TNC producers in the chain.

My analysis draws on interview data, on-site observations, published reports, and has been ongoing throughout my research, which loosely lends itself to the model of Grounded Theory. This is a general methodology for developing theory that is grounded in data systematically gathered and analysed (Strauss and Corbin 1998). The approach refers to theory, then data and back to theory, which in a cyclical way produces inductive research that incorporates deductive reasoning to regulate the theoretical perspective (Glaser and Strauss 1967). In terms of making sense of the data collected and the events witnessed, distinguishing between the data and their meaning, I developed a number of themes and grouped the data accordingly. Through the process of coding, fragments of data have been brought together in relation to the particular themes. At first, I coded the data manually but then used the qualitative software NVivo. The coding process represents the decisive link between the original raw data: interview and focus group transcripts and the theoretical concepts employed in the research (Seidel and Kelle 1995). Exploring the linkages between the data categories and the theoretical ideas in this way, helps clarify what the data is saying (Coffey and Atkinson 1996) and provides the opportunity to interpret and reflect on the information (Miles and Huberman 1994). The concepts considered during the process of coding in this instance are: the *driven-ness* of the chain and the types of *relationship* between worker and the various actors in the global banana supply chain. The very notion that such relationships have a bearing on the working conditions for labour in the chain was a key consideration during the review of academic literature appertaining to labour governance and the subsequent development of research questions for this study.

The issue of sampling emerges at different points in the research process. It is connected to the decision of who to interview, the interview data that is to be transcribed and interpreted (material sampling), and finally it is connected to the selection of text used to illustrate findings (presentational sampling) (Flick 1998). Following Flick's exemplar of *doing* good qualitative research I transcribed all interviews, categorised the data according to the themes identified and presented the most pertinent extracts. In this way, I have attempted to describe, analyse and explain the social phenomena I observed.

5.4.1 *Validity*

I visited twelve farms in total during my fieldwork study and conducted a number of interviews with workers (72), supervisors (11) and farm administrators (5). This is a small proportion of respondents compared to the number employed in the banana sector, and thus the study cannot be considered representative of the situation of banana farming in Costa Rica. However, based on the analysis conducted I believe it is possible to ascertain the way in which codes of conduct are generally considered by workers. Also, the testimony from other respondents during this phase (producer technical managers, union officials, NGO representatives, social auditors, and government officials), together with that previously collected (supermarket representatives and producer representatives), and subsequently (global union representative, producer representative and code authority representative) does help to show the accumulative effect of codes in terms of influencing labour conditions on banana plantations.

5.4.2 *Independence and Objectivity – the Reflexive Self*

I was employed in the retail sector one way or another, for nearly twenty years, and I have a degree of insight and understanding of the food retailing industry. However, I also have a great deal of 'baggage', bias or whatever one uses to describe a situation where one has a long history of being in one camp or part of a particular group of 'actors' in the social world. I began my retailing career as a graduate trainee following a temporary Christmas job on the sales floor, stacking shelves. I had become enamoured with the pace and buzz of the retail operation,

it was truly dynamic from the supply logistics that provided the store with product through to the brand marketing and sales activity. I spent six years of my early career in the retail operations part of the business being promoted through the management ranks, until I completed a company sponsored masters in business administration and was promoted to take a position in the company head office. I moved into the commercial division of the company, and undertook a number of buying and marketing roles. As a buyer, I was responsible for developing new products as well as sourcing existing products in a category range, which meant a large proportion of time was spent engaging and developing relationships with suppliers and producers. It was at this point in my career that I fully appreciated the commercial challenges of ethical sourcing. The difficulty that a supermarket buyer has to face, managing to buy at a price that meets the product criteria: guaranteed quality and supply, with the financial criteria: target margin based on competitive market price, whilst at the same time paying an equitable price to the supplier/producer.

Followed a considerable time in 'front-line' retailing, I became a consultant advising both retailers and suppliers how to build trading partnerships, how to work together, and how to be socially responsible in their global supply chains. As a consultant, I was experienced at observing the impact of multinational corporations on societal conditions and I was able to advise how the more negative impacts could be averted. However, due to my commercial understanding of the situation, I was always cognisant of the 'bottom line'. This was problematic for me, because it implied there would always be a natural business limit to which companies would go regardless of how appalling the conditions were in the supply chain or how exploited workers may be. The dilemma facing companies of how to be socially responsible while trying to maximise shareholder profits intrigued me. I wondered if it was possible to maintain equitable conditions for workers through self-regulation in a market. And, whether the chief proponents of the market could achieve this: supermarkets and suppliers/producers. Or, was the only way forward some form of inter-governmental regulation? This was where my interest to examine the labour

conditions in global supply chains originated. Thus, prior to commencing the research study, I had some ideas of what the main themes of the thesis would be and the sort of questions I felt needed to be answered. In many respects, my retail experience helped to contextualise my research.

Hammersley and Atkinson (1995) describe the construction of different 'selves' when conducting research and the dilemma of a *double identity* – the insider and the researcher. I had the self-assurance that came from knowledge of the retailing industry and a technical understanding of supply chains to embark upon the research journey. Nevertheless, I had to acknowledge that my biggest challenge would be impartiality, the ability to suspend my own understanding – an insider's knowledge – that may lead to an acceptance of certain conditions. This would be critical if I was to ensure equal commitment to gaining the views and perspectives of all social actors engaged in the chain. However, the fact that I had a conceptual understanding of the subject did enable greater access to those respondents willing to discuss the issues, and support my research study. During the IBCII event in particular, there was a snowballing effect – the referral from one potential respondent to the next. The fact that I had a buying background was actually seen as an advantage by some union officials and NGO representatives I met. They considered I would be able to quickly recognise the problems in the chain and be under no illusion as to the role of the supermarket groups in this regard.

However, there is also the 'self' in the field, an element of 'self' presentation which is personal and emotional (Coffey 1999). On the suggestion of industry colleagues experienced in visiting banana plantations, I made the decision to wear a wedding ring and present myself in the field as a *Senora*, a married woman. I was advised that this action would ensure the respect of male workers and acceptance by female workers. On my first farm visit, I discovered that no other jewellery apart from a wedding band was permitted to be worn (due to health and safety procedures). Thus, without the need for verbal confirmation all the people I encountered automatically referred to me as *Senora*. I felt a degree of

discomfort presenting myself in this way and questioned my own integrity in doing so. Yet I was assured this course of action was for my own wellbeing, as I was stepping into a somewhat chauvinistic and differently constructed society from that which I was used to – my Northern European experience. This was the first indication that I would be required to adapt my personal as opposed to my professional behaviour in order to conduct fieldwork in another cultural setting (Devereux and Hoddinott 1992).

5.5 Ethics

There are three main issues which are frequently raised in relation to ‘ethics’ in research; informed consent, confidentiality and trust (Ryen 2004). Ethical guidelines concerning anonymity, confidentiality and privacy endorsed by the British Sociological Association have been adhered to in this research. However, as noted by Burgess (1984: 193) ethical statements ‘do not come to terms with the relations between researcher and researched’ and there are often hurdles which are not covered within ethical guidelines. In this regard, the process of ethical consideration necessitates awareness on the part of the researcher, which extends beyond knowledge of and adherence to the statements of ethical practice (Burgess 1984). The ethical considerations associated with this research relate primarily to securing the anonymity of the participants and ensuring confidentiality. Anonymity and confidentiality are very important when interviewing respondents whose answers and beliefs may have an impact on their identity and threaten their livelihood. In addition, anonymity is held to pose particular problems for analysis of qualitative data in the context of interviewing particular groups of social actors in a community that is limited and closely knit.

This is problematic in the banana exporting chain, as there are a limited number of actors at both ends of the chain, both the supermarket and producer organisations are described as operating in oligopolistic markets. Problems exist for all potential respondents; a buyer in a supermarket will not necessarily wish to be identified by particular statements, and banana workers may feel vulnerable if they are recognised by their testimony or their views have been shared with their

supervisor. Protecting informant's identity and honouring commitments not to attribute their comments or express their views to their employer was important to me; it was a matter of trust. As noted by Lefkowitz (2003), trust lies at the heart of research, and all engagement in the procedural pursuit is reliant upon it.

One of the key ethical concerns that has arisen from this research study has been the securing of anonymity for respondents and participants. There has also been an issue regarding the naming of the farms where workers are employed. Thus, for referencing purposes I have employed a coding system, whereby a series of letters and numbers identifies the worker, the job activity the worker is assigned to, and the farm where the worker is employed. Only the author knows the basis of this system, however a summary of the coding principles are included in Appendix G. This approach has also been used for other respondents and participants involved in the research study, who requested complete anonymity and confidentiality. Some respondents agreed that their testimony could be attributed and where their comments have been used in the thesis, they are acknowledged.

5.6 Conclusion

In this chapter, I have described the qualitative methodological approach undertaken in the research study. The data and respondents' testimony presented in Chapter Seven to Chapter Nine, reflects this approach. The chapter also makes explicit the role of the researcher and the adoption of certain personas during the research process. A gradual development from an insider position to that of the researcher – an external position – and hopefully one less subjective, took place. However, there are huge advantages to knowing a research area before hand, in-depth knowledge of a situation can actually help the research process (engagement with potential respondents and conducting interviews).

As discussed earlier in the chapter, the research is multi-method and the methodology employed for collecting data has largely depended on semi-structured interviews, focus groups and observation. The observations and reflections made during the IBCII event in April 2005 helped me prepare for the

experience of conducting fieldwork in Costa Rica. However, there were also times when I visited a banana farm when I could simply observe and reflect what was going on around me. Decisions made about what to present as empirical material were made in both the collection and interpretation stages of the methodological process. There were times, during these stages, when I had a sense of what was the best data to include. There were also moments when I began to group similar type comments/testimony/issues from the various sources of data. The data was then analysed and framed through a sociological perspective.

Chapter Six

The Republic of Costa Rica

Introduction

There are a number of dimensions to the story of the banana and its emergence as one of the world's key staple products. Costa Rica has played a significant part in this development and continues to play a major role in the global banana trade today. After Ecuador and Columbia, Costa Rica is the third largest producer of bananas for the export market (FAOSTAT 2006). The country depends on this production, both to generate foreign currencies and employment. Thus, the state has an important part to play in maintaining the competitiveness of its banana industry and as the history of the country shows, its support of both the coffee and banana elites has been continuous and substantial. The argument presented in this chapter is that the state's development of agrarian policy and engagement with commercial enterprise has helped shape the banana industry and to some extent has impacted on the way the US-banana TNC producers conduct their business today.

Costa Rica is a small country measuring 51,100 square kilometres. It lies between Nicaragua to the North and Panama to the South, and borders the Caribbean Sea and the Pacific Ocean (CIA 2007). The population was an estimated 4,133,884 in July 2007 (World Bank 2007). The country has fertile soil, adequate rain pattern, and a mild sub-tropical climate, which makes the country well suited to agriculture (Mesa-Lago 2000). Costa Rican society appears to be culturally and linguistically homogenous with Spanish as the only spoken language (Mesa-Lago 2000). The main ethnic group is white (including mestizos) at 94 percent (CIA 2007). However, the country's orderly and stable political nature and comprehensive social security programme have long attracted poorer neighbours and immigration from nearby countries in turmoil (Wilson 1998, Mahoney 2001). Costa Rica is one of the few countries in the region that has experienced a pluralistic democracy, free elections, a peaceful transition of power between presidents and parties with divergent ideologies, and a reasonable

degree of political stability, if the brief interlude of the 1948 uprising is set in context (Booth 1998, Seligson 2002, Bulmer-Thomas 2003). Costa Ricans, Ticos as they are known, cherish their heritage by proclaiming their historical tradition as a stable society, with a high rate of literacy and democratic institutions (Bell 1971). As noted by Ameringer (1982) the Ticos' faith in education and distrust of militarism is essential to the country's democracy, as the nation was founded on the principle that the people were sovereign and the chief purpose of government was to educate the populace to enable them to participate in the affairs of state. Indeed, the self-described Switzerland of the Americas is an example of how Costa Rica affirms its democratic principles and political neutrality, whilst alluding to its mountainous geography (Booth 1998).

Modern Costa Rica's stable economy depends on tourism, and the export of agricultural commodities (chiefly coffee, bananas and pineapples), electronic products and medical equipment (CIA 2007). Poverty has been substantially reduced over the past 15 years, and a strong system of social welfare is in place (Sandbrook *et al.* 2007). Costa Rica's political stability and high education levels attract foreign investors, and the country's emphasis on tourism and export markets continues to bring in foreign exchange (Sandbrook *et al.* 2007). In 2006, its key export partners included the US (29.1 percent), the Netherlands (13 percent), China (12.5 percent) and the UK (6.6 percent) (CIA 2007). Costa Rica has a long history of state involvement in economic and social development, and its democratic rule is in stark contrast to the political instability and economic strife of the surrounding region (Booth 1998, Bulmer-Thomas 2003). The country's chosen route of socio-economic reform has also resulted in much higher social indicators than in many other countries in the developing world and highlights Costa Rica's distinctiveness (Wilson 1998). The United Nations Development Programme (UNDP) now includes Costa Rica (ranked forty-seventh worldwide) amongst those countries with 'high human development'. In 2003, the country's adult literacy rate was 95.8 percent, and life expectancy at birth was 78.2 years compared with that of 77.4 years in the United States (UNDP 2005).

6.1 The Birth of a Republic

Christopher Columbus landed on the east coast of Costa Rica in 1502, known today as Puerto Limón (Booth 1998). However, Costa Rica was a 'backwater' in Spain's American Colonial Empire and attracted only a small number of Spanish settlers, who were mainly of minor and untitled nobility (Booth 1998, Sandbrook *et al.* 2007). Because of the isolation of the country, in-migration was slow (Booth 1998), and by the beginning of the seventeenth century it was 'a poor, empty, isolated and marginal colony' (Molina and Palmer 1998: 27). The Spanish optimistically named the country Costa Rica, the *Rich Coast*, but on finding little gold and few precious metals the Spanish turned to agriculture (Booth 1998). The country adopted a form of agrarian democracy, with families living an isolated life working their own land (Bell 1971). The difficult process of clearing the country's extensive forests and the small dispersed indigenous population were factors that initially saved the country from the Spanish *encomienda* (land allocation) and the exploitative *hacienda* system (land tenancy). By the latter half of the seventeenth century, colonists with a considerable degree of personal wealth arrived in the country and were granted the right by the Spanish Crown to parcel up the land and establish a system of bonded labour in an effort to encourage the cultivation of cacao and tobacco (Booth 1998, Wilson 1998, Mesa-Lago 2000). Thus, the commercial success of agricultural production was made possible by the exploitation of the surviving indigenous people¹³ and an imported black slave labour force from nearby islands in the Caribbean (Booth 1998, Molina and Palmer 1998).

However, unlike the US, slaves had opportunities to purchase their liberty and the early part of the eighteenth century was a period of increased racial mixture made up of *mestizos* (mixed race) and white descendants of impoverished colonialists (Molina and Palmer 1998). The elites in Costa Rica – the principle families who could trace their lineage to the conquistadors – controlled the cattle ranches in the North and the cacao growing areas of the Central Meseta, monopolising wholesale and retail trade, and dominating civil, military and ecclesiastical posts (Booth 1998, Molina and Palmer 1998). The isolation of the country gave this

¹³ The indigenous population, not large to begin with, were much reduced by European diseases in the early days of colonialism (Sandbrook *et al.* 2007).

elite group the opportunity of self government and the country's low levels of economic differentiation (compared to neighbouring Spanish colonies) helped contribute to the development of a social-democratic ideology in Costa Rica (Booth 1998, Cruz 2005, Sandbrook *et al.* 2007). After a short period of rule by the Central American Federation, which was formed in 1821 following the demise of Spanish colonial authority, the country declared its sovereignty in 1838 (Bell 1971, Booth 1998). Upon its independence, Costa Rica was faced with the challenge of creating an appropriate political system for an emerging freethinking society and a developing export market. Costa Rica was less of a country and more of a territory ruled by four affiliated, but rival municipal governments located in the Central Meseta (plateau) of the country (Molina and Palmer 1998). After independence there was much jostling for power, but ultimately San José, the centre of agrarian capitalism, emerged as the city of political pre-eminence to become the capital of the newly formed Republic in 1848 (Bell 1971, Molina and Palmer 1998). Quite importantly, the sporadic battles between rival towns had not resulted in the development of a professionalized army and the country managed to avoid the lengthy and prolonged wars of other Latin American countries following independence (Bulmer-Thomas 1987, Booth 1998). The leadership of the capital helped to determine Costa Rica's future, its urban culture together with the disposition of the coffee elite, and the influence of immigrants from Europe helped the country's merchants and professionals embrace Enlightenment and Liberalism, albeit more in the capitalist than socialist version (Molina and Palmer 1998, Mahoney 2001).

For nineteenth century Liberals, progress meant material advancement and a market economy – the political elites in Costa Rica put their faith in a vigorous export economy (Langley and Schoonover 1995, Mahoney 2001). The country's transition to capitalism was chiefly through the expansion of the coffee export market and the privatisation of land for growing it. A decree passed in 1831 granted ownership of state lands to anyone who had cultivated coffee on those lands for a period of five years (Seligson 1977, Mahoney 2001). From the initial privatisation of common lands, a preference was given to farmers who already occupied a particular plot, and the government encouraged small growers to develop the land as opposed to privileging large estates, which helped minimise

the influence of a reactionary landlord class. The expansion in coffee cultivation created a coffee region that spread across the principal urban populated centres and created a national system of agrarian relations in which small farms predominated (Mahoney 2001, Sandbrook *et al.* 2007). As coffee became the major export crop, the coffee elite became a dominant political force (Mesa-Lago 2000, Bulmer-Thomas 2003). The coffee oligarchy constituted an 'elite' due to their control over the commercial aspects of coffee production, such as financing, processing and marketing (Mahoney 2001). In post-colonial Costa Rica there was relatively widespread access to land, so the coffee elite depended less on land ownership for superior status than on other intermediary activities in the coffee commodity chain¹⁴ (Sandbrook *et al.* 2007). Coffee, the *golden bean* as it became known, experienced a dramatic expansion during the mid-nineteenth century and helped to consolidate the country's foreign exchange. Between 1850 and 1890, coffee accounted for nearly 90 percent of the value of the country's exports (Bulmer-Thomas 1987, Molina and Palmer 1998). The golden bean made Costa Rica the wealthiest country in the region, but its pre-eminence as the most important contributor to exports was soon challenged by bananas. Ironically, the beginning of banana cultivation in Costa Rica was an indirect outgrowth of the coffee economy (Enloe 1989, Wilson 1998).

During the 1870s, the Costa Rican government commissioned the building of a railroad from the port of Limón on the Atlantic coast to the coffee-growing regions in the Central Meseta, near the capital of San José (Wilson 1998). Coffee, as a highland crop, could not be grown in the damp coastal lowlands where access to shipping was easier, but the government hoped the railway would reduce both the cost and time taken to transport the crop to its principal markets in Europe (Wilson 1998). Initially, attempts to raise the necessary funds through British financial institutions proved difficult, but railroad fever was high and with loans secured from London, the government pushed ahead (Seligson 1977). However, problems in the construction process caused a delay and in 1883, the government approached Minor Cooper Keith, an American entrepreneur, to finish the railroad (Wilson 1998, Chapman 2007). Keith renegotiated the English debt and

¹⁴ Even though some members of the coffee elite owned large farms, most of their wealth came from the processing and exporting of the crop (Sandbrook *et al.* 2007).

completed the project in exchange for a ninety-nine year lease on the railway and port facilities, and ownership of 800,000 acres of land (nearly 7 percent of the national territory) along the route of the railroad (Molina and Palmer 1998, Wilson 1998). The land was used to cultivate bananas, both as a means of feeding workers employed to build the new railroad and to offset the costs of running it (Enloe 1989, Bulmer-Thomas 2003). Keith realised that the survival of the railroad depended on a continuous supply of cargo, which the seasonal crop of coffee could not provide. Keith's operation, which became part of the United Fruit Company, proved to be the mainstay of a foreign-owned banana monopoly in Costa Rica until the mid-1950s (Seligson 1977, Chapman 2007).

The government's role in financing and commissioning the infrastructure to support coffee exports was an early sign of the government's interest in the commercial affairs of the country (Seligson 1977, Wilson 1998). Banana farming combined with coffee production transformed the country into a capitalist economy (Seligson 1977, Molina and Palmer 1998). Unlike its neighbours, Costa Rica did not have the entrenched landed elite, which a semi-feudal peasantry locked into servile labour might revolt against, but the introduction of the plantation system in both coffee and bananas increased the levels of waged-labour and helped foster inequality in the country (Seligson 1977, Wilson 1998, Mahoney 2001). This was particularly pronounced in the Limón province, where thousands of migrants from Jamaica, the work force imported to build the railway, were subsequently employed on banana plantations (Seligson 1977).

6.2 The Beginnings of a Democracy

During the early-nineteenth century, a number of successive governments professed a 'laissez-faire ideology', a free market regime, and did not intervene too much in economic and social affairs (Mesa-Lago 2000). However, this policy changed during the later period of the century, when a more Europhile elite class sought to construct a modern state in Costa Rica. This new elite was made up of coffee processors, bankers, successful professionals, and individuals with commercial interests linked to foreign capital (Bell 1971, Sandbrook *et al.* 2007). Unlike other countries in the region, there was a gradual shift towards the liberal reformist tradition that would ultimately enhance the role of the state in Costa

Rica. The changes in the economic and social structure of the country are best described in terms of three key reform movements – in 1885-9, 1940-44 and 1948-9 (Bell 1971, Bulmer-Thomas 1987, Mesa-Lago 2000, Mahoney 2001).

6.2.1 *First Movement of Economic and Social Reform*

The first wave of economic and social change came during the years 1885-9, with a series of reforms introduced by a self-declared liberal government (Mesa-Lago 2000). The aim of the government was to represent the nation as racially white, despite the presence of mixed-origin people (Sandbrook *et al.* 2007). The country's small population made it a net importer of labour since the advent of export agriculture in the 1840s and immigration became a focus of elite anxieties concerning the degeneration of the 'white' Costa Rican race (Wiley 1995). Such anxiety acted as a catalyst for laws limiting 'undesirable' immigration and a strong state commitment to education and public health. Together, it was hoped these laws would increase the supply of 'white' migrant labour and negate the need for Chinese and West Indian immigrants (Sandbrook *et al.* 2007). A series of educational reforms were introduced, including universal primary schooling (for both boys and girls), the introduction of secondary schools and the payment of teachers out of the fiscal budget (Wilson 1998, Mesa-Lago 2000). Education had always been the preserve of the rich, but the professional class, recognising the benefits of their own experience, helped establish a universal education that would make Costa Rica an 'exemplary nation in Latin America' (Bell 1971: 7). These educational reforms contributed to the consolidating notions of a nation, citizenship, entitlement and rights (Sandbrook *et al.* 2007). Also there were the first signs of demilitarisation, as reductions in the military budget were introduced during the period (Mesa-Lago 2000).

6.2.2 *Second Movement of Economic and Social Reform*

The second period of economic and social reform was more significant, because it signalled a break away from the more conservative elites in the country. The standard bases of conservative support – the church, colonial institutions and traditional landed gentry – had been conspicuously absent in Costa Rica, making way for the coffee barons (los cafetaleros as they were known) to defend the conservative cause (Stone 1971, Mahoney 2001). Costa Rican society had been

marked by the inclusion of most social groups, which was unusual for Latin America (Bulmer-Thomas 1987). Nevertheless, by 1920, a new elite group emerged, based on the 'accumulation of capital' and this heralded an era of greater inequality in the country (Bell 1971, Wilson 1998). At the beginning of the twentieth century, Costa Rica was an agrarian country – a primary goods producer for the international economy – but still a country almost exclusively dependent on coffee and banana exports, as both accounted for more than 85 percent of export earnings (Wilson 1998). The vast majority of these exports were destined for just two markets, 42 percent to the UK and 50 percent to the United States (Bulmer-Thomas 1987). By the time of the Great Depression in the 1930s, both employment and government revenues (which largely came from export taxes) were affected by a plunge in the world prices of Costa Rica's agricultural exports (Mesa-Lago 2000). For the most part, workers in agricultural production were not well organised, but with rising unemployment and the deterioration of economic and social conditions, labour unrest followed (Mesa-Lago 2000).

The banana industry's high labour requirement in a largely uninhabited area had encouraged the development of a separate labour market on the Atlantic coast, consisting mainly of English speaking Jamaicans. Banana workers were non-peasant agricultural workers, mainly non-white and concentrated in one location working for a single employer, which created further alienation (Wilson 1998). These characteristics, together with the decline in production during the 1930s, led to the organisation of labour in the banana sector and a number of confrontations erupted between farm workers and the US-owned banana companies (Wilson 1998, Mesa-Lago 2000). By this time, other US financed producers, including the Standard Fruit Company had joined the United Fruit Company (Roche 1998, Myers 2004). Up until now, political parties, an integral part of any functioning democracy, were chiefly personalised electoral vehicles designed to promote contending leaders from the coffee elite¹⁵ as the President of the country, as opposed to ideologically based organisations. There were two exceptions, the Reform Party (Partido Reformista) founded in 1921, and the

¹⁵ There were a number of intra-class divisions within the coffee elite, with opposing factions routinely ignoring electoral rules and fighting each other for control of the government (Mahoney 2001).

Communist Workers and Peasants Block (Bloque de Obreros y Campesinos) founded in 1931 (Wilson 1998, Cruz 2005). In response to the poor working conditions on banana plantations and the deteriorating economic situation caused by the 1930s Depression, the newly founded Bloque de Obreros y Campesinos set about organising banana workers on the Atlantic coast. In 1934, the unions' 10,000 banana workers called a strike against the United Fruit Company (UFC), one of the biggest strikes ever seen in Latin America against a US company (Seligson 1980, Wilson 1998, Cruz 2005). After several weeks, the government was forced to intervene and the strikers won 'significant concessions' (Seligson 1980: 68).

The election of Rafael Ángel Calderón Guardia to the presidency in 1940, led to a break with the new liberal elite. Calderón had developed 'sensitivity' to the 'social question' during his medical training at Catholic universities in Belgium (Wilson 1998, Mesa-Lago 2000). He believed that Christian-inspired social reform was the "only formula to harmonise the conflicting interests of capital and labor" (Calderón, quoted in Rosenberg 1981: 279). In 1941, Calderón introduced far-reaching reforms including a wide ranging social security system (unemployment, health, accident and pension benefits), an eight hour workday, workers' freedom to organise, mandatory collective bargaining, a government regulated minimum wage, land distribution, and the creation of the public Costa Rica National University (Wilson 1998, Mesa-Lago 2000). In 1942, Calderón amended the 1871 Constitution to include these reforms as *Social Guarantees*, which together with the enactment of the Labour Code in the following year, substantially expanded the role of the state (Bell 1971, Mesa-Lago 2000). The 1943 Labour Code provided for a Labour Ministry to oversee the rights of labour, which included collective bargaining, protection against arbitrary dismissal and the right to organise and strike (Bell 1971, Wilson 1998). The right to organise included both the provision for trade unions and 'permanent worker committees'. However, the right to strike came with some stringent conditions, requiring 60 percent of workers to sign a petition, register their names with a labour judge, and then agree to forty-five days of mediation before taking any action (Fruendt 1998).

The reforms were achieved with the aid of the new archbishop of San José, Monsignor Víctor Manuel Sanabria Martínez, a noted labour and social reformer, and the Communist Popular Vanguard Party (Partido Vanguardia Popular: PVP), which changed its name from the Bloque de Obreros y Campesinos in 1943 (Bell 1971, Wilson 1998, Cruz 2005). It was commonly agreed that the pressure for political, social and economic change was identified with the communists and not Calderón's National Republican Party (Partido Republicano Nacional: PRN) (Wilson 1998). Calderón therefore needed to develop an unusually broad coalition, including the more conservative coffee elite (the landowning growers), to ensure his programme of reform was implemented. Despite the agreed consensus, the programme quickly came under attack (Bell 1971, Wilson 1998). But according to Wilson (1998), the legislation did in some ways influence the growth of syndicalism (unionism), because workers became more aware of their rights. In 1943, the Communist PVP with the help of Monsignor Sanabria formed the Costa Rican Confederation of Workers (Confederación Costarricense de Trabajadores Rerum Novarum: CCTRN) (Bell 1971, Wilson 1998). Wilson (1998) suggests the church became involved in organising labour in this way to help limit communist influence. The political elites feared fascism in the world and communism at home, which was considered threatening to the moderate and peaceful nature of the country and their privileges (Cruz 2005).

Calderón's antifascist stance and by extension, his declaration of war on Germany, proved problematic since coffee exporters traded heavily with Germany and were dependent on German nationals for export financing (Cruz 2005). The country's trading position was also exacerbated by the commandeering of banana boats during the Second World War for the shipment of essential provisions and military supplies to Europe (Roche 1998). The country experienced an economic crisis and the government faced mounting criticism from a number of diverse groups (Booth 1998). Opposition manifested itself in two groups: the Centre for the Study of National Problems (Centro para el Estudio de los Problemas Nacionales: CEPN, also known as El Centro) and Democratic Action (Acción Democrática: AD) (Wilson 1998). Following the fraudulent election of Teodoro Picado Michalski (the *calderonista*-Catholic-Communist alliance backed candidate) as president in 1944, El Centro joined

forces with Acción Democrática (Bell 1971, Wilson 1998). A coffee grower and leading figure in Acción Democrática, José Figueres Ferrer had originally supported the introduction of progressive social policies, but became concerned with the growth of the radical left. With a number of other so-called social democrats, Figueres planned an armed insurrection (Wilson 1998, Sandbrook *et al.* 2007). Opposition to Calderón and Picado operated on a broad front, it comprised the National Union Party (Partido Unión Nacional: PUN) who wished to protect smallholding coffee producers, the new elite who wanted to eliminate the Social Guarantees, and the Social Democratic Party (Partido Social Democrática: PSD) who wanted greater social reform (Bell 1971, Ameringer 1982, Wilson 1998). Somewhat ironically, the most ardent supporters of the Calderonista government were the pro-communist banana workers from the remote lowland coastal regions (Sandbrook *et al.* 2007). Figueres began planning with other dissenters to use military power to replace the National Republican Party with a *Second Republic* (Wilson 1998). In 1948, Otilio Ulate Blanco the PUN presidential candidate and a member of the coffee elite, defeated Calderón's bid to return to the presidency, but the calderonista-controlled congress refused to certify the results. The disputed electoral result prompted Figueres into a victorious revolt and the government was overthrown (Bell 1971, Booth 1998).

6.2.3 *Third Movement of Economic and Social Reform*

The third movement of economic and social change began with an armed uprising in 1948 and continued with a stream of political reform over the following decade (Bell 1971, Mesa-Lago 2000). The revolt of 1948 resulted in a forty-day conflict and an 'extended search for a viable government in a nation whose society had grown beyond its traditional institutional structure' (Bell 1971: 4). The tradition of a democratic and peaceful transfer of power in Costa Rica was broken. After a short but violent encounter, a negotiated settlement was reached through the signing of the Mexican Embassy Pact in April 1948 (Booth 1998, Wilson 1998). Figueres and Otilio Ulate (who arguably had the greatest claim to the presidency) agreed on an interim government (a Junta) for a period of eighteen months, during which time a Constituent Assembly would be elected to enact a new constitution and ratify Ulate as the first President of the Second Republic. In reality, the Second Republic was founded in name only, as the draft of the new constitution

was discarded and the Constitution of 1871 was modified (Bell 1971, Mesa-Lago 2000). Still much of the labour legislation introduced previously was retained including the minimum wage, the length of the working week, and the rights of workers and employers to organise freely. The social security system ensuring health care, old age, disability and maternity benefits was also mandated (Bell 1971, Wilson 1998). Calderón's social reform programme was strengthened and within a few years became part of the country's accepted heritage (Wilson 1998).

The after effects of the 1948 revolt, the political and economic consequences, were far reaching. The most famous decree of the triumphant Junta was the abolition of the army, deemed a symbolic act but one that closed off the potential for future militarisation (Wilson 1998). A further significant ruling was the nationalisation of the country's banks, which eliminated the control of credit by the coffee elite and helped promote economic diversification (Molina and Palmer 1998). Other key measures included the imposition of a 10 percent wealth tax and a 15 percent tax on the profits of the US-owned banana company United Fruit, which had up until this point paid limited taxes and exported its profits alongside its bananas to the US (Wilson 1998, Sandbrook *et al.* 2007). There was also a wave of repression instigated against the communists, calderonistas and left-wing labour unions, which had been on the losing side (Molina and Palmer 1998). The Communist PVP was declared illegal, and its previously powerful affiliated labour unions banned (Bell 1971, Sandbrook *et al.* 2007). A new political class emerged from the 1948 uprising and in the following decade the members of El Centro – the 'Generation of Forty-eight' – espoused more audacious programmes of modernisation. Power was dispersed among different branches of government and new political institutions were granted policy-making powers (Bell 1971, Wilson 1998). In addition, a new form of worker representation was created, known as Solidarismo, which is based on the concept of solidarity sponsored by the social doctrine of the church (Movimiento Solidarista 2006). Political parties and interest groups including the Catholic Church and civil groups, moved into the centre stage of Costa Rican politics. Parties became more social issue-based in the battle to win electoral votes and form a government – the pursuit of further social reform was made with 'one eye on the next election' (Wilson 1998: 5).

6.3 The Emergence of a Modern Nation

The next fifty years or so of political, economic and social development in Costa Rica became known as the era of *social democracy* (Wilson 1998, Cruz 2005, Sandbrook *et al.* 2007). Costa Rica is often presented as a social-democratic success in Latin America, based on the country's ongoing support of the free market by its political elites and the tempering effect of the peoples' attachment to the benefits of welfare-state institutions (Bulmer-Thomas 2003, Cruz 2005, Sandbrook *et al.* 2007). However, some of the country's historical circumstances and developments during this period also indicate characteristics of *corporatism*. Schmitter (1974: 93-4) defines corporatism as:

‘A system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports’.

Corporatism or ‘welfare state capitalism’ as Gilpin (2001: 169) describes it, can be used to characterise a political system in which capital, organised labour, and government cooperate in the management of the economy. Certainly, these conditions may be observed when examining the role of the state in Costa Rica following the 1948 uprising. But as noted by Harrod and O'Brien (2002), there are different forms of corporatism as a political system which may be used to unite and create harmony between conflicting power hierarchies in a capitalist model, although Harrod (2002) does suggest corporatism is based upon an ‘extant recognition’ that one of its major purposes is the control of organised labour. He states that ‘corporatist theory accepts that there is fundamental conflict between labour and management (as representative of capital), that management will accumulate to the detriment of labour and labour will organise against management’ (2002: 57). Harrod (2002: 57) goes on to identify the solution to this conflict as ‘the involvement of the state as the arbiter and enforcer of compromise between the conflicting parties’. By comparison, social democracy is equated with the political notions of peace, agreement, pact or co-existence (Vasconi 1990). However, the question of whether corporatism is a better

reflection of the political structure that evolved in Costa Rica during the period of reconstruction is beyond the scope of this research study. Hence, the terms used to describe this period of state development are consistent with others (Booth 1998, Wilson 1998, Bulmer-Thomas 2003, Cruz 2005, Sandbrook *et al.* 2007) who comment on the political, economic and social history of Costa Rica. Following this line of thought, the four phases that distinguish the next period of economic and social development in Costa Rica, from the enactment of the New Constitution to the current day, are categorised in the terms commonly used.

The New Constitution of 1949 introduced a legal framework for greater state involvement in the country's economic and social affairs and by doing so, ushered in the beginning of the modern Costa Rica state (Wilson 1998). One important requirement that emerged from the 1948 conflict was to design an institutional framework that would break 'the momentum of popular mobilizations' in Costa Rica (Molina and Palmer 1998: 107). The start of this process was to devolve political power into four separate branches of government: the Presidency, the Executive, the Legislative Assembly, and the Judiciary (Ameringer 1982). A further consequence of the commitment to deal with popular discontent through legal and peaceful means was the introduction of a diverse range of semi-independent government agencies (Molina and Palmer 1998). These agencies were created for specific tasks, but they were also designed to enable technical experts to fulfil the new constitutional mandate whilst protecting 'the welfare function of the state from retrenchment of un-friendly governments' (Wilson 1998: 56). One such agency, virtually unique in Latin America, is the Social Security administration (Caja Costarricense de Seguros Sociales: CCSS) (Bulmer-Thomas 1987, Mesa-Lago 2000). The CCSS was established in 1941 and had several key features, including a) an almost complete coverage for the entire population, at least on health care, b) it had both social insurance (contributory) and social welfare (non-contributory) incorporated, and c) it had standardised entitlement conditions. In addition, it was mandatory that all salaried workers were covered by CCSS, and that the self-employed and employers could join voluntarily if they so wished (Mesa-Lago 2000).

The creation of the Supreme Electoral Tribunal (Tribunal Supremo de Elecciones: TSE) was one of the more important changes to electoral politics in Costa Rica during this period. The TSE is a non-partisan body, whose key tasks include interpreting electoral laws, maintaining the voter registration list, and supervising and announcing elections (Wilson 1998). The 1949 Constitution extended the voting franchise by granting suffrage to women and reducing the voting age to twenty (in 1971, this was reduced further to eighteen). The Constitution also gave civil status to the English speaking Jamaican population on the Atlantic coast, effectively enfranchising them (Bell 1971, Wilson 1998). Previously, those that had migrated from the Caribbean to the banana producing lowlands were prevented from travelling outside the region and excluded from the voting process (Harpelle 1993, Lehoucq 1996). In 1959, the TSE recommended a constitutional amendment to make voting mandatory, which the Legislative Assembly accepted (Wilson 1998). As noted previously, political parties in the past were personalised electoral machines representing elite interests, but with a new constitution in place the opportunity arose for 'modern' parties (Booth 1998, Wilson 1998). One of the first parties to emerge was the National Liberation Party (Partido Liberación Nacional: PLN), an anti-communist leftist party which evolved from the PSD (Partido Social Demócrata) in 1951 (Bell 1971, Wilson 1998). Developed by Figueres, the PLN began as a multi-class party, primarily addressing middle- and lower-class concerns, emphasising redistributive policies, and pointing to the state as the facilitator of economic growth (Wilson 1998).

Because of the widely devolved political decision-making initiated in the 1949 Constitution, opportunities arose for interest groups to influence political parties (Booth 1998, Wilson 1998). Interest groups are viewed as active social actors that affect the policy-making process in Costa Rica (Ameringer 1982). The number of access points for interest groups also grew and they exploited new tactics to move beyond personal contacts, financial contributions and strikes. Some interest groups used the newest branch of the Legislative, Sala Cuarta (the fourth court) to stop legislation that they had failed to prevent during the policymaking process (Wilson 1998). In 1992, the country's human rights were further buttressed when the official ombudsman (Defensoría de los Habitantes) was created (Molina and Palmer 1998, Wilson 1998). Some of the more

successful interest groups in Costa Rica today are the business associations. Examples of these include, the National Association for Economic Growth (Asociación Nacional de Fomento Económico: ANFE), which promotes liberal economic ideas such as free trade, and the national chambers which act for coffee and banana producers (Wilson 1998). In the case of bananas, this is the National Banana Corporation (Corporación Bananera Nacional: CORBANA).

The social improvement in Costa Rica following the Second World War was in part aided by the spectacular growth in the economy. The traditional pattern of agri-exports generated extraordinary profits: banana exports rose from 3.5 million to 18 million crates annually between 1944 to 1952 and coffee prices rose by over 600 percent between 1940 and 1956 (Booth 1998, Molina and Palmer 1998). Increased productivity was being achieved on coffee and banana plantations due to the use of agro-chemicals and the cultivation of disease-resistant crops (Molina and Palmer 1998, Roche 1998). The state in a bid to stimulate competition, sanctioned the operations of new foreign-owned banana companies between 1956 and 1965, and the national chamber assisted local banana entrepreneurs who produced fruit under contract for the US-owned banana companies (Booth 1998, Molina and Palmer 1998). Until the 1950s, most efforts at diversifying the economy had been in the agricultural sector, but with the implementation of industrialisation laws in the late-1950s and membership to the Central American Common Market in 1963, the economy really took off. A new public sector borne out of the creation and development of government agencies nurtured this economic growth (Molina and Palmer 1998, Wilson 1998).

However, the economic and social stability of the 1960s was shaken by the sudden increase in the price of oil in 1973 and the Central American Common Market exhausting its capacity for growth (Booth 1998, Molina and Palmer 1998). There was a short reprieve from the impending crisis during 1976 and 1977 when coffee prices rose internationally because of frost damage to the Brazilian crop. For the most part, this was a time for expanding markets in the country's key exports – coffee and bananas (Molina and Palmer 1998, Sandbrook *et al.* 2007). In addition, during this period the government borrowed monies to support the industrial sector, the intention being to create an *Entrepreneurial State*

(Sandbrook *et al.* 2007). The so named 'Entrepreneur State' programme was devised by President Daniel Oduber Quirós (1974-8) and involved huge sums of public investment in business creation (Molina and Palmer 1998). The most symbolic gesture of the programme was the formation of the Costa Rican Development Corporation (Corporación Costarricense de Desarrollo: CODESA), a public sector holding company which included subsidiaries, amongst others, in transportation and fruit packing. CODESA significantly increased the role of the state in the production of goods and services (Wilson 1998, Sandbrook *et al.* 2007). But, the shock of a second increase in oil prices in 1979 and a sharp decline in international coffee prices, led to a collapse in the Costa Rican economy – the country was virtually bankrupt (Booth 1998, Molina and Palmer 1998). By November 1981, the country's external debt had risen to \$2.6 billion and it was in danger of defaulting on the interest payments (Ameringer 1982). The country also had a \$670 million balance of payments deficit, which reflected the doubling of oil prices (imported petroleum represented 50 percent of the country's energy needs) (Ameringer 1982, Molina and Palmer 1998). In 1981-2, salaries dropped by 40 percent, unemployment rose to 10 percent, and inflation ran between 80 and 100 percent – the country was experiencing the worst economic crisis since the Great Depression of the 1930s (Booth 1998, Molina and Palmer 1998).

The social impact of the crisis was also severe, with high levels of unemployment and the sudden impoverishment of both professionals and labourers (Sandbrook *et al.* 2007). Adding to the crisis were widespread troubles in the region, the uprising against Nicaragua's Somoza dictatorship and the revolutionary offensives in El Salvador and Guatemala, which devastated regional economic trade (Bulmer-Thomas 1987, Molina and Palmer 1998). The subsequent growing influx of refugees and illegal immigrants also placed a considerable strain on the country's social security structure (Molina and Palmer 1998, Mesa-Lago 2000). The country sought help from international institutions and the government of Rodrigo Carazo Odio (1978-82) signed two agreements with the International Monetary Fund (IMF), but broke each in swift succession. The government failed to meet the IMF's routinely recommended measures of privatising state enterprises, reducing public sector employment and social spending (Ameringer

1982, Molina and Palmer 1998). At the nadir of the crisis came a shift in economic policy, a series of sweeping neoliberal reforms, which underlined the influence of competing interest groups and factions in the country (Booth 1998, Wilson 1998).

6.4 The Neoliberal State

The economic crisis of the 1970s and the early-1980s marked a major turning point in the role of the state in economic and social development (Wilson 1998). Following his election in 1982, the PLN candidate, Luis Alberto Monge Álvarez challenged the US government that if capitalism and democracy were to live in harmony in Central America, Washington should offer more meaningful help (Booth 1998, Molina and Palmer 1998). The US government response was to dispatch the United States Agency for International Development (USAID) to Costa Rica. The USAID transferred nearly \$530 million to Costa Rica between 1982 and 1984, building strong alliances in both business and politics (Molina and Palmer 1998). State enterprises were privatised and trade was diversified, with non-traditional exports encouraged (Booth 1998). The value of coffee and banana exports as a percentage of total exports dropped from a combined 87.3 percent in 1955 to 54.3 percent in 1985 (Wilkie *et al.* 1995). There was a de-emphasis on the role of state and a new reliance placed on market mechanisms to determine prices and the allocation of resources. The fact that the National Liberation Party (PLN) should be the party behind this transformation, rather than the more conservative Social Christian Unity Party (PUSC) came as a surprise to the country's social interest groups and labour movement (Wilson 1998, Cruz 2005). The PUSC formalised as a party in 1983, evolving from the PUN (Partido Unión Nacional) and drawing on Calderón's reformist ideas and free enterprise, as advocated by traditional exporters (coffee and bananas) and importers whose economic interests were affected by the PLN's policies (Wilson 1998). Essentially the PUSC advocated cutting back on state-led economic development and promoted policies that depended more on market mechanisms to determine economic decisions (Wilson 1998).

However, the economic problems exacerbated social conditions and there was a breakout of strikes on banana plantations in the Pacific lowlands, culminating in a

major strike in 1984. The United Fruit Company responded by closing their operations and moving to Panama (Booth 1998, Molina and Palmer 1998). A large number of banana workers were left stranded, and with few other employment opportunities, the region was devastated. The experience proved that the state was powerless to stop the US-owned TNC producers moving their operations elsewhere (Wilson 1998, Chapman 2007). The government's position was weakened and its commitment to state-led socio-economic development was gradually replaced with a neoliberal economic programme co-sponsored by the US government (Wilson 1998, Cruz 2005). The US saw Costa Rica as a stable ally and as part of the evolving relationship between the two countries, the Ronald Reagan administration planned to make Costa Rica the southern front in its counter-revolutionary war on Sandinista Nicaragua¹⁶. The US embassy sponsored Nicaraguan exiles to help seize control over Costa Rica's security forces, reorienting them in a paramilitary direction (Molina and Palmer 1998, Wilson 1998). The US administration had strong allies in the more conservative political circles and local media in Costa Rica, and routinely calls were being made for the state to confront the menace of Sandinismo (Booth 1998, Molina and Palmer 1998). However, the Costa Rican government complied with all of Washington's demands apart from this one, refusing to allow the US to establish military bases in the country. President Monge 'invoked the symbolic weight of Costa Rican history' and declared the country's neutrality (Molina and Palmer 1998: 122). A diplomatic solution to the Central American conflict was required and in 1986 the newly elected President Óscar Arias Sánchez, promoted a peace plan signed by all five leaders of the Isthmus, for which he was awarded the Nobel Peace Prize in 1987 (Booth 1998).

Costa Rica's prolonged financial difficulties led to dynamic changes in the country's economic and social circumstances during the 1980s and 1990s. The Structural Adjustment Programs (PAEs) instigated under the direction of the IMF began to falter during the late-1980s (Molina and Palmer 1998). The response of *shock therapy* introduced by Rafael Ángel Calderón Fournier during his presidency (1990-94) resulted in deep cuts in public spending, including

¹⁶ The Costa Rican government and people gave material and moral support to Nicaragua in its fight to become a socialist country, the outcome was a Sandinista victory in 1979 (Molina and Palmer 1998).

education and health. Fournier, the son of Calderón Guardia – the former president responsible for the bulk of social reform in the 1940s – although mindful of his father’s heritage, argued for drastic action (Molina and Palmer 1998, Wilson 1998). However, the erosion of real incomes due to sales and income taxes made the professional classes poorer, and pushed the poor into the so-called informal sector (Molina and Palmer 1998). The following presidency of José María Figueres Olsen, the son of former president Figueres Ferrer, proved to be even more painful for Costa Ricans. Figueres Olsen signed an agreement with his predecessor Calderón Fournier committing both the PLN and the PUSC parties to a series of reforms that would roll back the Welfare State developed between 1940 and 1978 by both their fathers (Molina and Palmer 1998).

The responsibility for the dismantling of Costa Rica’s social development programme was laid at the door of neoliberalism – that is the Latin American version of extreme free market theory (Molina and Palmer 1998, Sandbrook *et al.* 2007). The accusation was that the state had abdicated responsibility for the people to the market, at the cost of great social and cultural change in the country (Molina and Palmer 1998, Mesa-Lago 2000, Cruz 2005). However, Mesa-Lago (2000) suggests there were two changes in the lives of the populace which were positive during this period, firstly the rapid growth of evangelical Protestantism and secondly, the rise of Solidarismo. The form of labour organisation associated with the Solidarismo movement was originally based on the concept of solidarity espoused by the social doctrine of the Catholic Church (Molina and Palmer 1998, Movimiento Solidarista 2006). The Spanish words *Solidarismo* and *solidarista* are derived from the word *solidaridad*, which translated into English means solidarity (Bendell 2001). The movement, first promoted in 1947 by Alberto Martén – an associate of President Figueres Ferrer – was viewed as a solution to the employer-employee problems that emerged from the promulgation of the 1949 Labor Code (Molina and Palmer 1998, Movimiento Solidarista 2006). The key objective of the labour organisation was for employers and employees to ‘work in harmony’, invoking ‘a spirit of solidarity’ which would increase production and equality, ‘within the standards of economic efficiency and social justice’ (Movimiento Solidarista 2006:1). In 1953, when the PLN won control of the government, it fostered the development of solidarity unions. Solidarity unions did not subscribe

to the class-based confrontational tactics typical of more traditional unions and rejected the use of strikes as a bargaining tool – they acted more like ‘company unions’ (Wilson 1998: 69).

Today, solidarity unions or solidarista associations as they are more often called are defined as ‘social organisations managed by the workers themselves in a totally autonomous way’ (Movimiento Solidarista 2006: 1). They are created and funded by individual workers and company owners, and have developed in various industry sectors including banana production. Solidarista associations offer workers certain benefits and securities, such as sickness pay and low interest loans, and companies are spared the negotiating power of the unions (Molina and Palmer 1998, Movimiento Solidarista 2006). In 1980, such organisations made up only 7 percent of worker-management agreements, but by 1986, this had risen to 51 percent (Molina and Palmer 1998). The introduction of the Solidarity Law (Ley de Asociaciones Solidaristas) in 1984, which granted even more economic benefits to workers who are members, led to a rapid growth in solidarista associations over the following years (Wilson 1998). By 1994, there were 1,694 solidarista associations in Costa Rica, compared to 600 trade unions (Molina and Palmer 1998). Wilson (1998) suggests this was partly because the influx of new TNCs investing in Costa Rica preferred this form of association and system of representation for employees in the workplace.

However, there were a series of other events which helped the demise of trade unions in Costa Rica. The process started with the Junta’s ban of the Communist PVP and its affiliate, the CCTRN – the largest confederation in the country – that silenced the political left for years to come (Wilson 1998, Bell 1971). The ban emasculated organized labour and the number of unions in Costa Rica dropped by almost 80 percent (Aguilar-Hernández 1989). This was followed by the actions of the PLN government of 1953, which both encouraged the growth of Solidarismo and introduced a nationwide collective bargaining mechanism: national wage boards established wages and remuneration, and there was no real role for the unions in the process (Wilson 1998). There were also a series of legal measures making it difficult for unions to call strikes and leaving union leaders vulnerable to dismissal, which helped weaken the labour movement (Wilson

1998, Mesa-Lago 2000). Nevertheless, the left did maintain its influence amongst banana workers, considered the ‘most combative sector of labor’, between 1950 and 1970 (Molina and Palmer 1998: 106). When the government introduced a banana rehabilitation and expansion programme (Ley de Fomento Bananero) in the early-1990s, amongst the benefits of tax reductions, favourable exchange rates, and the opportunity to develop new lands, the US-banana TNCs were also granted the freedom to choose solidarista associations to represent workers above trade unions (Chambron 1999, FAO 2003). The impact of the banana wars between the US and Europe in the 1990s had begun to affect the country’s export incomes, and in order to appease the US-owned banana TNCs and prevent their flight to lower-cost producing countries, the state had been compelled to respond (FAO 2003). However, the Ley de Fomento Bananero was widely viewed as yet another measure to subjugate labour during difficult trading times (Chambron 1999, Myers 2004). This was to have a real impact for trade unionism on plantations in the future, because the concentration of banana production for export in Costa Rica is quite high. In 2001, 50 percent of the country’s production was owned by the top three TNCs (FAO 2003). Besides this production, the TNCs also have long-term contracts with independent producers, and therefore control a higher share than this figure suggests. The FAO estimated the figure closer to 84 percent of national exports for 2001 (FAO 2003).

The decline of trade unions at the end of the twentieth century coincided with other economic change in the country – for the first time in 150 years the value of coffee and banana exports were overtaken by non-traditional exports (Molina and Palmer 1998). The new crop of exports included textiles (assembled in foreign owned plants: *maquiladoras*), pineapple production (controlled by one of the major banana TNCs, Del Monte), ornamental plants and seafood, and these helped protect the country against the continual price swings of coffee and bananas (Roche 1998, Cruz 2005, Sandbrook *et al.* 2007). In addition, there were other shifts in the state regulation of labour markets in Costa Rica during the period. There was a broader process of informalisation in labour markets and the emergence of a large immigrant underclass, taking on the menial jobs that most Costa Ricans had become reluctant to do (Sandbrook *et al.* 2007). There had always been a constant flow of migrants from neighbouring Central American

countries, particularly from Nicaragua, but in the late-1990s migration grew exponentially (Bulmer-Thomas 2003, Sandbrook *et al.* 2007). By 1999, Nicaraguans represented approximately 15 percent of the population of Costa Rica. The increase of migrants was chiefly due to the 1998 civil war in Nicaragua, but the devastating effect of Hurricane Mitch on the country's banana plantations also drove many Nicaraguans south to the banana lowlands on the Atlantic coast (Trejos 2000). These migrants were not, however, always welcome and there was a growing tension between the Ticos and the Nicas (as Nicaraguans are called) (Trejos 2000). Costa Rican-Nicaraguan relations have always been a little strained, due to border conflicts¹⁷ and political rivalries (Furlong 1987), but following this new explosion of migration, the way of life in Costa Rica changed (Trejos 2000). Nicas were held responsible for the increase of crime in the country and Ticos responded by building gates and fences around their homes and businesses, leading to a separation of the two communities (Bail 2007).

However, Sandbrook and his colleagues (2007) argue that this period of neoliberal doctrine actually served to solidify welfare gains introduced during the previous three decades. They claim that reforms of pensions, education and health relied on a mix of market, quasi-market, and state-directed modalities. The changes introduced maintained the social security provision for the entire population with the costs subsidised by the state, which would suggest a more complicated interrelationship between state and market, as opposed to the substitution of one by the other (Sandbrook *et al.* 2007). Currently, Costa Rica is embarking on a hybrid model of development, which includes the opening up of markets, a minimal degree of privatisation and the reform of its large state apparatus (Cruz 2005, Sandbrook *et al.* 2007).

6.5 Conclusion

The purpose of this chapter has been to describe chronologically the events that have shaped the political, economic and social character of Costa Rica. In this way, the characteristics of the country where the fieldwork study was completed

¹⁷ The ill-defined border between the two countries has caused problems since the early 1800s and Nicaragua has made several invasions of Costa Rica territory, most recently during the Sandinista regime in 1982-86 (Furlong 1987). The dispute over navigation rights along the San Juan River boundary line in the northeast continues today, which is exacerbated by the fact that this is one of the main entry points for migrants into Costa Rica (Bail 2007).

can be better understood. Certain historical events have been highlighted in order to illustrate the types of relationship that were formed between the state, its citizens and the corporate sector. What is demonstrated is that Costa Rica emerged from an agrarian society almost exclusively dependent on the export crops of coffee and bananas to become a broader based industrial society. The country's early involvement in world markets and low defence expenditures created a favourable environment for the state to promote social development and improve social conditions. However, following the difficult trading conditions of the country's key export markets (coffee and bananas) during the Second World War, economic crisis turned into political crisis in the form of an uprising in 1948, and highlighted the willingness of the country's elites to abandon democratic processes when it was against their own interests.

However, following this short period of political instability, successive administrations introduced economic and social development programmes that largely survived the economic crisis of 1980-1982 and the neoliberal reform of the 1990s, and continue today. The nation was the earliest Central American country to pass a Labour Code to offset labour conflict and successive political administrations have maintained a reputation for equitable labour relations (Frundt 1998, Bulmer-Thomas 2003). Recently, the state has undertaken less of a development role in Costa Rica, but it is still active in creating opportunities for business and providing a series of social security benefits, such as national insurance, health care, and pension entitlements (Cruz 2005, Sandbrook *et al.* 2007). The country has strong economic growth and one of the lowest unemployment rates in the region (World Bank 2007). The social-democratic model developed in Costa Rica, with its comprehensive labour law and social welfare programme, creates the backdrop to considering how voluntary labour initiatives (codes of conduct) operate in the banana production chain. It also provides the context to explore how forms of voluntary regulation in the chain complement a national structure of labour regulation in the pursuit of furthering the rights of workers.

Chapter Seven

Plantation Production

Introduction

The aim of the chapter is to provide a greater understanding of the working conditions in the production chain of exported bananas. To achieve this, a detailed description is given of the operational tasks involved in the production process together with the testimony of workers regarding these activities. The overriding intention of the chapter is to indicate the key activities performed on banana plantations and explain how they affect the working conditions of labour. In this way, it is hoped to foreground the issues and experiences of a labour force employed to perform demanding work in difficult circumstances and to help explain the current drive towards the implementation of labour codes of conduct in global supply chains. The chapter will therefore trace the process of growing and preparing the fruit for market, from the field to the packhouse.

For over a century, bananas have been cultivated in a plantation system, which depends on cheap land, cheap labour and foreign markets (Gregor 1965, Roche 1998). The chapter therefore begins with a brief explanation of this form of agricultural system, followed by a detailed description of the tasks performed by workers and a summary of the employment and social conditions that labour experiences on banana farms. The banana sector, like many global industries, is in perpetual motion and faces challenges of an oversupplied market, changes to market structure (the EU tariff regime), shifts of ownership in production (subcontracting) and an increasingly diverse labour force (growing levels of migrant labour).

The details presented in the chapter – the structure of the industry, the jobs and work activities within the production chain, and the employment conditions on banana farms are all drawn from the commentary of workers, trade unions and company management. Other details pertinent to the main interest of the thesis are incorporated into the discussion and referenced appropriately. The main part of the chapter is based on the empirical data collected during field research on

banana farms in the lowland province of Limón, which is situated on the Atlantic Coast of Costa Rica.

7.1 Plantation Agriculture

Plantation agriculture began in the sixteenth century, through the initiative of European colonialists in tropical climes and a supply of slave labour (Gregor 1965, Courtenay 1980). The term 'plantation' in the original sense referred not just to a landed estate, but also to the whole process of migration and occupation (Thompson 1935). The history of plantation agriculture provides a somewhat 'imperialistic' view of the plantation, describing it as a weapon for one country to exploit ruthlessly the natural resources and populace of another (Gregor 1965). The United Fruit Company in particular, has been described as the prototype of plantation imperialism (Langley and Schoonover 1995, Chapman 2007). Plantation agriculture became an established system for farming a variety of crops including sugar cane, tea, coffee, tobacco, bananas and rubber across the world – in Central and South America, the equatorial regions of Africa, and the Far East (Thompson 1935, Courtenay 1980, FAO 2003). This form of agriculture was more than mere colonisation; it was a system organised and controlled based on making a profit (Thompson 1935). Today, the plantation system is a large scale, capital intensive, highly specialised farming export-orientated enterprise, which employs waged-labour and tends to be foreign-owned. Such characteristics make the modern day plantation more akin to its industrial counterpart, the factory (Gregor 1965, Young 1970).

In Latin America, banana plantations cover hundreds of square miles of flat and fertile land, and are supported by irrigation, transport and refrigeration systems, and an organised workforce (FAO 1986). These larger corporate plantations are between 4000 and 6000 hectares in size and are chiefly organised to supply the export market. A hectare (ha) is 10,000 square metres or 247,109 acres (FAO 1986). The plantations are divided into a number of farms to form managerial units, but the majority of land is still utilised for growing bananas. However, each farm has a dedicated central area, which houses office buildings, a workers' canteen and rest area, chemicals storage, medical facilities and a packhouse. Some farms in close proximity may share office and storage facilities (for

equipment and chemicals), but each farm has its own packing station. The cultivation and production area of a farm is generally 2000 to 2500 ha and will employ between 150 and 250 workers. Where a farm administrator manages adjacent farms, workers may work on more than one farm, dependent on the daily labour requirement.

Because of the different production systems, costs vary widely and are calculated to be about 2-3 times higher in the traditional form of production practised in the Windward Islands, compared to the more industrialised process prevalent in Latin America (Kastele 1998). Small independent growers and cooperative farms grow bananas in the more hilly climes of the Windward Islands (Grossman 1998). The cost difference between the two systems of production is mostly due to variations in labour costs, mainly salaries, and higher yields, through production efficiencies and the process of applying agro-chemicals, which have supported substantial increases in production yields since the mid-1980s (Grossman 1998, Kastele 1998, FAO 2003). Growing bananas is a very labour intensive process, taking between 220-365 worker days per ha each year (Fyffes 2004). The labour requirement coupled with the limited life of the banana, a mere twenty-one days from the time of picking to an inedible mush, places a heavy burden on producers to maintain a well-organised and highly integrated supply chain (Read 1983, Chapman 2007).

As discussed earlier, the banana industry is highly concentrated, with three leading TNCs: Chiquita, Dole and Del Monte, which together accounted for an estimated 58 percent of the world's banana exports in 2002 (FAO 2003). In Costa Rica, bananas are mostly grown for export and in 2002, over 80 percent of the country's banana exports were grown or sub-contracted by Chiquita, Dole and Del Monte (FAO 2003). The TNC producers both own and manage plantations, but increasingly subcontract production to independent growers or source bananas from secondary supplies. Bananas sourced from associated growers and the occasional third party grower provide up to 60 percent of the export demand placed on the TNCs by their customers (supermarkets, smaller retail groups and wholesalers). The TNCs depend on a sophisticated and well-managed supply chain to serve the export market, which means either owning or renting

plantations, owning or leasing shipping and transportation facilities, and owning ripening and distribution networks in consuming markets. At each stage of the banana supply chain, there is a high degree of coordination between plantations and the offices of their customers, particularly concerning demand requirements. The daily harvest on each farm is meticulously planned to pack enough cases for full containers (a shipping unit), the number of which depends on the consolidated orders received from customers.

However, the banana industry does not just rely on a well-organised and highly integrated supply chain to maintain high yields of quality fruit. A number of changes in agricultural technologies and practices have contributed to the production of the perfectly shaped and blemish free banana (Soluri 2003, Jansen 2004). In particular, these included the introduction of pesticide management and the extended use of agro-chemicals on plantations (Jansen 2004). There are a number of chemicals applied throughout the production process, including fungicides, insecticides and herbicides, which are intended to protect the fruit against insects and disease (Wilson and Otsuki 2002, Jansen 2004). By their very nature, the chemicals used are toxic and can cause human hazards through exposure or direct intake (Wilson and Otsuki 2002). Thus, the work environment can be especially dangerous for farm workers who face a high risk of toxicity due to the continual exposure during the cultivation process (Wilson and Otsuki 2002, Harari 2005a).

However, the types of agro-chemicals used and methods of application employed on banana farms are constantly under review, both from a health and safety point of view and in terms of environmental damage (Wilson and Otsuki 2002, Jansen 2004). Pest control is a major cost factor in banana production and considerable effort has been made by producers to reduce and rationalise the use of pesticides, which represent approximately 30 percent of the final cost of exported bananas (Interviews: Producer CSR Manager RC@P2, February 2006; Producer Compliance Manager MCM@P6, March 2006; Producer Technical Manager RT@P1, March 2006). Improvements have been made which include storage of chemicals, new spraying equipment, protective wear, the construction of separate showers, laundry facilities for clothing to be washed on site and not at home, and

the introduction of training programmes for workers regarding the safe handling of chemicals (Interviews: Producer CSR Manager RC@P2, February 2006; Producer Compliance Manager MCM@P5, March 2006; Producer Technical Manager RT@P1, March 2006). Nevertheless, the use of pesticides in banana cultivation continues to be questioned by both environmental and social movements (IBCII Forum Discussion, April 2005). This is partly because the changes in cultivation practices that could help reduce the high levels of agrochemicals used in the production process have proved difficult to achieve (Wilson and Otsuki 2002, Jansen 2004). Hence, work on banana farms continues to be demanding and dangerous, and an area of concern for all those involved in the industry (IBCII Forum Discussion, April 2005).

7.2 Work on Banana Farms

In Costa Rica farms or *fincas* as they are called, are named after the town or area where they are situated. The farm is closely identified with its community and underpins much of the economic activity within the locality. The impact of the US/EU trade dispute over the last five years has taken its toll on banana producers and resulted in many farms being closed or abandoned in the Limón province. The crumbling infrastructure of once thriving packing stations and fields overgrown by weeds blot the agricultural landscape of the district. Like ghost towns, such sightings hint at the on-going struggle which producers are faced with in this highly competitive sector and the number of jobs that are lost or transposed elsewhere. There was a sense of collective mourning on the part of workers when discussions turned to these dilapidated farms, as one retired banana worker stated:

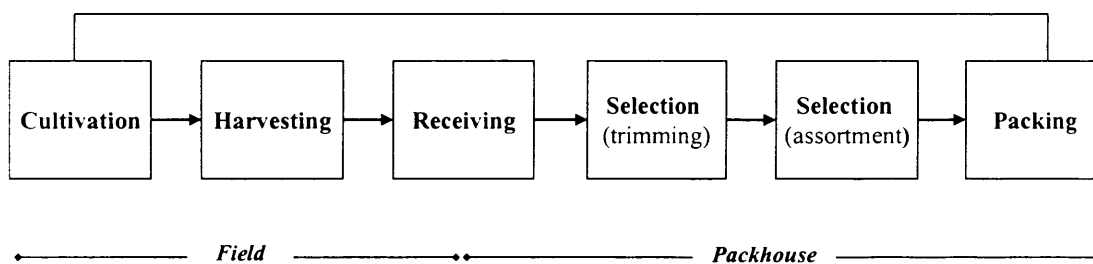
“They [the deserted farms] are a reminder always of the better days... the time when we all had jobs... now the companies have gone to other places, but the sadness... it hangs over the whole community here, everyone depends on the farm, every trader in the town... stores close and we are left with nothing” (Focus Group IOH@FG3, March 2006).

Other workers, older and mostly retired, echoed these sentiments by displaying feelings of hopelessness and desolation during the discussion, yet strangely, younger workers seemed to accept these weakened employment conditions, as if they were resigned to the continuing state of flux in the banana sector. There was

a distinct difference in the way older workers described the industry that had consumed their working lives. The banana plantation was more than the traditional workplace where each would follow their fathers before them; it was a way of life. Banana producers had once developed little enclaves in the province by providing workers with housing and building the local infrastructure, the school, the football pitch and often the town hall and meetinghouse. It was this sense of community that now seemed to be missing for many of the older workers. For these workers, the plantation had become an industrialised unit where the big banana companies cared only about the amount of fruit that could be produced in the shortest possible time and at the lowest cost.

Accordingly, the production operation has experienced changes during the last twenty years or so. However, in spite of new cultivation practices including the streamlining of production activities and a greater use of agro-chemicals being introduced over recent years, banana production remains a manual process. Every farm follows the same basic principle; a banana stem is cultivated, harvested, selected and packed, and then transported to the port where the fruit awaits the next vessel to be shipped to market. There are a number of work tasks to be performed during the production cycle and each activity involves a discrete group of workers with different skills and experience.

Diagram 7.1 Work Activities in Banana Production



Source: Fieldnotes, Feb-April 2006

During the cultivation stage, work activities include planting, cropping, weeding, pesticide application and maintaining the irrigation system. At the harvesting

stage, activities such as cutting, carrying, and transportation of the fruit to the processing area are performed. When the fruit arrives at the packing station, it needs to be prepared for the export market, and this final stage of the production cycle includes the work activities of trimming and sorting bunches of bananas, labelling, packing, and loading the fruit into a container ready to be transported to the port. On each farm, the production process is split by location, there is *the field* where the bananas are cultivated and harvested, and *the packhouse* where the bananas are selected, sorted and packed.

Each of these locations represents a group of work activities and workers that have a high degree of separation from each other, the one key meeting point being the receiving area, a ‘hand off’ – where the fruit transfers from one to the other. Within these two distinct areas of work on banana farms; ‘planting and picking’ and ‘selecting and packing’, there are a number of additional activities, which further subdivide the labour process, and the types of workers employed to complete the work. There also tends to be a gender split, with men mostly working in the field cultivating and harvesting, while women are mostly occupied in the trimming and sorting of the fruit.

7.2.1 *In the Field*

The agricultural side of a banana farm is more commonly described as the field and the most regularly performed tasks in the field are related to planting, cultivation (bagging, cropping, and the application of agro-chemicals), and harvesting the fruit. The work is intense and fast moving in the field, and those operating here need a certain agility to work around the dead plants, fallen and cropped leaves, and the web of blue twine that stretches from one plant to another, which helps to support the banana plant. To the uninitiated, the field is an obstacle course that requires a great deal of concentration. Bananas thrive on deep, loose, well-drained soils in humid climates and grow most successfully in tropical conditions (Roche 1998). The sub-tropical climate in Costa Rica means it can be particularly hot and humid in the field, and workers have to cope with temperatures of up to 38 degrees centigrade with alternating bursts of torrential rain. Thus, the duties performed by banana workers require great physical and

mental effort. This is demanding work, as one of the harvest team who has worked in the field for four years, explained:

“Cutting of the harvest is the hardest job on the farm... we start early, at maybe 5 or 5.30, when it is cooler, but by early morning it is so hot... it is exhausting, there is nowhere to shelter here [in the field]” (Interview COHP@F26, March 2006).

The working environment is very challenging and there is nowhere to take refuge from the sun or the frequent showers of rain (two key requirements for banana cultivation). Many workers commented on the unbearably hot and humid conditions in the field, as one worker confirmed:

“I tie my boots to stop the water, it gets very wet and in the rainy season it will rain everyday for nearly six months, but in the dry season also it rains, maybe a day and a night a week... it is very wet and very hot here” (Interview AOC@F25, March 2006).

The field is tough and demanding, but nevertheless when talking to workers faced with this situation every day, for every negative comment made there was a positive one regarding these conditions, as is evidenced by the comments below:

“There used to be a problem with the rain when I worked out in the fields, but it doesn’t affect me now, it’s healthy and it refreshes me, I like working here [in the field]” (Interview ROC@F26, March 2006).

“I always work here [in the field], I like it, because I have the freedom to do my work, no one watches over me... so the rain does not bother me, it is just nature, the fruit needs lots of water so the rain is good, it helps make a lot of fruit to harvest” (Interview EOH@F32, March 2006).

The environment in the field is such that workers appear to adapt, seeming to accept that the variable temperatures and conditions in the field are part of the process of farming bananas, and in this regard, the situation they face each day is outside their control, and attributable to the biology of the banana plant. The banana is a fruit, which although commonly thought of as being produced on a tree, does in fact grow and develop as a plant.

The banana plant is really a giant herb related to the orchid, lily and palm family (Roche 1998). It grows from a fleshy bulb called a 'rhizome' and after the leafy stalk has matured – it takes nine months from initial planting to producing its first crop – a spike emerges from the top of the plant and bends downwards in the shape of a large bud. To help protect the bud and growing banana stem from pests, the bud is covered with a blue polythene bag impregnated with the insecticide chlorpyrifos. Chlorpyrifos is one of the most commonly used pesticides in worldwide banana production and is categorised as a Class II pesticide by the World Health Organisation (WHO), which indicates a moderately high level of toxicity. The WHO has classified pesticides into four categories (I, II, III and IV) with the lower numbers indicating higher levels of toxicity (Wilson and Otsuki 2002). The bag also shields the growing fruit from potentially damaging climatic conditions, such as torrential rain and wind, and helps reduce blemishes on the fruit. The bagging process and the on-going care of the banana stem are activities, which are normally performed by a worker known as a *bagger*. The *bagger* clambers up a wooden or light metal ladder to reach and carefully position the blue bag around the emerging bud of the fruit, but the banana plant and its crop are not overly robust and great care has to be taken when performing this task.

Plate 7.1 A worker positioning a blue bag around the bud of a banana plant



Source: Photograph taken during fieldwork, Feb-April 2006

Once the bag is in position, a coloured ribbon is tied to the top of the stem, a different colour for each week of the 12-week growing cycle. The colour of the tape will indicate the maturity of the fruit and act as a guide to the harvest team. Most producers have a strict control system for monitoring the age of the stem, as this ensures uniformity in the fruit when it reaches its market destination. At the same time, the bagger will tie blue twine from this plant to a neighbouring one in a criss-cross fashion, to create a support structure for the plant and the banana stem, which, as it grows heavier each week, becomes more vulnerable to being blown or falling over.

As each leaf of the rhizome bud unfolds, the banana stem develops and rows of small flowers appear which will become individual bananas, called 'fingers'. Each row has 15-35 fingers that make up a 'hand' or bunch of bananas and each stem develops between 7-10 hands. To achieve the greatest yield of quality fruit, the bagger removes some of the flowers. This helps ensure that the plant develops a bumper crop and meets the exacting standards of the export market. Typically, farms in Costa Rica produce a stem of bananas of 8 or 9 hands with between 150 and 200 fingers. During the early stages of the banana stem's growth, the bagger regularly rolls back the bag to check the growing fruit and remove poor or damaged fingers. However, one single banana is left at the bottom, which draws the nutrients of the plant down the stem and ensures that the lower clusters of fruit are of equal quality to those at the top. Many of the tasks the bagger has to perform require careful handling of the polythene bag, because it is coated with the potentially harmful chemical chlorpyrifos, which can over-stimulate the nervous system causing nausea, lung congestion, chest pain and dizziness and at high exposure levels can cause respiratory paralysis and death (Wilson and Otsuki 2002). In most instances, the producer (the company) provides the bagger with safety equipment, including a facemask and gloves, thus providing a degree of protection, although this does not guarantee that workers are able to acquire such equipment on a regular basis, as one worker highlighted:

"There are always issues with masks, some days there are none available... also gloves... there are none in the warehouse... so we have to work without them" (Interview ROB@F22, February 2006).

However, when this problem was later mentioned to a member of the quality control team on the farm, I was immediately taken and shown the safety equipment sitting neatly on the shelves of a storeroom near the packhouse. The equipment is free of charge to those handling or working with chemicals in the production process and it seems that it is readily available for collection every day. The quality control assistant suggested that it was quite usual for the workers in the field not to use their safety equipment, her view being:

“They [the baggers] don’t want to use a mask, they didn’t have to before and many take off their masks, its very hot and not comfortable to use... and the gloves are open market... sometimes the protective equipment is not used because it is sold to other workers in the field, where gloves are not really needed so they are not issued, like the harvest team... gloves cost \$3, and they [the baggers] make up their money this way” (Interview LOQ@F22, February 2006).

The companies do not issue other harvest workers with gloves and masks because by the time the fruit is harvested the chemicals inside the bag have dissipated. Certainly, the impression I had was that many of the baggers found the wearing of protective equipment uncomfortable, and it interfered with the duties they were expected to perform. Baggers were not keen on using the equipment, even when it was easily obtainable and when I quizzed further on the subject of protective wear, there was a mixed response, with comments including:

“We are given gloves and masks, and clean uniforms... we always have the equipment we need” (Interview HOB@F21, February 2006).

“I wear a mask always, but today I don’t have one... it broke yesterday” (Interview AOB@F22, February 2006).

“I’m very proud of the job I do, but I don’t like wearing the protective equipment, wearing a mask is uncomfortable... but I always pass my blood test” (Interview EOB@F22, February 2006).

“Protection is worn, there are no problems, everything is provided” (Interview EOH@F26, March 2006).

“When my supervisor is here [in the field], then he tells me I have to use it [the mask], but I don’t like to use it, it gets hot and then it is not so easy to breathe” (Interview GOH@F41, April 2006).

In some respects, the different responses are explained by the different ownership of the farms, with each producer and grower appearing to place varying levels of importance on compliance with the use of safety equipment. It is noticeable in the photograph of a bagger earlier, that neither a mask nor gloves were being used, yet the worker had both in his possession. Some producers insist upon workers signing their training records to show that they have been told about the dangers of handling chemicals and have agreed to wear the equipment provided. From this point onwards, it appears to be up to the worker to comply with the health and safety requirement. Others closely monitor the situation, particularly as non-compliance would be a clear breach of the voluntary codes and standards introduced on the farm and would count against the producer on a farm audit. The requirement to provide and ensure the use of protective wear for workers handling chemicals is included in the health and safety principles of both the ETI Base Code and the SA8000 Standard.

Over time, the chemicals inside the bag dissipate, but the continual handling of a bag coated with chemicals is still of concern to those engaged in the activity. One bagger who had been working in the field for sixteen years commented on the risks involved in this process:

“Every 3 months they take a blood sample to see what the levels of chemicals are in my body... I never fail, but I am careful... I know how to do my job so that I am ok” (Interview AOB@F22, February 2006).

This same worker did not have his mask on, because it had broken the day before. It is not clear how failing to wear the recommended equipment qualifies for being careful in this kind of work, but there was a sense that these sorts of safety requirements are somehow not critical to those who have spent a long time working in the field. The corporate social responsibility manager who reviews all operating procedures on company-owned or managed farms seemed to view the situation somewhat differently and asserted the need for such precautions and the importance of regular blood tests. He explained that the reason for three-monthly blood tests for all workers in the field, was to check the levels of chemicals in the worker’s nervous system, and he added:

“... if the test shows a fail then the worker [bagger] is relocated to another area in the field... maybe the harvest or the packhouse, but most of the baggers don't want to work there, so this helps with compliance... after the first test failure, the worker is tested again in another month, and if he [the worker] fails one more test the following month, then he is permanently moved away from bagging and given another job on the farm” (Interview RC@P2, February 2006).

However, this presupposes that all that workers need to do to ensure protection from any harmful effects of the chemicals they work with, is to wear the correct safety equipment. Over the years, there have been a number of campaigns¹⁸ against the use of the chemically impregnated polythene bags, which claim that workers can still inhale chemicals even when using a mask, and that the situation gets more dangerous when the insecticide begins to evaporate in the heat. The on-going use of chemicals in this way remains a contentious issue and campaigners have engaged with the scientific community to provide more qualified evidence of the dangers facing banana workers (Interview Gilberth Bemúdez Umaña, Union Regional Coordinator: COLSIBA, February 2006; Harari 2005a).

Part of the solution to reduce the levels of chemicals used during the cultivation process has been the introduction of defoliation; trimming the leaves of the plant. The tending of the plant itself, rather than the banana stem is the job of the *cropper*. The cropper identifies plants that have been affected by insects or disease, and manually cuts away part of the infected or dead leaves, which helps to protect the growing plant and prevent any further spread of disease. The banana plant also needs frequent pruning to remove surplus growth in the clump and the removal of grass and weeds close by, which may rob the plant of the soil's nutrients. Maintaining the healthy condition of the plant is the cropper's responsibility and like those workers involved in the bagging process, the job performed by the cropper has an impact on the quality of the fruit and the yield of the crop. There are many croppers working on any one farm, but the work is structured so that each cropper is responsible for a given area, which is between 250 and 300 ha at any one time.

¹⁸ Chiefly trade unions and NGOs, including COLSIBA, Banana Link and Emaus Forum have led these campaigns.

During the growing process, one of the major diseases that producers are faced with is a leaf disease called *Black Sigatoka*. The disease manifests itself as spots on the leaves of the plant and can easily spread and sabotage the whole crop. The main export banana since the early 1960s, the Cavendish variety, is very susceptible to this disease, so it is critical to control and eliminate the disease. The two key activities performed to try to tackle this problem in the field are the removal of the infected leaves by the cropper and the treatment of the plant with fungicides. The intention is to kill the fungus *Mycosphaerella Fijiensis* that causes Black Sigatoka, but unfortunately the fungus has developed a resistance to systemic fungicides (Jansen 2004). In addition, the application of these fungicides is problematic as they are highly toxic and require careful handling and application. However, there are other chemicals classified as highly toxic and hazardous handled on plantations, such as Nematicides, used to control nematode worm infestations (Wilson and Otsuki 2002). Both fungicides and nematicides are applied by aerial spraying, which takes place virtually every week on a plantation, with fungicides being applied up to 40 times a year and nematicides up to 4 times a year (Wilson and Otsuki 2002, Jansen 2004).

Undoubtedly, agro-chemicals help control pests and maintain the availability of low cost and high quality fruit, but there are clearly health risks attached to their use. Major risks include on-farm ingestion by workers, the diffusion of chemicals across the plantation and surrounding area caused by wind drifts, and the danger to consumers from potential pesticide residues in the fruit (Wilson and Otsuki 2002). Both the types of chemicals used and the method of application are highly controversial issues for banana producers (Jansen 2004, IBCII 2005b). One of the major challenges facing producers is how to organise frequent aerial applications without drenching workers on adjacent farms or endangering the local community (Wilson and Otsuki 2002, Jansen 2004). To overcome some of these difficulties some producers spray on a Sunday or in the evening, when the farm has ceased production. Others divide the plantation into a number of sections and spray the area where no work activity is scheduled. However, claims have been made by workers, unions and some external observers that workers are exposed to

chemicals being sprayed on the farms while working (Emaus Forum¹⁹ 2000, COLSIBA 2005, Banana Link 2005). Workers were keen to talk about this issue and there was a regularity and consistency in their response, as indicated by some of the comments noted below:

“The supervisor tells us when the planes will spray, so we know not to go in that area... but some workers go there, [in that area]... but sometimes there is a problem with the wind, it isn't always safe” (Interview MOC@F21, February 2006).

“But, sometimes they don't make the warning that the plane is overhead, so banana workers active in the fields they get sprayed” (Focus Group POC@FG2, March 2006).

“A cloud of chemicals hangs over us... we carry on working – that's how it is in the field” (Interview WOH@F26, March 2006).

“Farms do this [aerial spraying] all the time, workers have to move to one side of the field, but chemicals spread in the air – it is a problem always” (Interview COHP@F26, March 2006).

“Every week they fly over with the pesticides, by law no one should be in the field harvesting, not when applying them [the pesticides]. We must be completely on the other side, but we see it in the air and then it floats by” (Interview NOH@F32, March 2006).

The college Escuela de Agricultura de la Region Tropical Humeda (EARTH)²⁰, the Agricultural College of the Humid Tropical Region in Costa Rica estimates that 15 percent of aerial sprayed fungicide is lost to wind drift and falls outside the plantation (quoted in Chambron 1999). However, workers are necessarily resigned to the problems associated with aerial spraying, as if it was all part of the job. It was something they just ‘had to get used to’ and ‘live with’ and there was often a shrug of the shoulders; an acknowledgement that nothing would change. The operation is viewed as a necessary part of ensuring a good yield of quality

¹⁹ Emaus Forum founded in 1992, is a solidarity network for human rights and the environment in Costa Rica's region of banana production (Emaus Forum 1999).

²⁰ EARTH is located in Limón, Costa Rica and is a private, international, non-profit university, which focuses on agricultural sciences; the aim of the university is to contribute to sustainable development in the tropics by seeking a balance between agricultural production and environmental preservation (EARTH 2006).

fruit and as quality is a key determinant of a workers' salary, it becomes acceptable.

Producers have helped to ensure greater protection for workers by better planning of spraying schedules and by increasing the precision of spraying by the use of helicopters, as confirmed by a supervisor working on a company owned farm:

“A helicopter sprays overhead, [we] have to spray the field every 8 days, it is always in the afternoon when the workers have gone home, other farms do it in the morning, which is a danger to the workers... but not here. There is a schedule on the notice board [in the packhouse] for everyone to see, but we also tell the workers in the morning, so they know not to harvest there. Also, I have to check there are no workers there, before the spraying starts. Sometimes we tell the workers and they still go into that part of the field... maybe they have forgotten or maybe there is more fruit closer together ready for cutting and it is easier for them. But we always tell them not to” (Interview MS@F26, March 2006).

However, the responsibility of the companies as regards aerial spraying emerged as a very emotive topic of discussion in a focus group conducted in the community hall, of what is essentially a banana town in the province of Limón. One of the focus group participants, a harvest worker, described the problems associated with this activity:

“The manager says that when the plane is spraying, everyone should be out of the area, but this is not done... the records show this is being done right, this is what's presented... even when the spraying is a very dangerous chemical” (Focus Group RH@FG3, March 2006).

There was definitely a difference in the way producers explained the process of aerial spraying and the experiences recounted by workers; a possible case of procedure failing to work in practice. This is one of the most controversial issues regarding the working conditions of workers in banana production and it tends to be an area that receives a great deal of attention from all actors engaged in the global banana supply chain.

Some of the participants in this focus group are still involved in cases pending in US courts, cases regarding the use of the nematicide, Dibromochloropropane (DBCP). DBCP was developed by Shell Oil and Occidental Chemical in the

1940s and proved so effective for a number of crops that it was widely used in the US during the 1950s. However, it is a highly toxic chemical, which allegedly was still being applied on banana plantations in the mid-1980s; even though the manufacturers Shell Oil and Dow Chemical knew the potential dangers of the product in the late-1950s (Rosenthal 2004, Werther and Chandler 2006). Both corporations' medical researchers conducted tests on rats and detected high toxicity of DBCP through inhalation and skin absorption, and recommended limited use and impermeable protective clothing if skin contact was likely (Rosenthal 2004). DBCP has proven to be a virulent and carcinogenic pesticide and can cause the most harmful effects, including birth defects, damage to liver and kidneys, and sterility in male workers (Chambron 1999). The first lawsuit relating to the use of DBCP was made in late 2002 by 3,000 Central American plantation workers and was heard in a US court by a federal judge in New Orleans (Werther and Chandler 2006). The workers sued Shell Oil, Dow Chemical, Occidental Chemical, Chiquita International, Dole Food and Fresh Del Monte Produce over the continued use of the pesticide on banana plantations in Central America, the Caribbean, Africa and the Philippines (Werther and Chandler 2006). By 1979, the Environmental Protection Agency (EPA) in the US banned DBCP for most uses, but banned pesticides can still be legally manufactured in and exported from the US (Rosenthal 2004). This is in spite of the fact that exposure to DBCP could result in sterility and cancer, and there is a real possibility of birth defects in the children of those exposed to the chemical (Werther and Chandler 2006). The EPA does not review health and environmental impacts of pesticides destined for the export market, but it is required to notify foreign governments if a pesticide is restricted or cancelled; the effectiveness of this process has been somewhat questioned in this case (Rosenthal 2004).

The chief complaint against the banana producers was that until as late as 1985, the nematicide continued to be used on plantations without proper education or proper protection for the workers, even though the producers were aware of the danger to those workers exposed to the chemical. The companies involved have fought hard to avoid these cases being heard in US courts, but in 2005 further legal action was taken by countries in Central America, including Costa Rica (Werther and Chandler 2006). There are many cases still pending and some of

those involved in lawsuits against their former employers found this topic very hard to discuss in the focus group. One of the workers who became very upset during the discussion claimed:

“... we would be working in the field and they [the company] would be spraying, it didn't matter that we were there... now I will never have children, that is how I was affected by the company, by the chemicals” (Focus Group AH@FG3, March 2006).

All workers in the field are potentially vulnerable to the application of chemicals, which are seen as necessary to maximise the production yield of the crop. There seems to be an acceptance of frequent application of pesticides as a sort of ‘natural necessity’ on the basis that large-scale monocultures can never produce high yields without such action (Jansen 2004: 159). A farm administrator responsible for two farms owned by one of the TNC producers explained the importance of spraying, whilst adding that this operation only took place when workers were not in the field:

“We don't want to use them all the time, chemicals are the most expensive things, but everyone has to spray, it is the only way. Sigatoka only affects the leaves, a yellow stain appears, then in a few days the whole leaf will go black, we need 10 leaves at least [on the plant] or there won't be enough protection to the fruit and the bunch will be no good... we could lose a whole farm in two months” (Interview CA@F32, March 2006).

Unfortunately, the situation is not helped by the rate at which Sigatoka spreads and few other means of managing this most infectious disease seem to be available. Cropping the plant and trimming the leaves still allows the fungus to remain in the air, which appears to be the basis of the argument for the continuation of aerial spraying. This is the mindset that prevails in the industry and it seems as if an alternative to aerial spraying is illusory, even if producers are heavily recruiting agronomists and are investing in collaborative research with universities like EARTH, to develop better pest management systems. However, with the constant pressure to produce the high yielding blemish-free fruit that ripens uniformly, the lack of an alternative solution may not be so surprising.

The next stage in the production process is the harvesting of the fruit. At 12 weeks, the banana stem can weigh up to 100 pounds (45 kilograms) and is ready to be cut from the plant. The chief harvest worker, a *cutter*, is responsible for determining which bunch is ready for harvesting. In order to reach the fruit the cutter will first nick the banana stalk with a long pole that has a sharp curved knife at the tip. The plant droops over and the pole is used to support the overhanging plant and its heavy crop. The cutter then cuts the whole stem away with a large machete and a second harvest team member, called a *carrier*, waits for the stem to drop onto his shoulder. After the banana stem is harvested, the mother plant is cut down and left to rot on the ground. This allows the daughter plant that has been developing alongside to blossom; the banana plant is a perennial that will grow repeatedly from the same root system.

Plate 7.2 A harvest team preparing to cut the fruit



Source: Photograph taken during fieldwork, Feb-April 2006

This is very dangerous work due to the use of very sharp knives and there can be problems, as one worker in the field noted:

“Accidents do tend to happen in harvesting and pruning” (Interview AOB@F22, February 2006).

As another worker acknowledged:

“Sometimes there are accidents with knives, but there is a first aid person in every area; the field, the packhouse and the office” (Interview MOS@F25, March 2006).

A supervisor also commented on the use of sharp knives in the field and the potential this gave for accidents:

“...the hardest and most dangerous work is cutting the bananas and the weeds, the workers have to take care, most of the accidents we have here, is with knives in the field” (Interview MS@F26, March 2006).

It was generally acknowledged on all the farms visited that the work in the field was the most demanding and uncomfortable, because of not only the constant humidity and tropical showers, but because of the physicality of the work. The carrier has a padded shield to support the banana stem as it drops onto his shoulder, but this is a very heavy load to transport across difficult and uneven terrain. The weight of a good commercial stem of bananas is between 88 and 110 pounds (40-50 kilograms), and it has to be carried to the nearest wire-cable conveyor system, which is often a distance away (the harvest team work up to 500 meters either side of a cable-route). The carriers run with their load for maybe five minutes or more, weaving and wending their way through the web of blue twine stretched between the plants, whilst avoiding fallen dead plants and holes sunk in the ground.

The banana stem is transported around the plantation through a system of cableways and pathways. The system facilitates the movement of the crop without having to lay the stem down, which helps prevent bruising and damage to the banana clusters. When twenty-five stems in total have been cut and placed on the cable, the carrier will take the train of bananas to the packhouse. This work is physically very demanding, as the carrier transports the fruit by attaching a rope from the trolley to a belt around his waist, and pulls the train along a downward sloping pathway towards the packhouse. The distance travelled will vary, but usually it is less than a kilometre. The carrier will make the trip four or five times every day, however when asked how tiring the work was, one carrier in particular stated:

“My job makes me very fit, I play for the football team here and we always win” (Interview JOH@F23, March 2006).

Many farms have their own football teams and matches are organised within the district. There is a great deal of competition between the different teams and it seems that carriers are always in great demand to play because of their great fitness. There is also some rivalry between the different companies, who encourage and support their teams through the provision of equipment, clothing and prize winning cups for football matches.

Plate 7.3 A carrier pulling a train of bananas to the packhouse



Source: Photograph taken during fieldwork, Feb-April 2006

There are three workers in every harvest team; one cutter and two carriers. One carrier will always be on his way to or from the packhouse while the second carrier is helping with the harvesting of another crop. The carriers have an opportunity to rest at the packhouse between their arduous runs. There are a number of harvest teams on a farm and there will be a constant stream of fruit trains arriving at the hand-off station at the front of the packhouse. At this point, the crop is passed to another team of workers, who are responsible for preparing the fruit ready for market.

7.2.2 *In the Packhouse*

Bananas are harvested green, but as soon as the banana stem is cut from the plant, ripening starts, thus the fruit needs to be processed immediately. The processing side of banana farming occurs in the packhouse, which in a somewhat industrial way is often referred to as the production area. There are a number of work activities that take place in the packhouse including quality checks, selection and trimming, selection and assortment, packing and storage. When the train of 25 banana stems reaches the weighing station at the receiving area of the packhouse, the crop becomes the responsibility of those workers operating in the packing section of the farm.

The first key activity in the hand-off of fruit from the field to the packhouse is quality inspection. The bananas are weighed, examined and checked against a set of strict criteria, which is driven by the export market. In particular, European supermarkets specify standards regarding the size and appearance of the fruit. Thus, product uniformity is critical for the producer and there are a series of quality checks conducted throughout the packhouse operation. At the receiving point, a target sample of the fruit will be taken and a number of measurements will be made, such as the finger grade²¹, finger diameter, finger length²², and finger curvature, and the uniformity of the hands of bananas. In addition, similar sized bunches are preferred by supermarkets and further checks are made in respect of the presentation of the fruit. UK supermarket groups cite the appearance and uniformity of bananas as important drivers in the consumer purchasing decision-making process (Lawrence 2004, Blythman 2004). Therefore, the banana stem is also judged by the number of bruises and blemishes, which forms another part of the quality control process, as one supervisor highlighted:

“We want fingers [bananas] that are good or they can’t be for export... the supermarkets just won’t take them” (Interview FOS@F24, March 2006).

²¹ Bananas destined for the European market are normally graded as Class 1 or Class 2.

²² European supermarkets specify the minimum requirements of finger length in their respective markets, the minimum length acceptable for premium fruit in the UK is normally 200mm.

The importance of 'getting it right' for the supermarkets was certainly not underestimated by the quality control teams, as one of the quality inspectors clearly indicated in the following statement:

“The quality of our bananas in the market is very important, it affects the company here, the benefits of the worker, they [the Supermarkets] maintain our salaries” (Interview LOQ@F23, March 2006).

After these various quality checks are completed, the train of banana stems passes through to a holding space, which feeds the next process in the production cycle. In turn, each crop of 25 banana stems is pulled into the first cutting operation in the packhouse, where the fruit is separated from the stem into more manageable clusters. The fruit is cut into four or five clusters of bananas, with between 25 to 35 fingers on each and tossed into a large bath of running water, which helps remove dirt and insects. The gently propelling water also pushes the large clusters to the first selection activity in the process, where workers known as *selectors* will lift out a cluster, cut and trim it and create smaller bunches of bananas with 6 to 9 fingers. At the same time, the selector will identify and discard bruised or smaller fingers, which fail to meet the required specifications.

Bananas that are misshapen, have peel blemishes caused by disease or have under or over grade fingers are rejected and set to one side; they are later sold in the local market. Groups of selectors, almost exclusively women, stand on the production line, knife in hand ready to scrutinise the crop and create the 'perfect' bunch of bananas for the waiting consumer.

Plate 7.4 A group of selectors trimming bunches of bananas



Source: Photograph taken during fieldwork, Feb-April 2006

This activity could be viewed as quite dangerous work as the knives used have to be kept very sharp to ensure quick and decisive cutting of the bunch. The companies provide safety equipment for this work, including boots, aprons and gloves, but these only repel the water, and offer limited protection against the slip of a knife. However, when discussing their work, the women workers claimed few accidents occurred, declaring they were good at their work because they were very clever with their hands. This work requires great dexterity and as if to prove the point, one of the female selectors took off her gloves and proudly stated:

“Look I have no cuts and there are no scars on my hands... 30 years in banana packing, I started at 13 years old, mostly on selection... it is very skilled, women are best at this work” (Interview COS@F21, February 2006).

The perfectly trimmed bunches of bananas are gently dropped into another large tank of running water and for approximately 15 minutes will journey towards the packing area. During this time, the latex – a sap that bleeds from the top of the bunch after cutting – will cease to run and hopefully the crown of the bunch seals. Stopping the flow of latex is critical, as the sap causes blemishes on the fruit, leading to more waste. The farms visited claimed to use only running water for this activity, however other research suggests that an astringent, such as

aluminium sulphate is added to the water to help stop the flow of the latex, and this often causes skin complaints and health difficulties for workers (Harari 2005a; IBCII Forum Discussion, April 2005).

At the end of the washing cycle, bunches of bananas are scooped out of the water and placed on black flat trays with the crown, the top of the bunch, facing upwards. This is the second stage of selection, known as the assortment of the fruit. Bunches of bananas are selected and placed on the tray in a configuration required for packing. The weight and number of fingers on each bunch, as well as the number of bunches placed on each tray are important considerations, as sorting the fruit in this way eases the packing operation, with one tray equalling one box. This also helps to reduce the number of times the fruit is handled, which in turn helps reduce waste, because the delicate nature of the fruit means that the more times it is touched the more blemishes it will have. The crown of the bunch is then brushed with an insecticide to help fend off insects and prevent disease (crown rot) developing in the fruit during its transit to market. This post-harvest chemical treatment is another area of concern for workers' wellbeing, and some producers have introduced closed spraying chambers for the operation.

Following this activity, a number of company labels are placed on the bunch, to help build brand awareness with consumers. More recently, these labels have been developed to communicate producers' ethical and environmental credentials. Each full tray of bananas is required to more or less equate to a full box, but whilst the weight of the tray is checked, adjustments have to be made to guarantee at least 40 lbs of fruit in each box. One of the workers described this activity:

“All day I check the weight, when the chamber is a little slow or too fast it is sometimes difficult, but each box must weight between 41.7 and 42lbs, so I add or take away spare bananas” (Interview ZOP@F31, March 2006).

The trays move along a small conveyor belt to the packing area where the fruit is packed in a cardboard box with a plastic liner.

Plate 7.5 A packer placing bunches of bananas in a box ready for shipping



Source: Photograph taken during fieldwork, Feb-April 2006

Given the speed of the packing process, bunches are positioned as carefully as possible to help avoid bruising of the fruit. But the pace of the packing operation is very quick, as one of the workers engaged in the activity highlighted:

“This is a hard job, we move quickly so there is no delay on the line, we must keep up... but I like to keep busy” (Interview JOP@F31, March 2006).

The packed boxes pass over yet another weighing scale, a final check before the plastic inner sleeve is gathered at the neck, the air sucked out and the top sealed with a rubber band to create a vacuum pack. Boxes are then placed on pallets and stored in a refrigerated container. A pallet holds 48 boxes and it takes 20 pallets to fill a container, thus each container will take up to 960 boxes. The average daily production for a banana farm of 2300 ha is two full containers, but the quantity of bananas harvested will be greater than this, as the production plan has a built-in allowance for quality rejection and waste of 10-15 percent. Loading the stock is also very demanding work, as noted by one of the packers:

“We work very hard, we have to pack and load all that is picked each day... we can’t go home until it is all done” (Interview ROL@F24, March 2006).

The container will be transported to the port the following day – the production schedule of the farm is aligned with the arrival time of the next boat at the port. As the ripening process begins the moment bananas are picked, the prime consideration after packing the fruit is to keep it under controlled temperature and transport it to its final destination as soon as possible. By the time this delicate fruit reaches its destination – the market – it will have been handled a dozen times by dozens of local workers employed on large-scale plantations, in typically very difficult conditions.

7.3 The Employment Relation

Bananas are the largest single export in Costa Rica and the banana industry employs an estimated 34,000 workers directly on farms and a further 60,000 indirectly, for instance at ports and as service providers (Interview Jorge Sauma, Director: CORBANA²³, April 2006). Costa Rica has one of the highest banana yields of producer countries, but it is also a relatively high-cost producer, with wage costs being amongst the highest in Latin America (Interview Jorge Sauma, Director: CORBANA, April 2006). High wage bills, together with the influence of the three key TNCs in terms of how employment is structured in the sector, has led to a degree of instability for some workers in the country. One of the reasons given for this, is the continual fall in prices paid to producers by the big supermarket groups, which has a direct impact on the livelihood and security of those employed in the banana sector (Interview Jorge Sauma, Director: CORBANA, April 2006).

7.3.1 The Work Contract

Many banana workers experience a lack of employment stability (Farquhar and Smith 2005, Frundt 2005). It seems that work contracts are dependent on a number of differing criteria on banana farms in Costa Rica, including the type of work and the plantation ownership model; TNC producer or independent grower. In addition, the Labour Law in Costa Rica stipulates that there should be a probation period of three months before a worker is entitled to holidays, social

²³ CORBANA (Corporación Bananera Nacional) is the National Banana Corporation set up in 1971, to promote the banana trade and act as a regulatory body of Costa Rica's banana industry (CORBANA 2007).

security benefits and other traditional benefits associated with a work contract. Only when this three-month testing period has been successfully passed, can a worker be assured of a work contract. There has been much campaigning by trade unions and other activist groups condemning the industry for initiating periods of employment that fall under the ninety days and the perpetual probation status it creates for workers (Emaus Forum 2000, COLSIBA 2005, IBCII 2006). The so-called rolling three-month contract emerged as an issue in one of the focus group discussions, as the following comments highlight:

“It is always three months contracts... short term contracts here” (Focus Group LH@FG3, March 2006).

“[3 months] it’s a trial and probation period for workers... they [the companies] do this so there is no permanent job” (Focus Group EB@FG3, March 2006).

“The way it is done, live for three months, dismissed, out for one month, live again for three months... this means either the worker can not join the union or has no permanent state... if there is more labour stability or a record [of employment] the worker can then join a union” (Focus Group RH@FG3, March 2006).

However, there were some positive comments from workers on this issue too, as one worker explained:

“I am under a permanent contract now, but for only 6 months. I worked here for 4 years, but I am happy because the supervisor is a really good boss, which is rare” (Interview COHP@F26, March 2006).

In addition, there was a sense of pride displayed by those workers that were able to declare they had a permanent contract, as indicated by the comments of two field workers on one independent farm:

“I get paid by the area covered, but it is a *permanent* contract” (Interview DOC@F23, March 2006, emphasis as stated).

“I signed a contract when I started working, a *permanent* contract” (Interview JOH@F23, March 2006, emphasis as stated).

However, there has been a tendency for producers to circumnavigate the country's Labour Law, by extending the working day and subcontracting certain work activities on plantations (Emaus Forum 2000, COLSIBA 2005, IBCII 2006).

7.3.2 *The Working Day*

Workers often commented on the working day and would refer to the Labour Law of the country, quoting details of the legislation. Workers would stipulate that the law clearly stated that the working day was eight hours long and that this was the time usually worked. As one of the workers in the packing section explained:

“We used to work 10 hours or more, but more regulated hours now... they [the auditors] recommended an eight hour day and now it is the law” (Interview EOP@F32, March 2006).

An eight-hour working day was part of the criteria recommended in the SA8000 Standard, and eight hours was adopted and made the legal guideline for the working day in Costa Rica in 2003. Consequently, any time worked over eight hours should be classified as overtime. However, some workers suggested that hours were extended past the eight-hour threshold and they had little option but to comply with the demand to continue working. Such comments were most frequently made in the packhouse, where the workers could only go home when all the fruit picked that day was boxed, loaded and ready for shipment. As noted by a worker involved in the packing operation:

“I start at 6.30am, finish at 5.30pm, for 6 days... we have to pack and load all that is picked each day... we can't go home until it is all done... I think it depends on the demand” (Interview ROL@F24, March 2006).

A scenario that was confirmed by one of the supervisors working for an independent producer:

“On the farm we work very late and have to be at the farm until the end of the process” (Interview LOS@F26, March 2006).

When discussing extended working hours with a representative from one of the TNC producers, his assertion was that all hours in excess of the normal eight-hour

working day are agreed, with additional time worked counted and paid as overtime:

“If the job takes more than 8 hours, the legislated working day, then the rate is different by law... overtime is a special rate... Sundays or holidays also, this is double rate” (Interview RC@P6, March 2006).

As was the case in many of the discussions held with workers and supervisors, there would be a distinct difference in the views held by one group of informants compared to another.

7.3.3 *Subcontracted Labour*

There are many tasks in the banana industry that are deemed suitable for being outsourced or subcontracted, such as cleaning duties in the packhouse and the collection and recycling of waste (blue polythene bags stripped from the banana stem in the packhouse and rejected fruit are just two examples of waste that needs to be managed on a plantation). However, as a harvest worker suggested:

“Harvesting is never subcontracted in any farm – it is the most sensitive part of the operation [banana production]” (Interview COHP@F26, March 2006).

Nevertheless, subcontracting does suit some producers as it offers flexibility in the production process. It can provide the extra labour needed for producers to respond to changing demand or increased supply requirements from customers. However, the critics of producers using ‘contractors’ to carry out numerous duties on the plantation, claim that this is yet another way for companies to avoid paying minimum wages for workers and the social security contributions to the state. Some workers commented on this issue and how the subcontracting process had affected them in terms of their wages being reduced, one worker claimed:

“They [the companies] hire under the minimum wage, subcontract and sometimes they don’t pay the social structure [social security benefits]” (Focus Group AH@FG3, March 2006).

Other comments included:

“There is no pressure on subcontractors to pay the minimum wage” (Focus Group BC@FG3, March 2006).

“Subcontractors became a legal entity and then act in their own way”
(Focus Group RH@FG3, March 2006).

It has been claimed that subcontracting on plantations has caused the deregulation of labour legislation and undermines the system of protection workers are entitled to in Costa Rica (Emaus Forum 2000). In these circumstances, labour is dependent on lone contractors and a series of temporary jobs, which can make workers more vulnerable in the event of an illness or an accident in their work (Emaus Forum 2000). Employment agencies for banana workers are not prominent in Costa Rica, but if there were such agencies workers may be better protected, because like other employers, these agencies would be expected to pay state contributions towards a worker’s social security benefits. The experience of banana workers in Costa Rica is like that of many other agricultural production chains, whereby workers are employed on a casual basis over a long period of time (Friedland 2003, Frundt 2005).

7.3.4 *Social Conditions on Farms*

When talking to the workers about their daily activities, it becomes evident that there is a sense of belonging and dependence on other workers, regardless of which section in the production process they operate in. Each group of workers appears to be defined by the job they perform and workers identify themselves in terms of the group or team they are part of. However, there is also a sense of isolation with the outside world, particularly for those workers who work and live on the plantations. As one worker explained, there is a feeling of being cut off from the rest of society:

“We are out here living away from everyone else, we have one day off a week, a Sunday, we could go into the town, go to a park, a bar, anywhere, but it is too far to go into town, there is no bus, no transport, it is too far to cycle and taxis are too expensive. We have no social life, we just sit here [on the farm] with nothing to do”
(Interview APP@F36, March 2006).

As concluded by Frank (2005a: 87), ‘work on the banana plantations is usually poorly paid, insecure and monotonous’. Other commentators suggest that the social consequences of this scenario are manifold; alcoholism, disintegrated

families, sexual harassment of women and violence (Emaus Forum 2000). Some companies try to create a social atmosphere and organise different events, such as football tournaments. However, many young workers living on the plantation, with little or no family nearby, still spoke of a feeling of isolation and of being locked into the world of banana farming.

7.4 Conclusion

The production process on plantations can be classified as having a high degree of work intensification, which is characterised by a high work pace, long and flexible hours, with overtime often called at short notice, and significant health and safety risks (Nichols 1997, Waddington 1999). The work activities on banana plantations are driven by the production process, which results in hard and unremitting work for labour. The production operation runs from dawn to dusk, 6 days a week. However, this does not mean that all workers are expected to work long hours. Over the last twenty-five years there has been a number of changes in agricultural technologies and practices on banana plantations that have impacted the type of work done and the relationship between employer and employee. Technological innovation has led to producers introducing cultivation practices involving the application of agro-chemicals, which affect the health and safety of workers on plantations. The constant pressure to produce a high yield of fruit and the perfect banana of uniform size and colour without blemishes, has resulted in production practices that can have serious consequences for workers. In this regard, the work is dangerous and raises difficult questions about safety, which codes of conduct are meant to reconcile.

However, the experience of talking to workers regarding the application process of agro-chemicals on the farm tends to indicate that the use of pesticides is viewed as an accepted part of the job. The main responsibility for safety appears to be on the employee. They either use the equipment or stay out of the field where they are endangered, in the ways described. The situation is somewhat different in the packhouse where health and safety requirements appear to be more strictly adhered to. The explanation for this could be the fact that supervisors have more of a presence compared to the field, where workers claimed they were expected to

get on with their work and rarely saw a supervisor, or because most chemicals are applied during the cultivation process.

In addition, the continual demand for cheaper and cheaper bananas in key markets in Europe has placed cost constraints on producers, which they have passed down the chain to workers. This has manifested itself in the form of an increase in temporary contracts, job instability and in some instances, the avoidance of social welfare payments by producers. The legal loophole of 'permanent temporary' contracts (three month rolling) makes these workers vulnerable. Their situation is also more precarious than permanent workers because they do not have the same guarantees and are unable to affiliate to a union. The employment contract underwrites vulnerability and uncertainty – three month contracts, uncertain hours, and difficult social lives – this is what it is like at the bottom of the chain.

A number of issues have emerged from the discussion in this chapter, all of which relate to the working conditions faced by labour on banana farms. They can be categorised as (i) health and safety (danger and risk of using agro-chemicals), and (ii) job insecurity (variable contracts – temporary, permanent and subcontracted work). These issues will be explored in relation to the role and position of voluntary labour codes and standards on plantations in the following chapter.

Chapter Eight

Labour Codes of Conduct: The Policy and the Practice

Introduction

As noted in the preceding chapter, there are some key issues faced by workers on banana plantations, the most critical being the danger of handling agro-chemicals and the employment instability that comes from working in a globalised industry. The chapter explores these issues within the context of the relevant principles of the ETI Base Code and the SA8000 Standard, and inferences are made regarding the labour conditions on banana farms in light of these voluntary initiatives. The chapter explores the reality of employment in the banana sector relative to the principles noted in both codes, focusing on health and safety, job security, a living wage, discrimination, and freedom of association. The chapter also reviews a more recently established form of governance in the banana production chain, International Framework Agreements (IFAs). The issues associated with working on banana farms are complex and the introduction of labour codes of conduct in the sector has been variable (Frundt 2004, Kastele and Stichele 2005). In an agricultural sector like banana farming, the capitalist model of production dominates (Raynolds 1994). The process of capital accumulation continually reshapes the industrial landscape; it changes and creates new ways of doing things (Nichols 1997). This is certainly evident in the banana industry where companies have sought competitive advantage. Traditionally, this has meant improving production yields and cutting costs, usually labour costs. But more recently, it has included the development of social responsibility credentials (Nicholls 2005).

The theories of comparative advantage, drawn from the doctrines of Adam Smith and David Ricardo, highlight the need for countries to develop an export trade where they have an advantage in the production process (Krugman and Obstfeld 1997). Banana farming in Latin America largely relies on production economies of scale and low labour costs to maintain its comparative advantage in the export

trade (Myers 2004). For the major banana companies to maintain this competitive position with their key customers (chiefly the supermarkets) they must continue to keep prices low, which invariably means cutting the cost of production and labour. This raises the question of whether social responsibility policies, which include codes of conduct, are the most effective means of ensuring acceptable labour conditions in global supply chains and/or a realistic form of protection for workers' rights. A number of questions are prompted by this query, such as: (i) where do codes fit in the production process for bananas, (ii) are they a response to the needs of workers, (iii) are workers aware of the various codes, (iv) does the success of these voluntary initiatives depend on workers' awareness and acceptance, and finally (v) are such voluntary measures valued by workers, in that they actually make a difference to the labour conditions on banana plantations. One of the main aims of the chapter is to wrestle with these questions and attempt to determine the permeability and uncertainty that surround these forms of control in global supply chains, and to try and identify how codes benefit workers.

To ensure understanding of the voluntary labour initiatives which are currently operating in the banana chain, a summary is provided of the codes and standards subscribed to by both ends of the global banana supply chain – supermarkets and producers. This is followed by a detailed analysis of how these are viewed and understood by workers; the intended beneficiaries of voluntary labour regulation. Chiefly, the testimony of workers is the basis of the discussion in the chapter and these accounts are largely organised to show how the principles of codes operate in practice. The intention here is to review the social responsibility commitments and level of compliance to codes by the varying companies engaged in the global banana supply chain and to show the difficulties associated with this form of labour regulation. By exploring the policy and practice of codes in this way, a better understanding may be gained of how the major TNCs and independent producers involved in banana farming embrace and respond to other social actors exerting control in the chain. Also, by following this approach it may be possible to show whether the ways producers adopt codes and other labour agreements,

makes a difference to workers. In this regard, it is hoped the chapter will contribute to the developing theory of self-regulation in the globalised market.

8.1 Codes of Conduct

As highlighted in Chapter Four, codes and other standards introduced in global supply chains are aimed at both securing and maintaining certain levels of environmental and social conditions in the chain. There are a number of standards subscribed to by companies engaged in food production, wholesale and retail, some of which are aimed at ensuring food hygiene standards in order to comply with EU directives on health and safety, and the requirements of *due diligence* in the chain, such as EurepGAP. EurepGAP is a partnership organisation (retailers and agricultural producers) that has developed an agreed set of food quality and safety standards to certify each step in the production chain, providing complete traceability from field to the plate (EurepGAP 2006). The EurepGAP organisation has gradually extended its geographical reach and changed its name to GLOBALGAP in September 2007 (GLOBALGAP 2007). Whilst other initiatives have been developed by individual companies as a means of presenting a public statement that shows the company is committed to ensuring the products it sells are made in reasonable²⁴ working conditions. Often referred to as 'Company Codes of Conduct', these initiatives increasingly cover labour standards for overseas suppliers (Hale and Shaw 2001). In the UK food retailing sector, examples of such propriety standards include Tesco's 'Nature's Choice', Sainsbury's 'Special Select' and Waitrose's 'Responsible Sourcing Code' (Interviews: Retail Technical Manager ST@T2, April 2005; Retail Buyer GB@T1, April 2005; Retail Technical Manager DC@T5, June 2005). However, codes examined in this research study are not enshrined in law and the companies

²⁴ This is a term that is rarely defined and like the term 'acceptable', which is often used to describe working conditions in debates on social responsibility, it has a different meaning and interpretation dependent on which group of social actors in the global supply chain is consulted (Hale and Shaw 2001).

(supermarkets and producers) involved in the global banana supply chain differ in their commitment to the various initiatives that are being promoted in the sector.

8.1.1 *Supermarket Retailers*

Apart from the many propriety standards in the retail sector, many of the UK supermarket groups have insisted their supplier-base comply with more established voluntary labour initiatives applicable to global supply chains. Chiefly, these are the ETI Base Code and the SA8000 Standard, both of which include standards applicable in the production operation of the supply chain. The growing membership of the Ethical Trade Initiative during the last few years has meant that the ETI Base Code has become one of the key initiatives that producers and suppliers to the UK market are obliged to comply with. Three of the top four supermarket retailers in the UK are members of the ETI and as such, have committed to ensuring that the Base Code is implemented in all the supply chains that they source product from. A summary of the voluntary initiatives committed to by UK supermarkets is detailed below.

Table 8.1 Voluntary initiatives subscribed to by UK supermarkets (as of 30.06.07)

Retailers	Codes and Standards
Tesco	<ul style="list-style-type: none"> ▪ ETI Base Code ▪ SEDEX* – labour standards governance system
ASDA	<ul style="list-style-type: none"> ▪ ETI Base Code ▪ SEDEX
Sainsbury's	<ul style="list-style-type: none"> ▪ ETI Base Code ▪ SEDEX
Morrison	<ul style="list-style-type: none"> ▪ SEDEX
Waitrose	<ul style="list-style-type: none"> ▪ SEDEX
The Co-operative Group	<ul style="list-style-type: none"> ▪ ETI Base Code ▪ SEDEX
Notes: * SEDEX is a supplier ethical data exchange web-based system that enables producers to maintain data on labour standards at their production sites, which is then made available to trading partners, i.e. retailers (SEDEX 2005). The chief aim of the system is to make it easier for producers to share information on labour standards with their customers (retailers and wholesalers) (SEDEX 2005).	

Source: Supermarket Company Annual Reports 2006, Retailer Interviews 2006, SEDEX 2007

Largely, the major supermarket groups in the UK have made similar commitments to voluntary initiatives regarding labour conditions in global supply chains. The key anomaly is the supermarket group Morrisons, which has shown little interest in becoming a member of the ETI and which, like Somerfield Stores Ltd., a member of the ETI until last year, has stated a preference to abide by in-house ethical standards (Mathiason 2006; Interview ETI Representative DD@OG2, June 2006). Somerfield is the fifth-biggest supermarket group in the UK, and was a founding ETI member, but it made the announcement not to renew its ETI membership in May 2006. Whilst stating a commitment to incorporate the accepted codes of practice across their business, the retailer also stated matters of ethical trade were best managed in-house (Mathiason 2006). Waitrose, one of the smaller supermarket groups and part of the John Lewis Partnership, has also displayed misgivings over the introduction of additional external standards of this nature. After much deliberation, Waitrose decided not to join the ETI, based on the reasoning that ‘responsible sourcing’ was an inherent part of the organisation’s constitution; the ‘ethical philosophy’ which guided the Partnership (Interview Retail CSR Executive, April 2005). In this respect, the ETI Base Code was viewed as “simply a duplication of what is already being done in the business”, but in recognition of the advantages of sharing knowledge of labour standards in the supply chains of their suppliers/producers, Waitrose became a founding member of SEDEX (Interview Retail CSR Executive, April 2005).

8.1.2 *Banana Producers*

As regards producers, one of their greatest priorities in the past has been quality and due diligence, resulting in the introduction of EurepGAP and ISO standards in their supply chains. Due to the pressure of civil society groups, and possibly more influential, the demands of their customers (supermarkets/wholesalers), producers have also embraced labour initiatives such as the ETI Base Code and the SA8000 Standard over the last few years (Interviews: Producer CSR Manager RC@P2, February 2006; Producer Technical Manager RT@P1, March 2006;

Producer Area Manager DG@P5, March 2006). A summary of the voluntary initiatives committed to by the major banana producers is detailed overleaf.

Table 8.2 Voluntary initiatives subscribed to by producers (as of 30.06.07)

Producers	Codes and Standards
Chiquita	<ul style="list-style-type: none"> ▪ SA8000 – on company owned farms/working towards implementation on suppliers farms ▪ Rainforest Alliance – environmental and social standards on company owned farms ▪ ETI Base Code – on company owned farms/working towards implementation on suppliers farms ▪ SEDEX
Dole	<ul style="list-style-type: none"> ▪ SA8000 – on company owned farms/working towards implementation on suppliers farms ▪ ISO-14001
Del Monte	<ul style="list-style-type: none"> ▪ SA8000 – on company owned farms ▪ ISO-14001 ▪ ETI Base Code – working towards implementation on company owned farms
Fyffes	<ul style="list-style-type: none"> ▪ SA8000 – support suppliers with compliance ▪ ETI Base Code – supports suppliers with compliance

Source: Producer Company Annual Reports 2006, Producer Interviews 2006, ETI 2007

In the case of Chiquita, the adoption of the above voluntary initiatives followed the company's own organisational change in relation to its business operations. After the announcement of a major restructuring effort in 2001, Chiquita was facing a difficult trading time, but the company remained committed to the policy outlined in its first Corporate Social Responsibility (CSR) report published in 2000 (Chiquita 2001a). In 2000, the company developed a Code of Conduct based on the Core Values of the organisation and included a commitment to abide by the ILO core conventions (Chiquita 2000, Chiquita 2001a). The Core Values programme highlights four key values: Integrity, Respect, Opportunity and Responsibility (Chiquita 2002). The company code also included the labour standards of SA8000 and commitments to environmental practices, food safety standards and ethical compliance (Chiquita 2001a, Chiquita 2002). Chiquita

became a member of the ETI in April 2001, and a few months later, signed a historical agreement on labour and trade union rights for banana workers (Chiquita 2001b). The International Framework Agreement (IFA) was described as ‘a groundbreaking partnership’ based on the fact it incorporated freedom of association, minimum labour standards and employment standards for workers in Chiquita’s Latin American operations (Chiquita 2001b: 2). Further attempts at improving working conditions followed in 2002, with the initiation of arrangements to achieve SA8000 accreditation on all Chiquita owned and managed plantations (Chiquita 2002). There was a distinct shift in Chiquita’s position on the issues of environmental and social responsibility during this time, for which a number of reasons have been cited, including the haemorrhaging of sales and loss of market prominence during the US-EU banana wars of the 1990s, the narrow miss of bankruptcy in 2000, and the determination of the organisation to demonstrate it had changed both politically and commercially. To a large extent the introduction of a socially responsible programme by Chiquita was part of a wider reinvention of the company (Interview George Jaksch, CSR Director: Chiquita, February 2005).

Since 1999, Dole has been represented on the board of Social Accountability International (SAI), the body responsible for developing the SA8000 Standard (Conversation Sylvain Cuperlier, CSR Director: Dole, April 2005). In 2000, a then owned Dole subsidiary production unit in Spain became the world’s first agricultural centre to be SA8000 certified, and in 2001 a plantation in the Philippines became the first banana division to achieve SA8000 certification. One of the ways in which Dole demonstrates its commitment to social responsibility is through its membership and advisory board role at SAI (Conversation Sylvain Cuperlier, CSR Director: Dole, April 2005). In 2005, all of Dole’s company owned banana farms located in Costa Rica were certified to the SA8000 Standard (Dole 2005b).

In order to comply with labour standards in their production operation, Del Monte has introduced the SA8000 Standard and its own Code of Conduct and Labour

Policy, which draws on the human rights detailed in the ILO core conventions. As a member of the ETI, Del Monte also abides by the principles of the ETI Base Code in their operations (Interview Producer Compliance Manager, March 2006). The Fyffes Group also has a Code of Best Practice that ensures safe working practices and the fair treatment of workers in compliance with internationally accepted labour standards, which the wholesaler's suppliers are required to abide by (Fyffes 2006). Like other banana producers Fyffes is a member of the ETI, but as the group does not own or manage plantations, it can only guide and assist its supply base to comply with the ETI Base Code (Interview Producer Technical Manager, March 2006).

There is also a mixture of labour, environmental and quality standards in the global banana supply chain. Some standards, like the Rainforest Alliance (RA) certification programme began life as an environmental standard, but at the behest of producers has been extended to incorporate labour standards (Interviews: Oliver Bach, Audit Manager: RA, March 2006; Producer Technical Manager, March 2006). It has been suggested that some standards, such as those developed by the ISO, are simply used as a defence of good management practice when companies are scrutinised on their ethical credentials (IBCII Forum Discussion, April 2005). Certainly, the question of how producers substantiate their claims of social responsibility in their supply chain operations is very much linked with the company's image in the marketplace. One of the marketing tools that has been employed to achieve this is the introduction of *ethical labels* attached to the fruit. Over the past few years, these labels have become a means of assuring consumers that the bananas displayed in their local supermarket are produced in a fair and equitable manner. There has been a proliferation of labelling schemes in the industry of late, but the more prominent and well known, are those certified by the Rainforest Alliance and Fairtrade Foundation. Both organisations are external and independent bodies that manage an approval process, whereby each farm on a banana plantation is regularly audited against a comprehensive set of criteria (Interview Oliver Bach, Audit Manager: RA, March 2006). However, there are

some distinct differences between the certification and approval criteria of each body.

In response to the problems associated with agricultural expansion, such as contaminated waterways and soil erosion, a coalition of independent and non-profit groups developed the Rainforest Alliance Certification Program (RACP) in Latin America in the early 1990s (RA 2006a, SAN 2005). The mission of the coalition was to protect the remaining forests in the tropics and help farmers develop environmentally sustainable practices (SAN 2005). The key focus of the programme was environmental standards; water and ecosystem conservation, integrated crop, soil and pest management and wildlife protection, but the social standard for fair treatment of workers was also included (Interview Oliver Bach, Audit Manager: RA, March 2006). The certification programme was introduced in the banana sector in 1992, when Chiquita approached the Rainforest Alliance to ask for help on the company's environmental programme, the outcome of which was the development of an environmental certification scheme called the 'Better Banana Project' (Interview George Jaksch, CSR Director: Chiquita, February 2005). As part of this scheme, the label ECO-OK was developed to be displayed on the fruit, but the very name tended to indicate more environmentally friendly than ethical bananas (Soluri 2003). Labelling systems introduced more recently attempt to present both aspects of responsible banana production. The Rainforest Alliance and the Sustainable Agriculture Network (SAN) which manage the certification programme, provide independent auditors equipped with a set of concrete measures by which the environmental and social conditions on farms can be evaluated against the standards (Interview Oliver Bach, Audit Manager: RA, March 2006). Those farms that pass the 'comprehensive evaluation' process are awarded the Rainforest Alliance Certified *Seal of Approval* (RA 2006a: 1). The seal, according to both producers and the certifying body is a highly 'prestigious badge' in the marketplace (Interviews: George Jaksch, CSR Director: Chiquita, February 2005; Oliver Bach, Audit Manager: RA, March 2006).

In comparison to codes and certification, the Fairtrade approval scheme is more of an alternative route for banana producers to market their fruit and there are significant differences in the heritage and ethos of the label. The term 'fairtrade' became the known name for the partnership between mainly small producers in developing countries and buyers (in the North), who were committed to a sustainable development process and helping small growers gain market access (Barratt Brown 1993, Beek 1998a). The Fairtrade Foundation Mark in the UK and its priority of a stable and just price for producers can be traced back to the origins of the Max Havelaar label – the fairtrade movement's first trademark created in 1988 by Solidaridad, a Dutch church-linked organisation (Barratt Brown 1993, Beek 1998b). The Max Havelaar fairtrade label was introduced to the mainstream consumer market, starting with coffee, followed by cocoa, tea, honey and bananas (Beek 1998b). The Fairtrade Foundation (FF) seeks to organise small farmers into cooperatives in order to agree guaranteed minimum prices for a fixed period of time (FF 2005a). The FF label is designed to give assurances to consumers that smaller growers, who are often viewed as disadvantaged by the market exchange process, fluctuating prices and the buying power of the supermarket groups in particular, receive a fair price for their produce (Nicholls and Opal 2005, Blythman 2004). In this sense, Nicholls (2005) argues that fairtrade represents a market-driven response to trade inequalities, by reconnecting producer and consumer interests and positioning ethical trade as a premium brand value for many consumers. The Fairtrade label assures consumers that the product has been produced under certain criteria; including transparent and long-term trading relationships – cooperation not competition – agreed minimum prices to cover the cost of production, environmentally responsible production, and a social premium for development in the local community (Barratt Brown 1993, Nicholls and Opal 2005). Fairtrade certified bananas were introduced in the UK in 2000, with most supplies coming from the Windward Islands (FF 2005b). However, the Fairtrade certification process is more focused on how products are traded in the marketplace (Russell 2007) and

less concerned with ensuring better working conditions in the banana chain (IBCII Forum Discussion, April 2005).

There are different procedures in place for label approval schemes, the certification and auditing of standards, and the monitoring of codes, yet there are similar elements in all three systems. The SAN standards (incorporated in the RACP) include a range of worker rights; the right to organise, the right to a safe and clean working environment, the right to be paid at least the minimum wage, and access to medical care for workers and their families (SAN 2005). All of these correspond to the principle elements of the ETI Base Code and, in part, align with the SA8000 Standard. The table below highlights some of the corresponding elements in the labour and environmental aspects of all three approaches to regulating corporate behaviour in the banana production chain.

Table 8.3 Comparison of certification, labelling schemes and codes of conduct

Rainforest Alliance	Fairtrade Mark	SA8000 Standard	ETI Base Code
The right to organise		Freedom of association	Freedom of association
The right to a safe and clean environment		The company shall provide a safe and healthy working environment	Working conditions are safe and hygienic
The right to be paid at least the minimum wage	Guaranteed fair and stable price for farmers	Wages for a standard week shall always meet at least the legal or industry minimum	Living wages are paid

Source: SAN 2005, FF 2005a, SAI 2001, ETI 2005a

These systems differ in terms of auditing and monitoring procedures. For instance, for a banana farm to be SA8000 certified there is a process of detailed checks made to establish whether a farm will meet the criteria stipulated in the standard. This is followed by a system of periodic audits to ensure on-going compliance. In essence, the Rainforest Alliance programme and the SA8000

Standard are both about certifying farms, whereas the Fairtrade Mark is about a certified brand. By comparison, there is no formal certification or audit process for the ETI Base Code. Those producers committed to the principles of the code are expected to self-audit and the monitoring process is left to other ETI members: unions, NGOs and retailers, to check the code is being adhered to (Conversation Fairtrade Representative BM@CG1, April 2005; Interview ETI Representative DD@OG2, June 2006). Thus, it is understandable that there is some confusion as regards what certification and branded labels mean for workers in the banana sector and how they differ from other voluntary labour initiatives. Indeed, it was not altogether surprising when discussions with workers turned to the role and importance of codes of conduct that all of the various schemes seemed to merge into one for them. This situation appeared to be quite familiar to one farm supervisor, as indicated by this comment:

“There are lots of different standards across all the farms, we try and standardise them for each area... this makes it easier for everyone to understand, but it is difficult to explain all the differences... they look the same to me too” (Interview BS@F21, February 2006).

One of the key concerns for many involved in the process of managing compliance to the various systems was the duplication of effort required. A representative of one of the major banana TNCs suggested that the costs involved in administering all the different systems aimed at improving labour conditions, would in fact be best given directly to the worker, as this would “truly serve the interests of workers” (Interview Producer Executive DG@P5, March 2006).

8.1.3 *International Labour Standards*

As noted earlier, the ETI Base Code and the SA8000 Standard draw on a number of the ILO core conventions, chiefly Nos. 29, 87, 98, 100, 105, 111, 138 and 182 (Herbert 2005). However, these and additional conventions applicable to banana workers, such as (i) holidays without pay (convention 101), (ii) social security (minimum standards) (convention 102), and (iii) labour inspection and rural workers organisations (convention 129) have also been voluntarily ratified by

Costa Rica (ILOLEX 2007). However, there are two conventions pertinent to social auditing that have thus far not been ratified in Costa Rica, which relate to plantations (convention 110) and occupational health and safety (convention 155) (Herbert 2005, ILOLEX 2007). In part, this may be due to the fact many workers' rights are enshrined in the country's Constitution and Labour Law or perhaps because the human rights abuses experienced in neighbouring Latin American countries, such as forced labour and child labour are less of a problem in Costa Rica (Human Rights Watch 2002).

8.2 Codes, Standards...What are they?

It was important during this study to ascertain whether the workers employed on banana farms in Costa Rica were aware of labour codes and standards, and if so, to determine how the codes impacted their working conditions. After all, the process of informing employees of their rights also helps to place greater emphasis on the enforcement process (Jenkins *et al.* 2002). During the process of speaking to a number of respondents regarding the communication of codes, there was a noticeable reticence and unwillingness to answer direct questions relating to the matter. Also at times, there was a perceptible level of anxiety displayed by respondents who did not wish to show a lack of knowledge or understanding of the codes or standards. As indicated by the comments detailed below, the first by a worker deployed in the field:

“We probably have been told about the codes... they [the companies] are always telling us about these things” (Interview COS@F21, February 2006).

And the second by a worker in the packhouse:

“We are always being told about the company values, our rights, and the audits” (Interview ROP@F22, February 2006).

Both respondents worked on adjacent farms operated by Chiquita and at each location the supervisory staff went to great lengths to explain the process of communication for workers regarding the codes and standards that had been

introduced on the plantation. As illustrated by the comments of a supervisor overseeing the packing operation at the first farm:

“There is a full induction and training when people join... the codes and the company values are explained... and then the workers have to sign, to show they have been trained” (Interview BS@F21, February 2006).

At that moment, the induction and training records of employees were presented by the supervisor for inspection, as if to offer proof of his statement. The response from other supervisors was much the same, including these additional comments by a supervisor working on the second farm:

“The codes and ILO conventions we tell workers about regularly... we talk about them on induction... [we] talk about the standards and the CSR programme” (Interview PS@F22, February 2006).

The only difference between the two farms was that the first was rented and managed by the producer, whilst the second was owned. Following a further farm visit the next day it became clear that a consistent story was emerging regarding the communication of codes and standards by this TNC producer. The comments of a worker deployed in the field offer evidence of the great efforts being made to inform workers of the labour codes applicable to them:

“We receive so many speeches... on codes... on values... I’m sure we have been told about them” (Interview AOB@F22, February 2006).

Such sentiments were echoed on farms operated by one of the other major TNC producers, as indicated by the following comments made by workers:

“I attended the lecture... I have been told about EurepGAP and SA8000, signed and referenced... and audits in farm, [I have] seen auditors on the farm... all training is recorded” (Interview KOP@F35, March 2006).

“... codes are very important here... especially the SA8000, because Europe [the market] is very important to farms here” (Interview MOLP@F35, March 2006).

However, on a farm operated by a large independent producer, who supplied bananas to the UK market, the response to the same set of questions regarding communication and knowledge of codes was less convincing, as illustrated by the comments of a worker in the field:

“There is no information about the codes or who the customers [supermarkets] are... we are in the dark here. The companies tell us nothing... it is the way they like it” (Interview DOC@F24, March 2006).

This is an indication perhaps that there were some differences regarding the communication of codes from TNC operated farms to their associated growers; the secondary source of supply for TNCs. Although some variation may be expected due to the relative size of the organisation – large TNCs vs. smaller independent producers, the fact that the major TNCs are committed to sourcing product from growers who abide by the same codes makes this omission an important concern for those monitoring compliance. This may be why a supervisor on the same farm was quick to confirm “we have all the criteria for the codes, the ETI and the SA8000” (Interview RS@F23, March 2006), yet he was still unable to describe the process for informing workers of their rights covered by the codes, which were required to be in place on the plantation.

During discussions regarding what the codes meant for workers and their views on such labour initiatives in the banana chain, it was suggested that codes had become synonymous with quality standards and demands for perfect fruit from the supermarkets. As noted by a worker employed in a packhouse on one farm:

“We get told about the codes, told on induction, but also in training... and the standards we have to make; the bruising of the fruit is bad, and it [the fruit] must be high quality because the UK won’t take it otherwise” (Interview ROP@F22, February 2006).

The implication is that the most important standards on the farm are those associated with quality. The importance of quality was reiterated by a supervisor on the same farm, who stated:

“The ETI [code] is very similar to the SA8000 [standard]... but what is needed depends on the label, the supermarket. They have the last say” (Interview MS@F22, February 2006).

To some extent this raises a further concern as regards what awareness of codes and standards actually means for workers on a banana plantation. Knowledge of such labour initiatives does not necessarily mean the worker has some form of insurance policy or mechanism by which to call ‘foul’ when codes are not being complied with. This is one of the chief criticisms made by trade unions and NGOs, and one of the key reservations voiced by social activist groups when codes were first introduced (Hale and Shaw 2001, Auret and Barrientos 2006).

8.3 The Realities of Employment

There were several key areas of focus during the investigation, which included (i) safe and hygienic working conditions, (ii) employment freely chosen, (iii) payment of a living wage, (iv) absence of discrimination, and (v) freedom of association and the right to collective bargaining. The following testimony is presented within the context of the relative principles of the ETI Base Code and the criteria stipulated in the SA8000 Standard.

8.3.1 *Safe and Hygienic Working Conditions*

A safe and healthy environment to work in was one of the first topics of debate raised with respondents in relation to an understanding of how voluntary labour initiatives impacted their lives and work on banana plantations. There was much discussion regarding the application process of agro-chemicals and pesticides, as discussed in the previous chapter, but there were also other risks that concerned workers; the danger of accident and injury. This was particularly worrisome for those operating in the field, as noted by a worker responsible for harvesting the fruit:

“Accidents do tend to happen in harvesting and pruning and we are a long way from the packhouse... if there is an accident we have to look for the supervisor, he has the first aid box” (Interview AOB@F22, February 2006).

The provision of equipment and medical services was confirmed by one of the quality controllers:

“Safety equipment is provided - gloves, boots and aprons and every Friday after 12.00, the doctor comes and you can have a consultation, the family too, and the medicines are provided” (Interview LOQ@F23, March 2006).

There were many similar comments, particularly with regard to the provision of equipment and weekly medical visit. Yet it was clear there were more concerns regarding accidents in the field due to the great distances from the packhouse where more extensive medical help was at hand. This adds to the already precarious nature of work in the field – the handling and application process of agro-chemicals – discussed in the previous chapter. However, one of the ways to alleviate such dangers for workers would be to change the composition of the industry (Nichols 1997). Plantation production in Latin America could imitate the methods employed by small growers in the Caribbean, such as organic banana farming where the use of agro-chemicals is far more limited. In some ways, it is the drive of the major TNC producers to create the perfectly presented high-yielding banana coupled with the price pressures from supermarkets that make workers vulnerable to injury. These are pressures of production that companies often perpetuate in the name of competitiveness, but which can equally be viewed as putting profit before safety (Nichols 1997).

8.3.2 *Employment is freely Chosen*

The right to freely choose employment or no forced labour as is stipulated in the SA8000 Standard. There seemed little concern over this principle, certainly there was little evidence to suggest workers were forced or compelled to work in any given job or on a particular farm. The concentration and the number of farms in

the locale appeared to offer the opportunity to change employment, as noted by a respondent working in the packhouse on a TNC operated farm:

“I move around from one farm to the next, its good to change... my brother works here and I like it better for now” (Interview FOP@F31, March 2006).

A respondent who works in the field on a farm managed by another TNC producer confirmed this almost transient situation:

“I work here for a season, I go home and then come back again... sometimes to this farm, maybe another, there is always work for me” (Interview GOH@F21, February 2006).

It was suggested that the above behaviour was quite typical, particularly when the worker is a migrant. Migrant labour, notably Nicaraguans, go home for a couple of months to spend time with their family and then return to work for nine or ten months, a situation that is repeated over the years (Interview Producer CSR Manager RC@P2, February 2006). This seems to be accepted practice, but it also demonstrates the temporary nature of work on banana plantations, and the potential problem for migrant workers who lack the necessary papers to legally work in the country. There was a sense that migrant workers suited the companies, which could have been due to their concerns over production costs. Certainly, the unpredictability of market demand is somewhat smoothed by employing a more temporary workforce. It was also suggested that migrants were cheaper to employ, particularly when they lacked the necessary work papers. (Interview Union Local Secretary CS@S2, March 2006). Migrants lacking official recognition in Costa Rica are referred to as *indocumentados*, or undocumented aliens (Wiley 1995). Without the proper documentation, migrant workers are not entitled to claim state welfare benefits and thus, companies are not obliged to make social security contributions on their behalf (Interview Union Local Secretary CS@S2, March 2006).

However, many respondents seemed genuinely happy with the nature of their work, as suggested by these workers operating in the field on a farm owned by an independent producer:

“Here, we can express our feelings to the boss, communication is good... we can work in peace... other farms are like the devil, pushing you and pushing” (Interview ROC@F26, March 2006).

“Compared to all the big farms this is much better, it is small, everyone works together. The administration is more relaxed and the workers are allowed to do things themselves” (Interview COHP@F26, March 2006).

The above independent producer was contracted to supply Fairtrade bananas to one of the smaller UK supermarket groups. However, such sentiments were not limited just to this farm, as illustrated by the comments of a worker operating in a packhouse of a unit managed by one of the major TNCs. The respondent listed three reasons why he liked working on this particular farm:

“I live close by, I have a good relationship with other workers and I like the work... there is a much closer working relationship [here]... it is friendlier... the administration, they are closer and you can talk freely” (Interview DOP@F31, March 2006).

However, there are some indications that certain issues do exist regarding the principle of freedom of employment. Firstly, workers may be free to move from plantation to plantation, but there are still employment constraints such as education, experience (agricultural workers have a certain skill set which is not always transferable to other labour markets), and nationality status (a particular problem for migrant labour and the Nicaraguan harvesting teams). Secondly, workers are not free to move from farm to farm when they are legally bonded in some way to their employers. On some farms, housing is provided with the job, and the security of the home for workers and their families is dependent on keeping the job. Thirdly, there are economic constraints which can prevent workers ending their employment or accepting a job on another farm. Each

producer has their own wage structure and some pay higher rates than others. Costa Rica has a minimum wage for agricultural workers, but on those farms visited pay rates were always higher than the minimum wage. They also varied due to the different piece-rate systems for quality and productivity bonuses. Fourthly, workers may have financial and social obligations that limit their ability to move from place to place, an example of which is the constraint of repaying loans acquired through the solidarism system. Loans that are issued from a solidarista association on one plantation are seemingly not transferable to associations on other plantations. Thus, in reality there are only degrees of freedom, dependent on the existing terms of employment, the economic situation, the labour market (alternative/different work opportunities), and the mobility of the worker.

8.3.3 *Payment of a Living Wage*

The terminology for wages differs a little between the ETI Base Code and SA8000 Standard. For the former, the stipulation is that ‘living wages are paid’ and for the latter that ‘compensation/wages at the legal and industry norm’ are paid. The subject of wages is often a contentious one and as such, questions regarding the topic can be difficult to phrase. Some workers were quite candid regarding the matter of their wages and the hours worked to earn them, others less so. Also, this proved a difficult subject to broach with supervisors and farm managers, who would not be drawn on the subject and would only state that the legal minimum wage was always paid, and that anyway many workers made more than this each day. Some workers confirmed this to be the case, as noted by the comments below:

“The relationships between workers here is good, also the salary is much better... about 75% this year are getting bonuses, approximately 8 -10% more than they [the harvest team] would be getting normally” (Interview ROQ@F32, March 2006).

“There are no problems with the social conditions here, salaries are regulated more or less... we can check our wages every day to make

sure they are right. The wages are put up on the [notice] board, so everyone can see” (Interview JOPP@F25, March 2006).

Also it seems when there is little work on the plantation, workers still have some guarantee of a wage, as noted by a packhouse worker:

“There are days when there is no work... it just depends on the orders, but they [the companies] still have to pay us for the day. But it is just the minimum [daily] wage and that is less than normal... it is not enough” (Interview LOS@F31, March 2006).

All of the above workers were employed on farms managed by major TNC producers. In Costa Rica, minimum wages are set by law and those applicable on banana plantations include one established for non-qualified workers and another for semi-qualified agricultural workers. At the time of the research, the minimum wage for semi-qualified agricultural workers was 4,452 colones a working day, (defined as eight hours), which is equivalent to approximately 9 US dollars. However, in discussions conducted off-site of the plantation, more critical comments were made by respondents regarding the remuneration process adopted by the companies. For instance, a harvest worker who was employed on one of the independent farms which supplied two of the major TNCs claimed:

“In this district they [the companies] have a monopoly and do whatever they want, they don’t pay the end of the year, the thirteenth salary for the social benefit so we don’t receive this and it is part of our legal entitlement... then we don’t have our social protection... also we don’t get holidays paid for and [they] don’t pay dismissal pay or minimum wage” (Focus Group LOH@FG23, March 2006).

In exploring this topic a little further, it appeared that the problems experienced by this particular group of workers started in 2002, when the latest round of price cutting spearheaded by Wal-Mart and its subsidiary ASDA in the UK, led to the plummeting of the retail price of bananas. The exclusive supply deal made by Wal-Mart with Del Monte was cited as the problem, as this arrangement had resulted in a steep drop in the price of a case of bananas. It was claimed that the only way this reduced price could be met, was for workers to be fired and rehired

on seasonal contracts. However, the new contract would invariably run for just 48 weeks and then a worker would be laid off, on the basis that there was no more work to do. This meant that the final salary payment of the year could not be paid and under the provision of the country's labour law, a worker would therefore no longer be entitled to any of the usual welfare benefits. After only a few weeks, when work was suddenly available again, workers would be employed on the same seasonal contract. It was claimed that this was a way for companies to reduce their costs, because they didn't have to pay social security contributions to the state on behalf of the worker. It was also suggested that this process was now well established and there seemed to be no way of escaping the cycle of working for 48 weeks, only to lose the very benefits workers were entitled to under the country's Labour Code.

Criticisms were also raised regarding the minimum wage. Some claimed they were paid the wage rate for non-qualified work, rather than at the higher and more appropriate rate for semi-agricultural workers. Two croppers also complained about the way their salaries were structured. Most work on plantations is piecework and croppers are paid by the number of hectares they tend. The problem revolved around one of the planting areas being recently reclassified with the subsequent reduction in the number of hectares being attributed to the croppers. In the cropper's view, the planting area was the same, but the reclassification of the area resulted in them being paid less. They could only conclude that incorrect measurements had been used, but now they would either have to tend an additional area to maintain the same salary or earn less. Many workers stated their salaries had fallen over the last decade, with the situation getting very much worse over the last few years. However, the remuneration structure for the majority of banana workers is not only based on individual piecework. For harvesters and those employed in the packhouse, a team-based system is in operation. In this regard, payments are based on quality and output – the amount of fruit that is picked to meet certain criteria – as described by a worker responsible for checking the fruit on arrival at a packhouse:

“The quality of the fruit picked determines the percentage of pay... there are three grades 100 to 95 – green, 94 to 90 – blue and below 90 – red... if there are many below red then the supervisor has to speak to the harvest team... this is not good” (Interview ROQ@F24, March 2006)

It is only when the team pulls together that the individual workers complete the work, and finish on time, or earn a bonus payment. As one worker who is employed on another farm stated:

“...working hours are 6am to 2 or 3pm... but sometimes not all the workers are hard workers and the lazy people hold back the rate and then we all have to stay later... some are not as fast, but they pack the same amount of fruit, so the same salary, this is not always fair... I check the quality of the fruit as I pack and I am still faster” (Interview JOPP@F22, March 2006).

A number of issues were raised by workers regarding salary structure and the temporary nature of the employment contracts, but surprisingly, no one talked about these problems in terms of collective agreements or indeed the lack of such agreements. Potentially this is due to lack of union presence in the banana sector in Costa Rica and the lack of union members on farms. Interestingly, most banana workers always referred to the country’s Constitution and the Labour Law as their protection; the expectation being that the state would take care of workers rights.

8.3.4 *Absence of Discrimination*

No discrimination is practised and remuneration is equal regardless of occupation, sex and age. The work on a plantation is divided between the field and the packhouse, and there was a definite gender split between the two. Indeed, there was only one woman observed working in the field on the twelve farms visited. But there was no indication this was due to women being inherently discriminated against. There appeared to be little evidence of sexual discrimination, and if there were any such incidences they were quickly dealt with, as suggested by a female worker in the packhouse on a farm owned by a TNC producer:

“One woman here complained about a supervisor [male]... she reported him to the manager... but he has gone now, but I don't know where” (Interview AOS@F31, March 2006).

However, it could be argued that the way work activities are constructed on the farm (between the field and the packhouse) helps to create a divide in terms of the jobs that men and women do. This may not be covert discrimination on the part of the company, but rather a situation where the work itself requires certain skill sets and therefore suits men and women differently. As noted in the previous chapter, the work in the field is very physical and requires great strength to pick and haul the fruit to the packhouse, which men seem best able to do. Whilst in the packhouse, trimming the fruit requires a delicate touch, which seems to suit women better. However, there did seem to be some discrimination as far as age was concerned, many respondents complained that over a certain age they could no longer find work on farms, the comment below is indicative of many. The respondent worked on a small independent farm and claimed:

“Banana companies don't hire anyone over 45 years old, the older workers they have to work for sub-contractors, or on the small farms” (Interview BOC@FG23, March 2006).

But it is not only older workers who are discriminated against in this way, it appears that non-Costa Rican workers were also limited to ‘contracted’ work or casual work. The majority of migrant workers on banana plantations are Nicaraguan (Nicas), who tend to be employed at lower rates than the legal minimum wage and in the worst positions, according to a local union representative. Mostly, these economic migrants work in the field and there is a clear distinction between them and the Costa Rican (Tico) workers. As discussed in Chapter Six, there is a long history of disagreement between Nicaragua and Costa Rica, and the discrimination faced by Nicas is rife in Costa Rican society. They are accused of all the ills that have befallen Costa Rica during the last decade and many Ticos are ashamed to be in contact with them, as they are considered to be second class citizens (Trejos 2000, Sandbrook *et al.* 2007). The

Ticos construct their identity around the paleness of their skin, and from this perspective are critical of their dark-skinned neighbours, 'No seas Nica' (don't be an idiot) is a common insult in Costa Rica (Bail 2007). The degree of discomfort between the two groups was often evident on farms visited, which was possibly due to their different culture and even the different way they spoke Spanish. It is difficult to see how labour codes of conduct can overcome the historical differences and the tendency to discriminate between two very different sets of workers.

8.3.5 *Freedom of Association and the Right to Collective Bargaining*

Both the ETI Base Code and the SA8000 Standard include the element 'freedom of association and the right to collective bargaining', which accordingly corporate entities engaged in the global supply chain agree to abide by (ETI 2005b, SAI 2005). Also, the law in Costa Rica is structured to support workers' rights regarding freedom of association. The Labour Code stipulates that workers have the right to form an association and join a trade union (Donato Monge and Rojas Bolaños 1987). But there are difficulties with freedom of association in the banana sector, which dates back to the industrial relations problems of post-colonial conflict between the labour movement and foreign-owned multinational companies (Bendell 2001, Chapman 2007). In Costa Rica, trade unions have long lost their dominance as the banana worker's representative (Frundt 1998, Frank 2005b). The growing decline in union membership has been much attributed to the rise of Solidarismo (Frundt 1998, Bendell 2001, Frank 2005b), which reorganised the labour market around individual, rather than collective contracts (Sandbrook *et al.* 2007). This is a situation which a union official suggested best suited the companies rather than the workers (Interview Union Local Secretary CS@S2, March 2006).

During the 1980s and 1990s, solidarista associations grew rapidly in the banana sector by offering employees financial incentives in exchange for a commitment not to strike (Frundt 1998, Wilson 1998). Following the 'pull-out' of the United Fruit Company from the Pacific coast of Costa Rica to Panama in the mid-1980s,

banana companies turned to Solidarismo to try and resolve industrial disputes through ‘dialogue’ (article in the Tico Times 1999, cited in Bendell 2001). By 1987, a solidarista association had successfully outflanked one of the most radical unions, the militant communist Atlantic Coast banana workers (Frundt 1998). The association employed the law to its advantage, since a solidarista required just five members to form a ‘permanent committee’ between association and employer (Frundt 1998). Workers who joined were represented by the permanent committees which effectively bypassed the unions (Frundt 1998). In 1984, banana unions counted 18,000 members, but three years later banana unions were almost wiped out by the ‘bogus company union system’ of Solidarismo (Frank 2005b: 12). Although Solidarismo has been much heralded for ‘creating harmony in the workplace’ and the benefits it offer to workers, there has also been some criticism of the system (Bendell 2001: 36). Critics have accused the system of undermining the role of unions in the workplace (Frundt 1998, Frank 2005b, Sandbrook *et al.* 2007). As stated by Bemúdez, “Solidarismo prevents *true* representation for workers in banana production” and “it is a *barrier* to collective bargaining”. Bemúdez, one of the system’s foremost critics, claims the banana TNCs stand accused of “*fuelling* the growth of solidarista associations while trying to *crush* the unions” (Interview Gilberth Bemúdez Umaña, Union Regional Coordinator: COLSIBA, February 2006 - emphasis as stated).

Freedom of association and the right of workers to be represented in the workplace was a key topic of discussion with respondents on the banana farms visited. The replies to questions on this matter were often similar, with displays of great national pride and confidence, particularly as regards the role of the state in protecting workers’ rights. This was indicated by the comments of these respondents who worked in the field on a farm managed by Chiquita, the first by a cropper who stated:

“We have permanent committees here on the farm and there is a Constitution, a minimum wage and the workers’ code is included in the law” (Interview GOC@F23, February 2006).

And the second, a harvester who added his comments:

“We have the right to be a member of a workers’ association, Solidarismo, a union and the law protects us, it is in the Constitution” (Interview AOH@F23, March 2006).

During these discussions, the respondents would often reiterate the fact that their rights as workers were enshrined in law. There was also a great respect shown for the ‘permanent committee’ as their appointed representative. One of the nuances of the country’s Labour Law is that workers can choose to be represented by trade unions, permanent committees (PCs) or both; a situation unique to Costa Rica in the Latin American banana sector. As noted by a worker in the packhouse on a farm operated by another of the major TNCs:

“There is no need for unions here, because they [the companies] have SA8000 and ISO-14001, we’re paid above the legal minimum and we do not have unions here... no union leaders have been to this farm” (Interview DOS@F33, March 2006).

However, at times responses to questions regarding the role of unions were mixed, both between the divisions of workforce; the field and the packhouse, and between workers doing the same job on the same farm. Two respondents employed on a farm managed by the same TNC commented as follows:

“Companies must, should be more open to unions... I don’t think we are well represented... the worker really has no freedom and can not be open... what I’m saying today, I can be fired for tomorrow” (Focus Group POC@FG21, March 2006).

Whereas the second worker in the field employed to carry out exactly the same duties and asked the same set of questions regarding freedom of association and union membership displayed a somewhat different perspective, suggesting it was up to the individual to choose:

“The supervisor says we are free to join a union, but in reality it does not happen. There are permanent committees here, but we don’t want the company to think for us, or the union, we want to think for

ourselves” (Focus Group LOC@FG21, March 2006). [Permanent committees and solidarista associations are often referred to as the company choice].

Similar comments regarding the role of permanent committees came from other respondents. The first from a worker in the field, who stated:

“Sometimes the farm doesn’t pay extra monies [related to quality], but the permanent committee helps, they get it for us... we don’t always know who the members of the committee are... but they represent the workers” (Interview JOH@F23, March 2006).

And a worker who is a permanent committee representative operating in the packhouse, claimed:

“The permanent committee can make changes... it has the freedom to make changes across the packhouse... over the last two years the plant has been reorganised... we were involved in that” (Interview DOSP@F24, March 2006).

However, during the discussions in focus groups conducted with respondents drawn from the locale where farms were owned by independent producers supplying Dole, Del Monte and Fyffes, there was a mix of comments regarding permanent committees. The respondents listed a number of criticisms regarding the role of permanent committees and the lack of real freedom to join a union or form other associations, as illustrated by the testimony of a field worker:

“Companies bribe any permanent committee members, they make things easier for that worker, and he is put in charge of office administration –*chambear* [an easy job]. They [companies] emphasise in Europe that the worker can have freedom of association, but it is not real... we are currently trying to organise a union, but there are lots of problems, companies say they will close down the farms and people will lose their jobs” (Focus Group POC@FG21, March 2006).

As far as the principle of freedom of association was concerned, the reality on the ground proved to be a bit of a conundrum with some workers preferring permanent committees and solidarista associations, whilst others saw themselves

as being subjugated by the company and believed the only way to change this was to belong to a union. The latter position unsurprisingly is corroborated by the statement of Bemúdez, a coordinator from COLSIBA:

“Salaries have been slashed over the last number of years...and the workers have no way to fight it, the permanent committees don’t have any power and Solidarismo is not allowed by law to act in collective bargaining, the only way is the union and this is the message we try to give to the workers... but the companies don’t like us saying these things” (Interview Gilberth Bemúdez Umaña, Union Regional Coordinator: COLSIBA, February 2006).

In some ways the unions feel they are being made to pay for experiences of the past, as suggested by the comments of a local union official:

“Because of the strike action in the 1980s pushed by banana unions, the unions have been punished... the 80s was when the workers gained the most, now [their] rights are diminishing, because the negotiation process is organised by Solidarismo and the company... any worker that criticises this method will be dismissed... workers with a bit of conscience feel that their rights are being taken away, they denounce the direct agreements and this is how Sindicatos [unions] hear about the situation... almost like a natural process when this point of upset happens, this is when again the worker joins the union” (Interview Union Local Secretary CS@S2, March 2006).

Such sentiments resonated with the comments made almost a year earlier at the Second International Banana Conference in Brussels.

There were further varied responses to the role of solidarista associations, particularly with regard to the benefits they provided, as noted by the comments below. The first, by a worker employed in the field:

“[Solidarismo] is a social association, you can save money or if you need credit, you get money for medicines... its like a security system, you get a back up payment for losing your job” (Interview JOH@F23, March 2006)

The second, by a worker on the same farm:

“The company puts money into the association [Solidarismo]... when a relative dies, it [Solidarismo] pays for days off for your relative’s funeral” (Interview LOQ@F23, March 2006)

There were also comments made as to how solidarista associations compared with unions. During a debate on the subject in one of the focus groups conducted, a participant highlighted some differences between the two:

“The main reason why people join Solidarismo is the saving fund, they find it appealing... they get money back, it is like a savings scheme, but not with the union, their money is gone for ever” (Focus Group COHP@FG21, March 2006).

A view agreed by another participant, who suggested:

“Everything that goes to unions goes to leaders for meetings and for travelling around... Solidarismo gives loans, a lower rate than the banks, unions offer none of this... workers get loans for a new bicycle, television or to send their children to school in San José for a good education” (Interview LA@F34, March 2006).

However, within the same focus group, there were also participants who were critical of the associations, as noted by the comment of one employed on the same farm as the two previous commentators:

“Solidarismo acts like a bank, loans have 21% interest rate, the main purpose of Solidarismo is to make profit not solidarity... lots of people borrow from this bank, 50 to 70% of the members are in debt and sometimes receive no salary because they have so much debt” (Focus Group LOC@FG21, March 2006).

Clearly, solidarista associations are not trade unions and this is where the dilemma lies for some social actors in the chain. The differing position of the various actors involved is covered in more detail in the following chapter. However, the testimony of workers’ employed on farms operated by Chiquita indicated a more passive attitude to the need for unions, as noted by one supervisor, “permanent committees act for us, we don’t need unions” (Interview

DOS@F21, February 2006). This was a belief which was supported by a permanent committee representative who worked in the packhouse, who stated:

“There are no unions on this farm because we have a permanent committee... here workers only have little problems, maybe with the infrastructure... [Cable] towers fall over... we need more bridges in the field [for harvest]... in packing there are less difficulties... the system works, I raise problems with the supervisors, the manager, it all gets sorted... if not, then the formal process begins... it is raised as a point on the agenda” [for the next PC meeting] (Interview JOPP@F22, February 2006).

As unions are a key constituent of the labour framework agreement in place with Chiquita, these comments prompt the question of how fully informed workers are of such agreements and their benefits.

8.4 A Producer and Union Labour Initiative

Chiquita's adoption of an IFA was born out of a series of CSR commitments which were intended to improve the company's image and reputation. In 1995, Chiquita was voted one of the ten worst corporations by Multinational Monitor (Mokhiber and Wheat 1995). Following a series of allegations of political entanglements, suppressing labour rights and chemical misuse, Chiquita introduced a comprehensive CSR programme in the late-1990s (Chiquita 2001a, Were 2003). Chiquita's journey of ethical policy started with its engagement with the Rainforest Alliance and the SA8000 certification of all its owned-farms in Latin America (Chiquita 2005a, RA 2006b). However, the most dynamic development to follow was the signing of a groundbreaking labour rights agreement with the IUF and COLSIBA – an affiliation of banana workers' unions in Latin America – on June 14th 2001 (Chiquita 2005b). Although the agreement affirms the same ILO core conventions as those included in the SA8000 Standard and Chiquita's own corporate Code of Conduct, there is an important distinction in the agreement – the inclusion of a formal Review Committee, which has the responsibility to oversee the company's adherence to the conventions (Zalla 2001). Through the agreement, Chiquita, one of the largest employers of

unionised workers in Latin America, reaffirmed its commitment to respect workers' right to freedom of association (Chiquita 2001a, IUF 2001).

The agreement was considered momentous at the time, as stated by Ron Oswald the IUF's general secretary, who described it as "historic in the truest sense" and a real "possibility for workers and employers to seek a new basis for the resolution of problems" in an industry that had a history of confrontation (IUF 2001: 1). It was also viewed by Chiquita as a means to ensure effective labour management relations (Chiquita 2001a). The IFA agreement aligned with the principles laid out in Chiquita's CSR strategy, which continued to be seen as critical to the company's success. As stated by the company chairman and chief executive officer Fernando Aquirre in 2005, "corporate responsibility continues to be woven into every major decision we make as a company" (Chiquita 2005b: 2). However, as highlighted by Oswald, in one regard the agreement is not truly international, because it doesn't apply to all of Chiquita's business operations; the agreement is only applicable to banana workers on Latin American plantations and does not apply to production workers employed in other Chiquita operations around the globe (Interview Ron Oswald, General Secretary: IUF, October 2007). Chiquita has a number of fresh fruit packing operations, specifically in the US and Europe, which are excluded (Chiquita 2006a).

In June 2006, five years after signing the breakthrough agreement, the IFA signatories – the IUF, COLSIBA and Chiquita – met to review the overall impact of the agreement. Both the IUF and COLSIBA noted the successes achieved during the period the framework agreement had been in force, but they also raised a number of ongoing and unresolved issues with the senior Chiquita management (IUF 2006). The 'across the table' discussions were felt to be constructive and opportune, as noted by the comments of Oswald:

"Whilst Chiquita will still make decisions that we and our members will have problems with and will rightly oppose, we and COLSIBA have been able to successfully resolve a number of issues arising from these decisions in favour of our members... we have also seen our

members use the agreement to increase union membership in the company and in its suppliers in a number of cases” (IUF 2006: 1).

Only a few months previously however, I had raised the topic of the IFA with union representatives in Costa Rica and their responses were somewhat mixed. The local union official suggested that:

“The IFA has been broken and violated so many times we want to tear it up... in practice there is no freedom of association... there are still hygiene and occupational hazards... IFAs are discredited here in Costa Rica... complaints are made, but social auditors and members of the companies make the mistake of having interviews with workers in the company offices, this influences the workers, so they don't say the way it really is on the farm” (Interview Union Local Secretary CS@S2, March 2006).

Given the breakthrough this agreement was meant to be in terms of union engagement, a representative of COLSIBA was not unsurprisingly a little more circumspect in his comments regarding the matter. He agreed there were some difficulties at times, but nonetheless claimed the IFA was the best way to engage with the US-banana TNCs in the future (Conversation Union Representative GO@S1, February 2006). Although, as noted by Frank (2005b) part of the problem when looking at the opportunity from a union perspective, is that the majority of unionised workers are employed on Chiquita owned and managed plantations. This begs the question as to whether targeting other major companies in the sector is feasible. The experience of the IUF in this matter appears to indicate otherwise, with Oswald suggesting Dole viewed SA8000 certification as the way forward and Del Monte had so few union members as to be less than interested (Interview Ron Oswald, General Secretary: IUF, October 2007).

The question of union membership on farms operated by Chiquita was raised during discussions with workers. But not one union member could be found or a positive response garnered in respect of the role of trade unions in advancing the rights of workers or improving conditions on the plantation. Although a Chiquita

representative involved in the CSR programme in Costa Rica did suggest this was not unusual:

“There is less than 5 percent of our [the company’s] workforce who are union members... workers here are not interested in being part of a union, they have permanent committees and solidarista associations... and the history of unions in this country is not good. In the ‘80s many workers lost their jobs, the unions wouldn’t end the strikes and the farms deteriorated, then the workers and the towns were left with nothing” (Interview CSR Manager, February 2006).

The battles between unions and producers, and the ensuing strikes in the 1980s were often cited as examples of why unions were not a good thing, both by workers and farm administrators. This is illustrated by the following comment made by a worker employed on a farm managed by Chiquita:

“In the 1980s many jobs went to Panama, because the workers on the Pacific coast were part of the unions and they pushed and pushed, and the companies closed down the farms and went to Panama, where there were workers that didn’t belong to unions. Many jobs were lost, unions lose jobs and that is why there aren’t unions here any more” (Interview GOC@F22, February 2006).

This was confirmed by a supervisor responsible for the packhouse, who said:

“It seems that a worker who is a member of a syndicate [union] is often viewed by other workers as a ‘difficult’ worker, who makes difficult situations or may raise too many issues. Often these workers will be avoided, because they make trouble sometimes... workers do not want to go on strike, there are problems sometimes, but the supervisor or the manager will normally help. Workers want to work and look after their families” (Interview VS@F21, February 2006).

It was somewhat strange to consider that nearly twenty-five years after such events, there could still be a feeling of unease towards trade unions. Unions, and being a member of a union, were cited as synonymous with job insecurity and a loss of employment. Certainly the stories regarding this period had an air of folklore about them, and there was a great deal of difficulty in determining the hard cold facts of the matter. To a degree, such anti-union sentiments were indicative

of the lack of awareness and knowledge of the joint agreement between Chiquita and the regional union organisation COLSIBA. On each occasion when questions were posed regarding the role and impact of the IFA in terms of the working conditions on farms, there was unsureness on the part of respondents. Rarely did a respondent indicate any knowledge regarding the agreement, and even when there was a hint of recognition, the understanding was somewhat limited to a vague recollection of something to do with the company and the unions (Fieldnotes, Feb-April 2006). The IUF recognises this problem and suggests low union membership in Costa Rica is due to the dominant 'Solidarismo' system.

This form of workers' representation system is often described as a type of 'yellow unionism' and it stands accused of 'systematically squeezing' union rights in the banana sector, like many other sectors in the country (IUF 2006: 1). In response, and in the spirit of the IFA, Chiquita has engaged in a number of meetings with unions that represent a small proportion of workers in owned and managed (sub-contracted) farms and in principle has agreed to support a union organisation pilot on plantations in Costa Rica (Chiquita 2006b, IUF 2006). As noted by Oswald, such examples show significant progress and, albeit not all the union's requirements are met, the process does allow for the defence of members' interests and the potential for a 'share of the benefits which otherwise would often accrue exclusively to the company and its shareholders' (IUF 2006: 2).

8.5 Conclusion

The discussion and testimonies of workers regarding voluntary codes of conduct and where applicable the international framework agreement, in many ways did not reflect what was expected. Certainly it differed from the situation described in corporate reports, and from statements made by certification bodies and alliances promoting these voluntary initiatives. In many instances, there was little or no awareness of codes and standards, and even when there was some knowledge or understanding, workers still seemed unsure how their situation could be improved beyond the rights enshrined in the country's Constitution or Labour Law. Also, workers showed little regard for the process of social

auditing, believing the system to be ‘stage managed’ and largely designed to give the appearance that codes were being adhered to – the means of ‘pandering’ to the supermarkets and their customers. Interestingly, there was less confidence shown in the ETI Base Code than the other initiatives in place, and this is the one code that is not audited *per se*. It was suggested by a representative of a major TNC producer that this was because the code “just repeats what is already in place”, whilst adding another process of checking and form filling that built more cost into the business (Interview Producer Compliance Manager MCM@P5, March 2006). It was also described as being “like a dog with no teeth” (Conversation Union Representative GO@S1, February 2006). It may be inferred from these comments that this particular vehicle for improving conditions in the banana chain was not working well. It is true that monitoring of the code is dependent on ETI members; trade unions, NGOs, producers and supermarkets, but there is little evidence to suggest that these actors do not take their responsibilities seriously.

However, the evidence presented in this chapter does show there is unevenness and inconsistency in the way different producers comply with the various voluntary initiatives. It is difficult to ascertain whether this is due to a lack of commitment by some producers to certain of the initiatives operating in the banana chain and there is a sense that demands from some actors in the chain to adopt certain initiatives have led to an overload. Certainly, the general belief expressed by representatives of the banana TNCs was that the variety of labour codes and standards being implemented on banana plantations added both complexity and cost to their operations. It was often suggested that the monies involved could be better spent more directly in the quest to improve the labour conditions on plantations (Interviews: Producer CSR Manager RC@P2, February 2006; Producer Technical Manager RT@P1, March 2006). There is considerable hype and publicity in Northern markets regarding the promotion (by supermarkets) and the adoption (by producers) of codes and standards, but maybe the question needs to be raised as to whether some of these initiatives are a matter of ‘style over substance’.

It is becoming clearer that the level of commitment and type of initiative being implemented on banana plantations is not the only significant point in the debate on these forms of labour regulation in global supply chains. One of the key difficulties that emerges, with so many different codes, standards and (where applicable) framework agreements, is how to assess their value. Generally speaking, all draw on the principles of the ILO core conventions. It is virtually impossible to make a fair assessment of the impact of any one individual action (code, standard or IFA). Consequently, it is difficult to credit any one initiative with improving the labour conditions on banana plantations or of protecting workers' rights. However, on those farms where the ETI Base Code, SA8000 Standard and an IFA were applicable, the overall situation of workers appeared to be better. Also, there was a greater understanding shown by workers of the structures that were in place to support and improve their employment condition. Indeed, there were times when workers claimed their situation was improved by the combination of all three forms of labour initiative being implemented. It would seem that where both corporations and unions seek to regulate the supply chain via formal agreements, there then appears to be a stronger acknowledgement of labour rights.

The realisation that this is the case, suggests the best way forward is to consider the impact of the cumulative effect of such forms of regulation, and the question of whether 'more' *is* actually 'more'. That is, will the adoption of a variety of voluntary labour initiatives and an IFA in the future, draw more attention to the plight of workers, and ultimately help to generate greater change and improvement in the working conditions on banana plantations. This raises further questions of how labour regulation and future governance is structured in global supply chains, and how the many actors engaged in the chain can help shape it, which is the focus of discussion in the following chapter.

Chapter Nine

Corporate Social Responsibility: The Reality

Introduction

As discussed in the previous chapter, there are a number of codes of conduct applicable in the banana supply chain. Based on social and environmental criteria, these voluntary commitments are inherently linked to the corporate social responsibility (CSR) policies of companies engaged in the chain. Indeed, codes of conduct are one of the main tools used by companies to assure other social actors that they are 'responsible' citizens (Jenkins *et al.* 2002, Hopkins 2004). The US-banana TNC producers and the UK supermarket groups have both adopted a number of codes and standards in their operations which demonstrate their CSR credentials in this way, and report periodically on their socially responsible programmes and performance. However, one of the key objectives of this research is to ascertain whether voluntary initiatives improve the conditions faced by workers in the production of bananas for export, that is, the reality of codes. By doing so, the intention is also to identify how other actors involved in the chain oversee the implementation of these CSR policy tools. As suggested by the list of participants who attended the Second International Banana Conference (IBCII) in April 2005, there is a diverse group of social actors involved in the global banana supply chain, including nation-states, trade unions, NGOs and civil society groups. Many of these actors need assurance that codes, as a form of labour governance in the chain, actually make a difference to the conditions experienced by workers (Christopherson and Lillie 2005, Soederberg 2005).

Governance is concerned with the 'rules' of the chain, how they are made and enforced, and ultimately who 'drives' the chain (Gereffi 1999, Tallontire and Greenhalgh 2005). In the first instance, the matter of governance raises the question of who controls the labour process in an industrialised operation (Soederberg 2005). This is an important consideration, because the modes of control are associated with the social relations in the chain (Raynolds and Murray

1998, Ortiz 2002). As shown in Chapters Seven and Eight, there are two major tools of labour control in the banana chain; work contracts and employment practices, both of which are directly managed by corporations (producers). However, more recent attention to how labour conditions in certain segments of the global supply chain are being managed has resulted in other parties in the chain, chiefly the supermarket groups, asserting their influence. The main aim of this chapter is to explore the impact both corporate actors (producers and supermarkets) have in relation to governance in the banana supply chain. The chapter will also examine the role of other social actor groups, which either participate in or oversee the process of governance in supply chains. These include the nation-state, trade unions, NGOs, civil society groups and consumers. In this way, a better understanding will be gained of the influence each group has on the labour conditions of banana workers in Costa Rica. Following this, other parties deemed to be more peripheral to the chain, such as audit and certification groups are considered. In order to situate this aspect of the governance process in the debate, the social auditing practices inherent in the chain, which monitor compliance of the codes and standards, are also briefly discussed.

By following this approach and drawing on earlier discussions, a path will be laid to debate voluntary *versus* regulatory labour controls and help determine what the future holds for codes of conduct in global supply chains. The key questions this chapter raises are: (i) how are forms of governance (codes of conduct) implemented and verified in the production operation of the global banana chain, (ii) what is the governing role of the various actors involved in the chain, (iii) are codes a reaction to political and social pressure or are they a devolution of government responsibilities to others, and finally (iv) is there a need for a shift in governance structures from voluntary to regulatory in global supply chains.

9.1 Governance of the Banana Chain

During the 1990s, supermarket groups in the UK invested heavily in the development of their supply chains and increased greatly their control and monitoring of suppliers/producers (Dolan and Humphrey 2000, Hughes 2005).

As noted by Kaplinsky (2000) power in a global supply chain can be exercised in various forms, from ensuring certain circumstances are maintained along the chain, to actively coordinating the activities within the chain to ensure that the intended outcome is achieved. As discussed in Chapter Two, supermarkets took greater control of the consumer product offer (product quality, packaging and merchandising, and promotion and price) during the 1980s and 1990s and as such, were able to extend their influence in the global supply chains of their supply base (Wrigley and Lowe 2002, Kotler 2003). During the last decade, the growing dominance of supermarkets has continued through the insistence of certain standards being introduced in the production activity of the chain (Dolan and Humphrey 2000, Hughes 2005). Some standards are legislated, such as EU directives on food safety, whilst others like labour codes of conduct are voluntary. Even in strongly organised and integrated supply chains that are dominated by a few major TNCs, like the banana sector, there is little option but to comply with the dictates of the major supermarket groups (Interviews: Producer Technical Manager RT@P1, March 2006; Producer Compliance Manager MCM@P5, March 2006).

However, the supermarket retailer is an internal form of 'governor' and there are other groups of social actors that play a part in governing the chain. As noted by Reynolds and Murray (1998) the banana chain involves more than just economic actors; there are political and social actors too. There are also growing numbers of external parties which play a role in the governance structure and process for global supply chains. Third-party auditors and certification bodies fall into this category, but although their role may be viewed as peripheral and somewhat passive, they are a critical control point for verifying the implementation of codes in the production operation of global supply chains. As it was suggested by a third-party auditor:

"We are not just ticking boxes, saying companies are compliant... we look for practical ways to help them [the producers]... we make recommendations, how the system can be managed better. But that doesn't mean every time the audit gets passed. When there is non-

compliance, it is recorded... and yes farms are decertified, it happens”
(Interview Oliver Bach, Audit Manager: RA, March 2006).

Interestingly, the topic of de-certification and what measures could be taken by actors involved in the banana chain regarding the non-compliance of codes was very much on the agenda at the IBCII event in April 2005. Discussions on the matter centred on the failings of the monitoring process, as noted by one rapporteur:

“Progress on the ground is limited, there are no cases of de-certification... these standards are not really being monitored, there are still poor conditions on the plantation... the initiatives [codes] don’t raise the standards. Also unions are left out of the process and workers have no complaints process, many union members are imprisoned and there are many non-unionised plantations in Latin America. It seems as if little is being done to address the participation of the union, companies [producers] manage the spot checks and the certification procedures well, but this does not necessarily improve standards” (IBCII Forum Discussion, April 2005).

There are a number of propriety codes, industry codes and internationally recognised standards applicable in the banana production chain, which are monitored through varying processes. The differences and the role of those various social actors involved in the monitoring process (both internal and external) are summarised in the table overleaf.

Table 9.1 Implementation and monitoring process in the banana supply chain

	Internal Parties (Producers, Supermarkets)	External Parties (Government, Audit and Certification Groups, NGOS)	Multi-lateral Enforcement (Producer and Trade Unions)
Implementation	<ul style="list-style-type: none"> • Propriety Codes (producers and supermarkets) • SA8000 (producers) • ETI Base Code (producers and supermarkets) 		<ul style="list-style-type: none"> • IFAs (producer)
Monitoring / Verification	<ul style="list-style-type: none"> • Propriety Codes (producers and supermarkets) • SA8000 (producers) • ETI Base Code (producers and supermarkets) 	<ul style="list-style-type: none"> • Propriety Codes (audit groups) • SA8000 (certification groups) 	<ul style="list-style-type: none"> • IFAs (producer and trade unions)

Source: Interviews: Supermarket Buyers and Technical Managers, Feb-June 2005; Producer Technical Managers Feb-April 2006

9.1.1 Initiation and Implementation

One of the main reasons supermarkets audit the supply chain for bananas is the fact that fresh produce (fruit and vegetables) is marketed and sold as their own brand. In the first instance, the supermarket group itself must provide proof of compliance to EU regulation regarding food hygiene and safety for branded goods, not the supplier or the producer. This means that bananas, like all other products in this category, are subject to the supermarkets' due-diligence procedures for food safety (Interviews: Retail Technical Manager ST@T2, April 2005; Retail Technical Manager CT@T4, May 2005; Retail CSR Manager DC@T5, June 2005). Hence, the recent addition of further checks to ensure that suppliers are consistent with supermarket CSR policies and comply with voluntary codes and standards, fit naturally into an already established audit protocol (Interviews: Retail Technical Manager ST@T2, April 2005; Retail Buyer GB@T1, April 2005; Retail CSR Manager DC@T5, June 2005). In addition,

suppliers producing for or exporting to the European market are governed by EU food regulation and are legally obliged to follow certain criteria, thus the introduction of EurepGAP (now GLOBALGAP) and ISO standards. In this regard, suppliers and producers also have a culture of auditing, and employ technical accounting staff for the purpose. Due to the introduction of labour codes and standards on banana plantations, technical staffs have acquired the extended brief of social accounting, and conduct preliminary checks on farms prior to a formal social audit or certification visit by external parties (Interviews: Producer Technical Manager RT@P1, March 2006; Producer Compliance Manager MCM@P5, March 2006).

However, as can be observed from Table 9.1, the obvious omissions from the parties (social actors) involved in the verification process of codes and standards, are the workers themselves. One of the most often repeated criticisms of codes made by unions and civil society groups is that workers are not fundamentally part of the process; codes are initiated without consultation and implemented in a top-down fashion by companies. In addition, the topic of monitoring is an area of some discontent; both trade unions and workers raised this issue during the IBCII event (IBCII Forum Discussions, April 2005). The argument was that workers and unions are not involved in the process and other actors (NGOs, civil society groups), considered as representative and impartial by workers and unions, are denied a role by the companies (IBCII Forum Discussions, April 2005). The counter claim made by producers in this respect, is that third-party auditors and certification bodies are independent and by default, are therefore impartial (Interviews: Producer CSR Manager RC@P2, February 2006; Producer Technical Manager RT@P1, March 2006; Producer Compliance Manager MCM@P5, March 2006).

9.1.2 *Monitoring and Verification*

Codes and standards ultimately depend on human monitoring and verification for proper and fully effective implementation (Beek 1998b, Jenkins *et al.* 2002). Who does the monitoring and verification, when and how, are the questions that many

social actors are constantly debating. These questions are ultimately of a political nature (self-interested) as different actors have a varying stake in the global supply chain for bananas. According to Beek (1998b), the implementation process for labour codes of conduct should include all those actions required of the parties involved to transform the code from an intention or ideal to a reality in the production location. Monitoring is part of the implementation process; it is the activity of regularly collecting data to check performance against certain criteria. In order to implement a code it needs to be communicated and understood, which is particularly important when a code 'seeks to guarantee workers' organisational rights and freedoms' (Beek 1998b: 8). To ensure codes are effective and management and employees are compliant, producers have initiated 'internal' social auditing functions.

However, the need to prove publicly that codes are being adhered to has influenced the development and deployment of 'external' systems of verification (Jenkins *et al.* 2002, O'Rourke 2002). In this regard, corporations can be audited by a number of independent certification companies, which O'Brien (2002) suggests in some ways professionalises codes, because dedicated firms are used for monitoring. The process also leads to the criticism that one corporate entity ensures the compliance of another and that trade unions are excluded in this approach to monitoring (O'Brien 2002). However, third-party groups such as the Rainforest Alliance (RA) are viewed as conducting meaningful monitoring by certain social actors in the chain, notably by developmental NGOs and environmental campaigners. This is largely because the RA is seen as independent of the producers (IBCII Forum Discussion, April 2005). Corporate actors state the impartiality of auditors is the best means of gaining the trust of employees and civil society groups in the monitoring process (Beek 1998b). The third party makes unannounced spot checks and interviews workers on a confidential basis. However, trade unions and some NGOs have been most vocal in their criticism of this approach. Both groups have suggested that these audit checks are often stage-managed; that workers are prepared and groomed for the questions they are asked (IBCII Forum Discussion, April 2005). There are also

claims that workers are being instructed what to say regarding certain of the principles incorporated in the codes. One example cited was that workers are told to say they have ‘freedom of association’ even though union-members are clearly discriminated against by some producers (IBCII Forum Discussion, April 2005). This is one of the reasons, unions claim, they are not given a role in the monitoring process and why they are excluded from the auditing process. In addition, there is no opportunity for unions, NGOs or workers to make statements which can be included in the audit report, or an opportunity to raise complaints (IBCII Forum Discussion, April 2005).

The various social actors engaged in the debate on voluntary labour initiatives seem to be struggling to agree on the best approach to verify codes of conduct. In 1999, the Ethical Trade Initiative (ETI) attempted to examine the ways commercial organisations monitored and verified labour conditions by establishing a Banana Pilot Project (BPP), which they launched in Costa Rica in 2001. The BPP used the ETI Base Code as the guiding principle against which operational practices were deemed acceptable. The aim of the pilot was to test the criteria and approach of the commercial auditors involved in the process of verifying the principles applicable to the code (Interview ETI Representative DD@OG2, June 2006). However, the pilot was soon abandoned, following a failure to fully engage the participants involved, namely the producers and trade unions (Interviews: Gilberth Bemúdez Umaña, Union Regional Coordinator: COLSIBA, February 2006; Producer Technical Manager RT@P1, March 2006).

However, workers did largely associate codes with the checks carried out by company managers and visitors from overseas supermarkets. They also viewed codes in the context of the farm audit, as noted by these workers:

“We receive so many speeches on codes... we know all about SA8000, they [the auditors] come and ask us questions. They ask us about the hours we work, what time we finish each day... there are a lot of questions, it takes a long time” (Interview AOB@F22, February 2006).

“I have seen auditors from SA8000, they ask lots of questions, then afterwards the audits are put up on the notice board” (Interview HOP@F23, February 2006).

“People come all the time and ask us questions, just like you. They ask about the codes but not what it is like to work here... they don’t ask how hard we work” (Interview DOC@F24, March 2006).

It was clear from speaking to some workers on the subject of auditing, that they did not view the process favourably. On the other hand, producers seemed to be of the belief that the best way to ensure compliance with codes is to monitor the situation continually. As noted by a representative of one of the major TNC producers:

“Monitoring helps corroborate and verify the code is operating on every farm, on each plantation. We complete all the checks, then the [third-party] auditor comes and he also checks... then we can be sure the codes are working” (Interview RC@P2, February 2006).

However, there was some positive feedback from workers regarding the outcome of an audit, as noted by a worker in the packhouse on a farm owned by Chiquita, who said:

“I have seen auditors from SA8000 they ask lots of questions... the audits of Rainforest Alliance and SA8000 are put up on the notice board afterwards. We can see if there are problems and what the supervisor must do” (Interview HOP@F22, February 2006).

This indicates that workers on some farms are able to see the results of an audit and any possible non-compliance. According to the local CSR representative, the permanent committee members (worker’s representatives on the farm) would then take up any issues (Interview RC@P2, February 2006). Whether issues of non-compliance are addressed or changes made in the operation to correct problems is difficult to assess. Some workers suggest that they were not and that the audit was just a paper exercise, as claimed by a participant in one workshop:

“Social accounting comes and then the company fills their records, they [the company] prepare for this... but nothing really changes” (Focus Group BOC@FG23, March 2006).

One of the ways suggested to legitimise the social audit process is to have them verified by NGOs (local and international), trade unions, and indeed workers themselves (Auret and Barrientos 2006). However, having spoken to representatives of these groups, this does not seem to be a likely prospect for the near future. This belief is based on the knowledge that it would be almost impossible to gain the agreement of supermarkets and producers to accept the involvement of other actors in the chain, as this would be considered *interference* in their affairs (Interviews: Gilberth Bemúdez Umaña, Union Regional Coordinator: COLSIBA, February 2006; NGO Local Organiser VC@OG1, February 2006; Union Local Secretary CS@S2, March 2006).

9.2 The ‘Actors’ of Governance in Global Supply Chains

In principle, the development of vertically integrated global supply chains should aid the process of governance. Previously when produce was grown and distributed via open markets it was more difficult to trace the origins and the nature of its production (Barrientos and Dolan 2006). The relations between the various social actors within the chain were less visible in fragmented markets and as such, gave rise to the possibility of concealing poor labour conditions in the production process (Barrientos and Dolan 2006). In well-integrated supply chains, this is not so much the case as there is the opportunity to link any adverse impact of certain conditions in production to specific groups of actors (producers/supermarkets) (Barrientos and Dolan 2006). It could be argued that, given the range of social actors involved in the global banana supply chain, it may be difficult to ascertain where governance lies. However, as suggested in earlier chapters, each group of actors has a varying degree of influence within the chain. The purpose of exploring the role of each group at this point is to prepare the ground for the more critical debate of what future governance in the global banana supply chain could look like and who may be responsible for it.

9.2.1 *The Corporates (Supermarkets and Producers)*

Supermarkets and producers have come under increased pressure to improve labour conditions in global supply chains. Consequently, they have embraced a range of voluntary initiatives, including codes of conduct and certifiable standards. It was made clear in all my interviews with supermarkets and producers involved in the banana chain, that company brand position was important. To some extent the changes in the branding of both corporate actors, as regards fairtrade and certified ethical bananas, reflects this. Yet supermarket groups are still reluctant to acknowledge the negative impact of their own buying practices (IBCII Forum Discussion, April 2005). Supermarkets are regularly accused of placing conflicting demands on producers; on the one hand supermarkets want tightly managed coordinated supply schedules and ever lower prices, and on the other, producers are expected to respect workers rights and comply with labour initiatives (codes and standards) (Interviews: Producer Technical Manager RT@P1, March 2006; Producer Compliance Manager MCM@P5, March 2006). As suggested by an organiser from a local NGO in Costa Rica:

“There is no point in having codes of conduct if the supermarkets keep forcing the prices down... this makes it impossible to pay a living wage... it is the supply contract that influences the companies [producers] ability to abide by the code” (Interview NGO Local Organiser VD@OG1, February 2006).

The stringent requirements and the intense pressure placed on suppliers/producers by the UK supermarket groups have been a concern for some time (Blythman 2004, Young 2004, Bevan 2005, Simms 2007). Recently in the UK, the Competition Commission initiated an investigation into the dominance of supermarkets in food retailing, which includes an analysis of the control which supermarkets exert over their supply base (Competition Commission 2006a). The UK Competition Commission is an independent public body established by the Competition Act 1998 and replaced the Monopolies and Mergers Commission in 1999 (Competition Commission 2006b). Thus far, there have been criticisms posted to the Competition Commission website from suppliers. These include

comments regarding the power wielded by supermarket buyers over the 'product specification' and 'packaging', while at the same time pushing the risk of managing sales and pricing down the chain. In addition, supermarkets have been criticised for a lack of formal contracts and security of trade (Competition Commission 2007). The criticisms are made in light of the lengths supermarkets go to maintain a comparative advantage in their businesses. Certainly such behaviour indicates that the relationship between supermarkets and their supply base is not an equitable one (Competition Commission 2007). This is a suggestion supported in a recent report published by Action Aid (2007), a developmental NGO, which recounts the 'bullying' presence of supermarkets in international horticultural chains, and the subsequent impact on labour.

The ETI, recognising the limitations of its Base Code as well as other voluntary labour initiatives, initiated in 2003 a three-year programme to investigate members' efforts to implement its code in certain supply chains, one of which was the Costa Rican banana chain. The impact assessment conducted by the Institute of Development Studies, Sussex University, included interviews with workers, suppliers, agents and other stakeholders in global supply chains (Barrientos and Smith 2006). In October 2006, the impact assessment team reported that in Costa Rica the Base Code had most impact on the issue of health and safety, but there was little progress in relation to freedom of association (Smith 2006). Supermarket purchasing practices were highlighted as one of the many factors limiting the impact of the code (Barrientos and Smith 2006). Suppliers and producers often cited the downward pressure on price and lead times exercised by the supermarkets as limiting their ability to improve labour practices (Barrientos and Smith 2006). According to Action Aid (2007), this is a problem of the ETI corporate members' focus on trying to ensure suppliers comply with codes of conduct, rather than addressing the ways retailers set the trading terms. Action Aid (2007) suggests that suppliers unable to comply with both the terms of trade and the buyer's ethical code have to find ways to cheat audits. In this regard, the World Bank (2003) has advised that buyers address the

mixed messages they send to suppliers – demands for compliance to good labour practices coupled with demands for lower prices and shorter lead times.

However, suppliers/producers also have their critics in terms of their role in promoting ethical behaviour in the chain. Chiquita was the first TNC to engage in a certification programme in 1994, and was one of the first major producers to adopt voluntary codes of conduct in 2001 (Zalla 2001). Yet recently, workers and their representatives accused Chiquita of a breach in health and safety on a plantation in Costa Rica – allowing the application of agro-chemicals while workers were harvesting fruit close by (Banana Link 2007a). The harvest team (consisting of three workers) claimed to be working in an area assigned by their supervisor, when they noticed a team manually spraying the fruit with a nematicide (Banana Link 2007a). Having received their instructions of the number of bananas to harvest that day, the team apparently decided to continue working in the area, until they fell ill shortly afterwards (COLSIBA 2007). According to Banana Link (2007a), who appealed on the workers' behalf, the workers reported the incident because they believed their supervisors had been irresponsible. The workers' complaint was heard and their explanation taken into consideration by the farm management, who responded by dismissing the workers (Discussion Chiquita Representative, August 2007). Chiquita claimed the workers continued to work in the area despite repeated warnings that fumigation was taking place (Discussion Chiquita Representative, August 2007). Chiquita defended its position by stating that the workers involved committed a serious health and safety infraction, by defying instructions not to go into the area where the aerial spraying was taking place. After investigating the matter further and drawing on the IFAs' labour review process, Chiquita attempted to resolve the dispute locally. Given the circumstances, it was argued that the workers should be reinstated (Discussion Chiquita Representative, August 2007). However, Chiquita issued a statement highlighting the fact that the dismissals followed its occupational health and safety procedures embodied in its Code of Conduct and were within the parameters of the Labour Law in Costa Rica (Chiquita 2007). The associated bad publicity surrounding this issue clearly shows the difficulties

of managing and being seen-to-be managing procedures linked to codes of conduct. This instance was a particularly sensitive issue for Chiquita, as it is committed to operating as a socially responsible company (Discussion Chiquita Representative, August 2007).

Another example of conflicting images and the experience of codes implemented in the banana chain concerns the producer Dole. In 2000, Dole collected the Ethical Workplace Award and in 2005, the company's CSR report stressed the organisation's commitment to maintaining the highest ethical standards throughout its worldwide operations (Dole 2005b). Yet in September 2006, US/LEAP²⁵ accused Dole of celebrating its 50th birthday in Costa Rica by refusing workers on its own and its suppliers' plantations the right to association – to form and join a trade union. Dole and Del Monte were both heavily criticised at the IBCII event in April 2005, chiefly for not recognising unions and acknowledging the opportunity to adopt an IFA in their businesses. Some participants at the conference claimed the lack of interest in labour framework agreements as indicative of the producers' strong 'anti-union' position (IBCII Forum Discussion, April 2005).

The above discussion indicates why corporations with greater visibility and/or control in a global supply chain are more likely to be exposed to bad publicity. In some respects, this crystallises the challenge facing supermarkets and producers involved in the global banana trade; namely how to live up to a stated policy of social responsibility.

9.2.2 *The Nation-State*

With the advent of globalisation and the dramatic rise of multinational and transnational corporations, the central importance of various 'national systems'

²⁵ US/LEAP is a non-profit organisation that supports workers' rights in Central America, and was one of the key organisers of the IBCII event in April 2005 (IBCII 2004).

(of finance, production, innovation and labour relations) is often considered to be under siege as business practices rapidly internationalise (Hirst and Thompson 1999). It has always been the preserve of the nation-state to address issues such as living standards, poverty, exploitation, unemployment and how to assist social development in general (Hirst and Thompson 1999, Hopkins 2004). Whilst in some respects, globalisation has eroded the power of the state and its capacity for governance has changed, it remains a 'pivotal institution' for creating the conditions for effective international governance (Elger and Edwards 1999, Soederberg 2005). In addition, Hopkins (2004) suggests that states will continue to play a major role in economic and social development, which will increasingly be in partnership with private and non-governmental actors.

As discussed in Chapter Six, the role of the state in Costa Rica has depended, in large measure, on the need to develop strong export markets and maintain a solid base of foreign exchange. This requirement has been a prime driver for the state's involvement in the economic affairs of the country. The development and growth of the banana sector and the economic history of the country are closely linked. For over a hundred years, successive administrations in Costa Rica have secured advantages for banana producers, while the sector has helped provide a steady stream of earnings in foreign currencies and employment opportunities (Itzigsohn 2000, Sandbrook *et al.* 2007). As Evans (2003) suggests, states can help markets function, because the market needs predictable rules (like financial regulation) and collective goods (an integrated transport system), which states are in the best position to provide. By extension, states can also help promote workers' rights and improved conditions in global supply chains. As noted by Frundt (1998) one of the inherent links between the state and labour rights is trade. However, the impact of globalisation has eroded the power of the state in terms of its ability to regulate labour relations and in turn, is limiting the potential power of organised labour to influence such regulation (Elger and Edwards 1999).

Voluntary initiatives offer an opportunity to police labour standards in global production systems where the state is often unable to regulate (Jenkins *et al.*

2002). As a representative from the producer Dole suggested, national standards are not being enforced, but voluntary codes are flourishing because of retailer and consumer pressure and as such, states are being replaced (Conversation Sylvain Cuperlier, CSR Director: Dole, April 2005). From this perspective, how a state responds to workers depends not only on how the labour market is structured, but also on the nature of the industry and the policies (CSR programmes and codes) operating within it (Ortiz 2002). The form and timing of market (capitalist) development also frames the nature of state intervention and the mechanisms employed (Burawoy 1985, Frundt 2005).

The Costa Rican Constitution and the Labour Law provide *social guarantees* – social security benefits and workers rights. Nevertheless, a local union official claimed the legislature did not uphold these entitlements, and that the Ministry for Labour had too few resources to check what was really happening on plantations:

“The government just sees the trade, dollars only make the headlines... the workers take all the rubbish, a mule has more attention than the worker” (Interview Union Local Secretary CS@S2, March 2006).

The Ministry of Labour is meant to oversee compliance with the country’s Labour Law, but a report by the National Ombudsman of Costa Rica reported at the end of 2005 that the Labour Inspectorate was unable to do the job that the law stipulates it should (IJSA 2004). The level of commitment by the state to uphold the labour laws in Costa Rica is hard to determine. However, drawing on earlier discussions it would appear that there has, and continues to be, a strong relationship between the government of the country and the banana sector.

During discussions at the IBCII event on the matter of IFAs, few government officials appeared to be willing to comment on the poor up-take of IFAs by other major producers (IBCII Forum Discussion, April 2005). A representative of one of the major producers suggested that this was because governments were fearful of supporting union activity on their own doorstep (Conversation Producer Representative, April 2005). In an aside, a representative of a UK-based union

outlined a conversation he had with a minister in Costa Rica during a fact-finding visit. He was part of a UK trade union delegation that visited Costa Rica in 2004, the aim of which was to observe and document working conditions on banana farms and assess repression of unions (Conversation GMB Representative, April 2005). Apparently, the minister confirmed that the state could do nothing because the country needed the multi-nationals and there were no laws to control them – the indication being that these corporations could do what they liked. The General, Municipal and Boilermakers Union (GMB) representative went on to say that all producers in the country claimed they were complying with codes and standards, but the reality was quite different. As the state was powerless to intervene, this was clearly a case of ‘neoliberalism gone mad’ in his view (Conversation GMB Union Representative, April 2005). This was not the first time during the course of the conference that participants called the role of the nation-state into question. A representative of a NGO based in Central America had earlier suggested ‘the role of the state had been completely superseded by business’:

“Governments have abandoned their responsibilities to the people, they are like the private sector, there has been a merger between government and the private sector... companies now rule the country” (Presentation, IBCII April 2005).

As discussed in Chapter Six, successive governments in Costa Rica have fostered and supported the banana sector through a number of different means, including the provision of state lands for production, import duty relief on production materials, and reduced taxes on banana exports. As noted by a representative of the National Banana Corporation, CORBANA:

“The international competitiveness of the banana industry is paramount and it must be maintained if we are to have a future. We have to manage costs, because we are more expensive than Colombia and Ecuador. Last year we were the number two supplier to the UK market, now we are third and Colombia is second” (Interview Trade Association Manager JC@CA1, April 2006).

Certainly, the state in Costa Rica depends largely on the production of bananas for export and the foreign exchange it provides. However, a union official suggested that the state supported the industry so strongly because there were many government officials and Legislative Assembly members who were banana producers themselves. The union official went on to say that this was a key reason for the failure of the government and the Ministry of Labour to pressurise producers to conform to labour standards on banana plantations (Interview Union Local Secretary CS@S2, March 2006).

9.2.3 Trade Unions

In many ways, a group of actors that would be considered key in terms of governance in production chains were relatively absent during the explosion of global supply chains in the 1990s, namely the trade unions. There are a number of reasons cited for this: the national characteristics of unions and the lack of cross-border collaboration, the decline in union membership, the rise of NGOs acting in the name of human rights (including workers rights), and the fact that some trade unions struggled to understand their role in a globalised market (Waddington 1999, Frundt 2004, Brecher *et al.* 2006, Mason 2007). The decline in union density and their bargaining power has largely been attributed to the processes associated with globalisation (Frundt 2004, Brecher *et al.* 2006, Mason 2007). The pressures that unions are used to placing on national governments have largely been superseded by the globalisation of business, which is no longer territorially bound (Waddington 1999, Brecher *et al.* 2006, Mason 2007). Traditional forms of union organising based on secure factory employment fail to work in the context of a casualised and dispersed labour force (Hale and Shaw 2001). In some respects this is an erosion of the very basis upon which organised labour traditionally evolved (Riisgaard 2004). Some unions have responded to the changing landscape with intermittent attempts at international cooperation, but the obstacles are great (Brecher *et al.* 2006). No matter how strong a national union may be, in markets where there is an oversupply of goods or when an opportunity arises to shift production to another location, a union's power is severely weakened (Smith 2003, Brecher *et al.* 2006).

In Costa Rica, unions are confronted with both the possibility of companies relocating production and the problem of a low membership rate. We have seen that one of the real difficulties unions face in the country is how to blot out the memories of the militant union conflicts with foreign multinationals during the 1980s, which resulted in strikes, farm closures and “the evacuation of both companies and jobs” (Interview Producer CSR Manager RC@P2, February 2006). Another challenge is the emergence of other worker representative groups; permanent committees and Solidarista Associations, which have usurped unions over the last two decades. However, as unions try to re-establish a hold and try to resist the loss of worker protections won over fifty years of combative struggle (Frundt 2005), the new process for securing workers’ rights has emerged – company codes and standards. Codes, Frundt (2004) suggests, are at best the product of ‘multi-stakeholders’ and at worst, merely serve class interests. However, Frundt (2004: 37) acknowledges that corporate codes may ‘offer the potential for improving work conditions and perhaps even the space for union organisation’, whilst at the same time recognises the danger of codes being used to gloss over the repressive working conditions in the south ‘due to their “northern” origins’. Thus faced with the reality of globalised production and all that comes with it, such as flexible and often informal labour, unions are placed in a compromised position (Jenkins *et al.* 2002, Frundt 2004). They face the dilemma of whether to maintain traditional labour campaigns or embrace company codes – in the hope that workers will benefit in the immediate future (Frundt 2004).

The view that unions remain ‘ambivalent’ as regards the onrush of codes and standards being introduced in global supply chains is therefore understandable (Frundt 2004: 36). For some trade unionists, there is the matter of ‘autonomy’, that is should unions collaborate with companies in this way (Hale and Shaw 2001). For others, there are doubts as to whether these voluntary initiatives are a real commitment to making an improvement in labour conditions or simply an ‘empty’ public relations exercise (IBCII Forum Discussion, April 2005). For some trade unionists codes are not enough, preferring instead to see a compulsory

arrangement enshrined in law, whereby ILO core conventions are enforced. The belief is that when the conventions are made compulsory and policed accordingly by a UN entity, 'freedom of association' will truly exist (IBCII Forum Discussion, April 2005). As noted by one union organiser:

"The requirement being asked for is compulsory unions, codes of conduct are voluntary and don't work. ISO standards and codes are preferred by producers and retailers to an IFA agreement, because they can defend their own position, they are not interested in reorganising the whole industry or getting it unionised, they just wish to defend their own position... companies ultimately only care about their shareholders. Producers aren't necessarily interested in supporting the growth of union membership either, they just want to protect their own positive image to their customers, shareholders and other outside bodies... producers will always move on if they wish to... they can just declare the farm bankrupt and move on" (Interview BD@S4, April 2005).

Of course, the difficulty here is how a UN agency or other groups representing workers' rights can oversee and police a global supply chain. However, there are other opportunities for unions to create a more international role for themselves (Mason 2007). One route is through a new form of governance in global supply chains; International Framework Agreements (IFAs). As noted by Riisgaard (2004), a way for organised labour to carve a space in a dispersed environment and secure workers' rights is through the introduction of IFAs. The key difference compared with other labour initiatives (codes and standards) is that IFAs are negotiated with unions and include some form of union participation in the implementation and monitoring processes (Brecher *et al.* 2006).

It has been suggested that the IFA agreed between the COLSIBA/ IUF unions and Chiquita grew out of the coordinated campaigns of banana unions and solidarity groups in major consumer markets (the US and the EU), which were targeted at both supermarket groups and consumers (US/LEAP 2001, Riisgaard 2004). The role of COLSIBA as the regional coordinating body for unions managing across a spectrum of political interests was central to this event. There were a number of national unions in Guatemala, Honduras, Costa Rica, Panama and Columbia,

which had strong political ties on both sides of the traditional communist/left and the liberal divide. COLSIBA helped to facilitate cooperation across these national unions, which enabled this brave and historic agreement to come about (Riisgaard 2004). The IFA as a form of labour cooperation in the banana chain is heralded not least because it is multi-laterally enforced (Riisgaard 2004).

However, other producer companies have not shown much interest in this form of agreement. During a debate on codes and the different levels of corporate engagement in the IBCII event, the failure of others to adopt IFAs became a key discussion point. One of the reasons given was that, in practice, the IFA agreed between Chiquita and the COLSIBA/IUF unions was not working. It was also mooted that some producers were avoiding IFAs because they did not wish to have union representation and freedom of association on their plantations (IBCII Forum Discussion, April 2005). In their defence, producers claimed there was limited support for unions from the majority of governments in Latin America, as unions were often politicised and thus their 'hands were tied'. This explanation did not prevent the accusations of 'anti-unionism' being directed at the TNC producers Dole and Del Monte during the debate (IBCII Forum Discussion, April 2005). To some degree, such sentiments were echoed in an IFA review meeting in June 2006, when Oswald suggested that there was a marked difference in the agreement in place with Chiquita and the negotiations conducted with other major international banana companies; the 'empty rhetoric' of some producers as it was described (IUF 2006: 3).

Such circumstances make it difficult to predict the future prospects of unions as regards the *vanguard* of workers' interests. A possible way forward would be for unions to forge strategic partnerships with related actors involved in the governance process of global supply chains. However, one of the stumbling blocks of this approach Frundt (2004) suggests is legitimacy – that is, whose role is it to negotiate with companies on behalf of workers. NGOs can be allies to unions in securing worker's rights, but some NGOs are seen as undermining local unions by not recognising the role of unions as the representatives of workers.

Riisgaard (2005) suggests NGOs do *this* by endorsing codes that do not secure basic workers' rights or by entering into discussions with companies regarding the monitoring of codes, which effectively permits companies to avoid negotiation with employees or their representatives. In this respect, unions may view NGOs as competing with them as 'governors' in the chain (Frundt 2004, Riisgaard 2005). However, other actors in the chain, including NGOs and civil society groups, which helped to 'open the doors' for regional and local trade unions, have attributed the adoption of an IFA by Chiquita to their sustained campaign (IBCII Forum Discussion, April 2005).

9.2.4 Non-Governmental Organisations

Over the last two decades, there has been an upsurge in the number and influence of NGOs (Riisgaard 2005, Mason 2007). NGOs have engaged with a number of issues including workers' rights, a concern that in the past would have typically been the preserve of the labour movement (Riisgaard 2005). Developmental NGOs have responded to the 'plight' of the worker by extending their remit from macro-development assistance to a direct relationship with workers in the global workplace (Jenkins *et al.* 2002). Many NGOs are becoming household names and increasingly more influential in international affairs, which may provide unions with the opportunity of collaboration (Riisgaard 2005). Of course, the key question is *how* – what are the possibilities and limitations? In some respects, the International Banana Conference forum is a perfect example of the possibility and a model for the future. As noted by Bemúdez (COLSIBA), who acted on the IBCII organising committee:

“We need more of these multilateral conferences to make our voices heard... this is the forum, here are the right conditions to express different views – small farmers, institutions, unions, NGOs, civil organisations... then we can discuss each perspective of the problem, to share understanding, make proposals and build a consensus to move forward – this would result in a *winning side*” (Presentation, IBCII April 2005, emphasis as stated).

There are clear possibilities for alliances between NGOs and unions in the process of securing basic workers' rights, but they can also generate responses that work

against labour interests, as Riisgaard (2005) and Frundt (2004) suggest labour codes do. For example Riisgaard claims companies have embraced codes not only to safeguard against public opinion, but also as a means to sidestep demands for unionisation. Frundt highlights the struggle unions are facing in terms of commanding the central role as the sole representative of workers' interests, as codes simply stipulate the right to freely associate, as opposed to the recognition of unions in this function. In Costa Rica in particular, other forms of worker representation exist, such as the state-sponsored Solidarista Associations and permanent committees, which compete with unions. However, trade unions and NGOs are drawn together at times against a common enemy (Field notes, Feb-April 2006). Both are critical of corporate power in global supply chains and have campaigned together to promote ethical sourcing practices (Barrientos and Dolan 2006). In addition, both trade unions and developmental NGOs were instrumental in the creation of the ETI Base Code (ETI 1998). Nevertheless, both groups acknowledged in discussions, the weaknesses of voluntary labour initiatives and the companies failure to genuinely support freedom of association and promote collective bargaining.

However, there did appear to be less respect for some of the NGOs campaigning on behalf of banana workers in Costa Rica, as indicated by the comments of a harvest worker who is a permanent committee representative:

“All NGOs are only interested in making money themselves... they catch hold of an issue, make a big fuss but this doesn't help the workers. NGOs are mobilised by money and publicity, for example we have a big strike to defend rights, but the only people that stand there when the police come are union representatives” (Focus Group COHP@FG21, March 2006).

There were other similar statements regarding the role of NGOs and their campaigning activities aimed at improving conditions for workers, with many suggesting that Northern-based NGOs had little engagement with banana workers on the ground.

9.2.5 Consumers

Modern developments in food retailing have made consumers more reliant on the large supermarket groups for year-round supply of quality foods (Harvey *et al.* 2002, Wrigley and Lowe 2002). During this process, consumers have also become more conscious of the environmental and social impacts of global sourcing (Fruendt 2005, Barrientos and Dolan 2006). Consumers have voiced their concerns regarding health and safety, equitable wages and workers' conditions in global supply chains. They have been mobilised by campaigners (NGOs and civil society groups) to force, through the agency of the supermarkets, large producers to alter cultivation methods and to change their strategies regarding labour conditions (Fruendt 2005, Barrientos and Dolan 2006). Customers are now avoiding what they see as socially *irresponsible* products and those companies that have allegedly acted irresponsibly in their actions related to the production operation of global supply chains (Hopkins 2004, Fruendt 2005). It was clear from discussions conducted at the IBCII event, that 'the consumer' was considered to have a pivotal role in terms of improving the 'worker's lot' on banana plantations. Discussions relating to the 'living wage' exemplified this point with comments such as:

“Retailers are strong but fragile, they are sensitive to consumers reactions... the banana is the fruit of misery, the only way is to get the consumer to deal with fair prices, otherwise we will end up with misery” (Union representative, IBCII 2005).

Calls for action made by unions were supported by NGOs, as noted by the comments of a representative from Oxfam:

“We need a dialogue with supermarkets so that we can have the true costs reflected in the price to the consumers... we need to use the experience of unions to develop a dialogue” (Oxfam representative, IBCII 2005).

A representative from a consumers' association was also vocal on this matter:

“Bananas are cheaper in the importer country than the producing country... but the key person is the consumer... always the same

bullets from the retailers – that the consumer won't pay more, but the channel to reach the consumer is the social activist" (Consumers' Association representative, IBCII 2005).

However, the problem of price and what the consumer is prepared to pay remains an unsolved one. Jorge Sauma of CORBANA suggested that the best way forward was to put aside the argument that "the retailer takes too large a share of the price" and concentrate on "a higher price for bananas at the supermarket checkout" (Interview Jorge Sauma, Director: CORBANA, April 2006). Somewhat ironically it was a representative of a major TNC producer attending the IBCII event who publicly declared, "it doesn't matter what changes there are at the retail price, suppliers do not benefit – everything is dictated by the market and the supermarkets" (IBCII Forum Discussion, April 2005). Consumer influence in terms of pressurising supermarkets to improve labour conditions on banana plantations was a subject raised with union organisers, but whilst acknowledging the role of consumers and consumer action, one union official suggested the benefits gained can be short lived:

"We have a number of actions pending against the companies for illegal labour practices and poor conditions for the workers... but informing the banana customer, this is the important channel... we have to communicate the issues, [the] customer is an important ally for the banana. There was a campaign launched against Del Monte in the 1980s and UK customers were sent a letter asking for justice for the banana workers. Two tons of rotten bananas were dumped at an office of Del Monte in London. Then Del Monte searched out the union to sort out a global agreement, but three months later the agreement was violated" (Interview Union Local Secretary CS@S2, March 2006).

However, other stakeholders in the chain still see the consumer as a key actor in the fight for better conditions on banana plantations, as noted by a harvest worker:

"Customers can make changes for banana workers... we need customers in the UK to wake up to the plight of the banana worker" (Focus Group COHP@FG21, March 2006)

There have been a number of shopping surveys conducted in the UK, which show consumer propensity to buy ethically (The Co-operative Group 2004). Recently the Co-operative Group approached its customers, a total survey of 100,000 people, to express their views on food ethical policy and to prioritise areas for future action. This latest research shows that consumers ranked the area of ethical trading (fairtrade and 'sound' sourcing) as the key area of concern, above animal welfare and environmental impact (The Co-operative Group 2008). Nevertheless, the sticking point for more equitable trade always seems to be the price consumers are prepared to pay (The Co-operative Group 2004). If they were prepared to pay more to alleviate some of the difficulties associated with poor labour conditions in global supply chains, this may be a way forward. However, to ensure customer confidence this would require assurances from the supermarkets that increased retail prices were not actually swelling their profits, which may require a level of transparency in the supermarkets' cost structure that would be improbable in a competitive market.

9.3 A Gathering of the 'Actors' of Governance

As noted earlier, one of the key aims of the IBCII event in April 2005 was to establish a dialogue that could help reverse the 'race to the bottom' as far as workers' rights and conditions were concerned, by creating a form of socio-economic equity (IBCII Observations, April 2005). As such, the conference paid particular attention to the socio-economic issues in the industry, such as overproduction, low producer prices, human rights, and the role of trade union organisations; while also examining specific initiatives, which might alleviate the impact of the socio-economic crisis. This was a concerted effort, which in many ways would represent an important test case for international trade in agriculture, because the problems facing the banana industry are similar to other agricultural sectors; global oversupply combined with a concentration of market power in the hands of a small number of international supermarket retailers (Lines 2005). Such a situation reduces the bargaining power of both the producers and the export-producing countries who receive a declining share of the final market price of their goods (Lines 2005). This in turn affects the wages and labour conditions

of banana workers and the loss of basic rights acquired by workers during the previous decade (IBCII 2004, Lines 2005).

One of the key concerns voiced during the IBCII proceedings was how to tackle the issue of fair prices in the industry. This was because it was strongly believed that fairer prices would lead to a 'living wage', which would in turn help to reverse the race to the bottom (IBCII 2004). The issue of a living wage was raised in the very first interactive plenary of the conference by a representative of Banana Link (NGO). The representative alleged that the banana TNCs were pulling out of the Atlantic Coast producing countries, where wages were relatively high and workers were unionised, to grow bananas in the Pacific Coast and West African regions where production was cheaper and the labour force more fragmented (IBCII Forum Discussion, April 2005). Anne-Claire Chambron of EUROBAN and Alistair Smith of Banana Link argued this was a calculated move by the TNCs to break independent trade union organisations and *casualise* the banana plantation work force (IBCII Forum Discussion, April 2005). Chambron highlighted this point during a discussion in the conference:

“In Costa Rica where trade unions have secured monthly wages of around US\$100-200, they are dismissing workers only to reemploy them on an individual basis on short-term contracts with lower wages... Colombia, once the envy of its neighbouring banana export countries, now faces a similar fate” (IBCII Forum Discussion, April 2005).

Smith continued that Dole, the world's biggest fruit company, had abandoned Nicaragua and Venezuela, sold up in Colombia, and cut wages overnight in Costa Rica – from where it was threatening to pull out should the proposed new EU banana regime be introduced (the new system of EU tariffs scheduled for January 2006) (IBCII Forum Discussion, April 2005). Smith suggested that Dole was shifting its sourcing of bananas to the Pacific Coast and that there were rumours of African and Brazilian expansion. He added that Del Monte had unveiled new plantations in northeast Brazil, whilst Chiquita was withdrawing from the Atlantic

Coast in Costa Rica and was holding tough negotiations with unions in Panama and Honduras (IBCII Forum Discussion, April 2005).

Compared to the First International Banana Conference (IBCI) held in 1998, there were tangible differences in the tone and tempo of the debate, as noted by some of the participants who had attended both conferences:

“This is all very anti-corporate, last time we [the producers] were included in organising the event, setting the agenda, we helped decide the issues, were part of the planning process... now we are here just as the *fall-guys*” (Conversation Producer representative, April 2005 - emphasis as stated).

The US-banana TNCs came under considerable fire from key lobby groups during the plenary sessions of the conference, with both trade unions and NGOs lambasting the producers for forcing down the wages of plantation workers in order to ensure their own profits under the pressures of the increased purchasing power of the major supermarket groups (IBCII Forum Discussion, April 2005). This evolved into a ‘naming and shaming’ of the key TNC producers and claims by the organising committee that their adoption of codes and certification schemes was no substitute for labour legislation and enforcement (IBCII Forum Discussion, April 2005). A representative of the union COLSIBA, German Zepeda raised the issue of the role of unions on the opening day of the IBCII event:

“Unions are the only vehicle to improve workers conditions... to ensure decent treatment where work is concerned, to provide a decent salary, access to health care and an acceptable standard of living in our country. We need a union, we need initiatives to gain collective agreements, we need to reinforce the strength of unions, we need to guarantee compliance with ILO conventions... we mustn’t give ground to companies where minimum standards aren’t being adhered to... we need constant work to be carried out by unions to address these issues” (Presentation, IBCII April 2005).

These comments were indicative of the feelings and general atmosphere that had surfaced in, and pervaded the conference. A startling divide emerged between the

small growers, the unions and the big TNC producers. The TNC producers were accused of ruining the industry by causing problems of oversupply in the market and failing to prevent the supermarkets from continually lowering buying costs, which subsequently drove labour conditions down. However, the most criticised group were the supermarkets, particularly as regards lower market prices and the downward spiral of workers' conditions. The supermarkets were seen as the key detractors, in terms of improving the conditions of workers, because they regularly engaged in 'price wars' (IBCII Forum Discussion, April 2005). The organising committee issued a statement from the conference, calling for a delay to any changes in the EU tariff system and demanding a full evaluation of the economic, social and environmental impacts of different tariffication and supply management scenarios for EU banana imports by the European Commission (Graham 2005, IBCII 2005a). This statement was made together with a plea to the Latin American and ACP banana-exporting countries to give priority to the process of negotiation (both amongst themselves and the EU) and with the participation of the civil society actors present in the conference, to build consensus on the issue (Graham 2005). However, one of the key requirements, stipulated for the future survival of the sector, was a multi-stakeholder forum to tackle the issues and ensure a sustainable industry, a stable market, the rights of workers, and for the supermarkets to be engaged in a dialogue for developing mechanisms which would guarantee fairer prices (Graham 2005, IBCII 2005a).

9.4 Conclusion

The argument made in this chapter draws on a number of key points. The first is that control in the banana global supply chain has moved up the chain to the supermarket group. As such, supermarkets have become a key decision-maker in the way global supply chains are governed, and the second is that the 'right' to govern is unequally distributed in the chain (with control largely in the hands of corporates). In some regards, the influence of supermarkets in the chain – buyer-driven – should be beneficial for workers, insomuch as supermarkets, in their dominant position, are able to apply pressure on producers to improve the labour conditions in any given supply chain. However, the efficiency of the chain

(economies of scale for both corporate actors) and the benefits to consumers (of lower prices) seems to dictate the conditions for workers in the banana production chain. The introduction of codes has led to a private regulatory regime for global supply chains, which is unenforceable, even by the consumer. Other actors in the chain, including trade unions, NGOs, civil society groups and political agitators are struggling to keep the more powerful actors (corporates) at bay. In an era of globalised markets, this means that unions in particular, have to change their approach to their role as workers' advocate, not least because of the potential danger of NGOs filling the 'industrial relations' space and the competitive position of organisations like Solidarismo in Central America, which can fulfil the role of representing workers, albeit less effectively according to some. The state and banana producers have embedded the Solidarismo model on banana plantations in Costa Rica, so together they have promoted a system which permits a more flexible and controllable labour situation. In essence, Solidarista Associations represent the corporatist model of state and business working together, to the potential detriment of the labour condition.

As noted in this chapter and Chapter Six, permanent committees (the workers' representative group) are not able to act for workers in the collective bargaining process. Permanent committee members have no or very little contact with their counterparts on other farms, their role is solely to deal with issues and complaints on the farm where they are employed. Yet the comments made by workers regarding the role of permanent committees and Solidarista Associations were positive overall. By comparison, many workers showed a real reluctance to join a union. However, for those workers who did wish to form an association in terms of a trade union, there appeared to be some discouragement from both the state and the major producers. Since the introduction and accelerated growth of Solidarismo, unions have been at a disadvantage in Costa Rica.

As regards the state in Costa Rica, it faces the same difficulties as other countries engaged in export production, which is how to maintain its flow of foreign exchange and promote an industry in a competitive market, where labour is a

significant cost of production. In a free and globalised market, competition is fierce and high wage rates are a threat to an export market, because they can lead to higher product prices, lower returns on capital due to lower product demand, and ultimately higher unemployment. Costa Rica may have diversified its industrial base, but banana production is still a large contributor to the country's foreign exchange and a big employer in the province of Limón. Costa Rica has traditionally promoted economic and social development, but like other banana producer-countries it has had to adapt to market forces. The need to be competitive in the country's two major export markets, the US and the EU, highlights the dilemma for the Costa Rican state, of how to maintain the social guarantees it has historically promoted whilst at the same time supporting the export trade of bananas. This may explain why some respondents have suggested that the model of social protection in Costa Rica is not enforced and that the legal system ignores the plight of banana workers. The threat that some producers may relocate their production operation to other countries, particularly to West Africa where jurisdictions on labour standards are deemed to be lower, and the presumption that costs will be lower for similar production output, has not helped the position of the nation-state. The international banana pricing crisis during the 1990s squeezed producers' profit margins and in response the TNCs relocated some of their production to reduce their operating costs. The global banana market is undergoing similar problems today, and the lowering of banana prices places the Costa Rican state under an obligation to maintain favourable conditions to ensure that the major TNC producers do not relocate again.

Chapter Ten

Discussion and Conclusion

Introduction

This final chapter of the thesis discusses the main findings described in Chapters Seven to Nine. It begins with revisiting the main theme of the thesis and continues to answer each of the four research questions presented in Chapter Four. The analytical arguments discussed in each of the data chapters will be presented in response to these questions. This will be followed by a discussion on the possible impact of the current research on existing or future policy, and will conclude with a few final thoughts.

10.1 The Main Theme of the Thesis

The main interest of the thesis is the role of corporate actors in the global banana supply chain. The fundamental theme of the research is the position of UK supermarket groups in the chain and the level of influence they are able to wield with regard to working conditions in the production operation of the chain. As described in Chapter Two, supermarket groups have emerged as a dominant force in the UK food retailing market and are able to command a position of authority over their supply base. However, the banana chain is not a typical buyer-driven chain. The chain has other powerful actors at the supply end of the chain, the US-banana TNC producers. This is exemplified in Chapter Three, where attention is drawn to the fact that, like the UK supermarkets, the US-banana TNCs operate in a market which has the characteristics of an oligopoly. In attempting to ascertain the role of supermarkets in persuading their supply base to adopt codes of conduct, it is worth bearing in mind that the TNC producers also have a degree of power in the chain. There are also other social actors with a degree of influence in the global banana supply chain that need to be considered, including trade unions, governments, NGOs and civil society groups. The complexity of the global banana industry and the numerous stakeholder groups involved in the chain make for an interesting research study.

10.2 Returning to the Research Questions

One of the key questions the thesis attempts to answer is: Does the adoption of codes of conduct improve labour conditions on banana plantations?

The operational practices involved in the production of bananas for export have changed over the course of time, and with them so has the nature of work and employment. On banana plantations today, labour is structured to suit the producer's need to ensure high quality fruit, maintain high production yields, meet short order lead-times, and reduce costs. The demands on producers largely emanate from the market and create different pressure points along the supply chain. These pressures include the need to pack all the fruit harvested on the same day to ensure best quality, the race to the port to load the ship that must be quickly turned around to maintain delivery schedules in the destination market, and ultimately the need to be a low-cost operator to meet the pricing criteria of the supermarket groups. Such requirements place a huge pressure on the supply chain, which is often transferred to the workers involved in the production process. As claimed by workers, their representatives and campaigners in the discussion forum of the Second International Banana Conference (IBCII) in April 2005, allowing the market to rule has resulted in low wages, compulsory overtime, hazardous conditions, and a lack of job security in the banana industry. These are some of the very conditions that codes of conduct are intended to prevent.

Indeed, some of the responses from banana workers to questions relating to the tasks they perform indicate the failure of codes to ensure acceptable working practices on plantations. As highlighted in Chapter Seven, where the key activities of plantation production are explained, there are instances when health and safety precautions are set aside, either by workers or farm managers. Workers describe how they would remove protective clothing, masks and gloves, because they felt the protective wear made their job more difficult. In addition, managers responsible for clearing the field in readiness for the overhead spraying of agro-chemicals admitted they were often too busy or distracted by other responsibilities to make all the necessary checks to ensure all workers had left the field. Failure to act in this way may ensure the efficiency of the harvest operation

and maintain production output, but such behaviour falls foul of the principles detailed in both the ETI Base Code and the SA8000 Standard. These scenarios were openly discussed by workers on many of the farms visited, and there was no clear indication that one producer was more able than another to prevent such situations arising. A CSR Manager and a Compliance Manger, each representing different TNC producers in Costa Rica, acknowledged that there were times when commercial pressures prevailed and shortcuts were taken in the production process. To an extent, it seemed as if producers were complicit in the failure to adhere to codes, because they recognised such behaviour while stating they were powerless to change the situation. The difficulty of altering behaviour on the ground so to speak, can be a problem when implementing change in any work environment, but encouraging workers to accept new ways of working that are compliant with the health and safety principle of the codes seemed to be quite a challenge for some producers. The point that companies do not always choose the easiest solution for workers in such circumstances, often preferring instead to take the most cost effective route is well made in Chapter Seven. The increased application of agro-chemicals is concerned with improving production yields and the introduction of protective clothing for workers may comply with the accompanying regulation for the handling of chemicals, but the equipment can still be a hindrance to completing the work required. Of course, an alternative for the producer would be to find other ways of increasing production output, which would negate or lower the usage of such materials. In this way, the application of fungicides and nematicides would not impinge upon the work to be done, such as the harvesting of the crop between bouts of aerial spraying.

The second question the thesis attempts to answer is: In whose best interest is it to adopt codes and other voluntary initiatives, such as International Framework Agreements (IFAs).

Do codes suit companies, nation-states, workers, worker representatives, NGOs or indeed consumers? In Chapter Nine, the discussion focuses on the numerous actors as stakeholder groups involved in the global banana supply chain and the reality of social responsibility policies enacted by companies. The chapter highlights the fact that each group of social actors involved has a different level of

influence in the chain. There is strong evidence to suggest that demands made by supermarket groups are paramount and what supermarkets want, they tend to get. One of the key trading requirements stipulated by UK supermarket groups to their suppliers is that they have to abide by the principles outlined in the ETI Base Code. As detailed in Chapter Eight, all the major UK supermarkets subscribe to this voluntary code, as do some of the producers in the sector, for instance Chiquita, Del Monte and Fyffes. Dole is the only major producer that places its commitment solely on the SA8000 Standard as a means of overseeing labour conditions on banana farms.

Discussions in Chapter Eight and Chapter Nine tend to suggest that codes reflect the interests of business and the nation-state and only in part, those of workers. As noted in these chapters, there are aspects of the trading arrangement between supermarkets and producers which affect the ways in which codes are adhered to. Producers are expected to both improve labour conditions and support the reduction of prices in the marketplace – a difficult balance to strike. In the past, the large US-banana TNC producers in Costa Rica were as powerful as the nation-state, but now the so-called ‘Lords of the Chain’ govern them. In recent years, the intense price competition between the major UK supermarket groups has resulted in a number of price wars and the heavy discounting of bananas. When one supermarket group cuts prices, competitors quickly follow regardless of the impact this has on the banana supply chain. The heavy discounting of bananas in 2002, 2005 and 2006 was initiated by ASDA, but Tesco, Sainsbury’s and Morrisons quickly followed suit and much of the costs were passed onto the producers. Low prices in the marketplace erode the achievements made through CSR programmes and codes of conduct. The supermarkets at the top of the chain place pressure on the producers, who in turn pass it on to the worker at the bottom of the chain. Such pressure is bound to create a downward spiral of working conditions on banana plantations. The producers have to balance their own financial accounts and, typically, the only means of achieving this objective is to increase productivity and reduce production costs, of which labour is a core component. It is understandable therefore, that some producers claim the supermarkets are culpable in the ‘race to the bottom’ in the industry. In essence,

the producers claim that the UK supermarkets' buying practices are helping to perpetuate a cycle of low wages and job insecurity on banana plantations.

However, both the TNC and independent producers are also accused of affecting workers' pay, employment rights and working conditions through the cost efficiencies they pursue in the banana production process. One of the key complaints raised against the producers by respondents and participants involved in the study is that producers avoid providing legislative benefits to workers by subcontracting work or hiring temporary workers. Certainly, there were many instances when workers stated they had temporary contracts, particularly in the field, where there was a high percentage of migrant labour. The interminable 'rolling three month' is how it is described in Chapter Seven. Indeed the testimonies regarding permanent contracts detailed in the chapter illustrate what a prize a permanent contract is considered to be.

Trade unions and NGOs that have collaborated to develop codes of conduct also seem less sure of the benefits of this form of voluntary regulation. Observations made at the IBCII forum in April 2005 tend to suggest that codes have failed to live up to their expectations. One of the common complaints about the ETI Base Code, which both trade unions and NGOs were instrumental in developing, is that there is no formal process for monitoring compliance to the code. The three-year ETI impact assessment exercise completed in 2006 was a limited survey and as such it is difficult to assess whether the majority of ETI members are compliant with the code's key principles.

The third question raised during the research process was: What do workers think about codes and IFAs?

Trying to ascertain what workers thought of codes of conduct proved problematic. Some of the difficulties experienced related to the number of codes which had been introduced on banana plantations, and the similarity of the codes. Many workers were aware of the ILO core conventions, but were unaware of how these principles translated into the codes. The level of awareness and understanding by workers also varied depending on the producer company managing the farm. On the Chiquita farms, most of the workers demonstrated they had some knowledge

of the codes and standards that applied to them. However, it was unclear as to whether workers fully understood how the codes could improve their working conditions. As noted in Chapter Eight, two of the biggest concerns for workers were temporary contracts and their rights regarding association, particularly in terms of forming or being a member of a union. These concerns were the most contentious issues raised by workers and union officials when discussing codes.

In terms of workers' representatives and trade unions, there seemed to be an acceptance that codes were one way of promoting the fundamental rights of workers. But union officials stated that they considered codes as complementary to other forms of regulation, such as state legislation and the ILO conventions, and not a substitute. The suggestion was that there was a danger of codes being used as 'window dressing' by some corporations who wished to be seen as socially responsible. Union officials also criticised the way they had been excluded from the monitoring process of codes. In this respect, unions preferred IFAs because this form of labour control included a much clearer monitoring and reporting structure, and of course, unions had a clear role in developing such agreements. However, it is still unclear if such initiatives benefit workers or are valued by workers and their representatives, or indeed if labour is able to be an active participant in the monitoring process for codes.

The final question the thesis attempts to answer is: Are IFAs a decisive step towards re-regulation?

What helps to distinguish the major producers observed in this study is the overall strategic intent of the company and their resolve to make changes on the ground. Chiquita International is a good case in question: the company's social responsibility programme which includes the adoption of codes of conduct is bolstered by the company's commitment to go a step further than any other producer in the industry. The introduction of an IFA by Chiquita reinforces the changes that needed to be made to comply with the principles of voluntary codes and the ILO core conventions, which the codes all draw upon. The discussion in Chapter Eight regarding the role of the IFA and the impact it has made for workers employed on plantations owned or managed by Chiquita bears witness to this. Moreover, as respondents' commentary in the chapter illustrates, there is a

growing confidence that the attention Chiquita places on the communication of company values, codes and its commitment to the IFA is improving the workers' position. Many of the company's workers responded favourably to questions regarding their employment conditions. In the field, workers seemed to appreciate their independence and the fact that their daily production targets were managed without harassment from supervisors. In the packhouse, workers appeared to value the opportunity of being able to work in different sections and the variety of tasks they could perform in the preparation and packing of the fruit. However, one major player taking a strong position on labour conditions does not prevent violations of workers' rights by other producers in an industry. Until the supermarket groups recognise socially responsible behaviour in its supplier base and award supply contracts accordingly, there is little incentive for other producers to follow suit.

The International Banana Conference forum is illustrative not only of the complexity of the sector, but also of how an industry can attempt to self-regulate. This forum, if it continues, has the capacity to drive the agenda towards a legislative model of governance. It could promote agreements between the corporate actors in the banana chain that recognise compliance with codes and other efforts to promote the welfare of workers. A trade agreement or supply contract could be drawn up whereby codes are an intrinsic part of doing business – a sort of preferential partnership for those companies committed to formalising commitments to codes of conduct.

10.3 Future Impact of the Research

One of the key findings of the research study is that codes of conduct are not the panacea for improving labour conditions in global supply chains. As noted by a number of respondents who commented on the role and value of codes in this study, unacceptable working conditions remain on banana plantations. Many suggested that commitments made by both supermarkets and producers to abide by the principles outlined in codes did not prevent them from disregarding codes when it suited. Some respondents also stated that codes are merely demonstrations of good intent, and while such commitments are voluntary and not enshrined in law, codes could never be anything else. In this respect, the research

points towards a requirement for some form of legislation, either at the level of the nation-state or the supranational, or indeed both. It was suggested at the IBCII forum in April 2005 that the industry needed an ombudsman of some sort, possibly a United Nations agency, which would work in tandem with the World Trade Organisation to link labour standards with trade. In this way, labour conditions could be encapsulated in the market opportunity and real inroads could be made in improving the workers' situation. This would, of course, entail a further level of regulation that may be opposed by some key stakeholders in the banana chain. Although the research study did provide evidence that without such legislation companies that are committed to a CSR programme do, on balance, uphold codes of conduct.

However, compliance to these voluntary measures of labour control in global supply chains is still a cost to business that some companies will not or cannot subscribe to. The way forward therefore, may be a more regulated approach, which would create a 'level playing field' and help to prevent a 'race to the bottom'. Just like any other form of legislation in the food industry, supermarkets and producers would be obliged to comply, and the cost of managing the supply chain with prescribed conditions for workers would be the same for all businesses. This may negate the competitive advantage that some companies believe an ethical sourcing policy offers, but it may improve labour conditions on banana plantations across the industry. This may prove more constructive than individual corporate action, such as the commitment made by Sainsbury's, Waitrose and the Co-operative Group to source only Fairtrade bananas, which according to some industry commentators has actually worsened the employment position and security of workers on Latin American plantations. As discussed in Chapter Eight, this is partially due to the certification process and the criteria used for assigning the Fairtrade label.

However, other respondents argued that with greater transparency and multi-stakeholder engagement, such as the introduction of a participatory audit to include workers, unions and NGOs, codes of conduct could do so much more. Who is ultimately responsible for the labour conditions in global supply chains, and who is authorised to police or govern the production operation of the chain,

are thus questions to be wrestled with. What is evident from this research study is that the regulation of labour falls somewhere between the market and the state. What this means for the future of ethical trade is dependent on the consumer and the active campaigning of NGOs and civil society groups, and the will of the state to adopt a more dynamic role in the ethical sourcing debate.

As regards the future role of trade unionism, there is an opportunity to promote the success of the Chiquita-COLSIBA-IUF agreement in the banana sector by promoting its success and encouraging other TNC producers to draw up such an agreement. There is also the possibility of embedding IFAs in the CSR programmes of supermarket groups in the way that the ETI Base Code is a key requirement for producers wishing to supply the UK retail market. Trade Unions and civil society groups could also work more closely together and campaign for more rigorous codes that include workers in the initiation and development process of the standards implemented in their workplace.

However, this should not exclude the state from continuing to develop legislation and uphold guarantees to protect the fundamental rights of their citizens. Codes of conduct should not be a substitute for state legislation or indeed a duplication of an already established structure of social guarantees. The possibility of corporate self-regulation as a replacement for institutional governance is a real concern. In some respects, this study demonstrates the changing role of the Costa Rican state, the lessening of its authority, and the limitation of international institutions in terms of governing the banana chain. Companies who appear to be driving a self-regulation agenda have overtaken both these groups of social actors. This raises the question of whether workers' rights can only be fully realised when supermarket groups are prepared to address their own behaviours (buying practices) or will workers' attempts to improve their conditions be continually undermined by the downward costs pressures in the market. This is possibly, where the consumer can play a major role. If consumers are made more aware of their own role in the pursuit of cheap food and the repercussions this has for labour in global supply chains, there is an opportunity to influence supermarket-purchasing practices. Consumers are a critical stakeholder group for supermarkets and consumer disquiet will spur these behemoths to change their

behaviour. In this way, it may be possible for consumers to address the problems facing workers in the far-flung fields of production.

10.4 Final Thoughts

Some of the issues raised in this thesis, including the regulation of labour practices are not new. What is new is the way that labour regulation has been reframed under the auspices of the corporation and the way private regulation is overtaking state and institutional regulation. Voluntary labour initiatives such as codes of conduct and IFAs offer the possibility of a springboard for new strategic alliances: between workers, their representatives, trade unions, NGOs, and civil society groups (those organisations campaigning on the workers' behalf). The groundswell of interest in ethical trade and labour initiatives provides one arena in which new coalitions are being developed. Nevertheless, my sense of the situation is that codes of conduct and IFAs will only be truly effective when workers really understand the benefits they offer and are able to organise and represent themselves in the distant fields of production. In some respects, I believe that other stakeholders in the chain need to intensify the pressure placed on companies to behave ethically in their business practices. There is still a long way to go for all corporate actors in an industry to abide by the same set of rules – for companies to enact governance in a consistent manner. It would seem that the conditions workers face in the production of bananas for export varies too greatly, is dependant on the producer, and therefore the worker remains vulnerable. The only way this situation will change in the future is for better communication with the consumer as regards the conditions faced by workers. However, how ethically sourced bananas can be made distinct in the marketplace brings us back to the labelling question and the rigour behind the certification process of these goods. Undoubtedly, if greater confidence in these schemes could be achieved then a clearer distinction could be made between the ways different producers operate. This may also draw greater attention to the fact that supermarkets need to consider the impact of their role in continually forcing prices down in a market, as such action only reinforces poor labour conditions for workers in global food supply chains.

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Appendix A

Conference Organisers of the IBCII

EUROBAN – the European Banana Action Network

EUROBAN is a coalition of trade unions (including IUF), environment and development NGOs and Fair-trade organisations in 13 European countries. EUROBAN was founded in 1994, and chiefly coordinates solidarity actions with plantation workers' unions and small farmer groups in banana exporting countries.

COLSIBA – Coordinadora Latinoamericana de Sindicatos Bananeros

COLSIBA is a regional co-ordinating body which brings together independent trade union organisations of workers from the banana plantation sector and also from sugar, coffee, flowers and other agro-industrial activities – in Belize, Guatemala, Honduras, Nicaragua, Costa Rica, Panama, Colombia and Ecuador. COLSIBA comprises 10 unitary organisations – national co-ordinating bodies, national federations, individual trade unions, as well as rural workers and small farmer associations – which together regroup 42 grassroots workers' organisations and more than 45,000 organised men and women plantation workers. COLSIBA was founded in 1993.

WINFA – Association of Caribbean Farmers

WINFA was established in 1982 to promote the social and economic welfare of small farmers in the Caribbean. It is a regional body made up of independent producer groups, individual farmers and agro-processors in five islands (St. Vincent, St. Lucia, Grenada, Dominica and Martinique). Although not originally primarily concerned with bananas, it has become one of the main protagonists in the debate over the future of the industry with the governments of the islands.

IUF/UITA/IUL

The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international federation of trade unions representing workers employed in: agriculture and plantations, the preparation and manufacture of food and beverages, hotels, restaurants and catering services and all stages of tobacco processing. The IUF is composed of 336 trade unions in 120 countries representing a combined membership of over 12 million workers. From its founding in 1920, international labour solidarity has been the IUF's guiding principle.

US/LEAP

The US Labor Education in the Americas Project (formerly the US Guatemala Labor Education Project) is an independent non-profit organisation that supports the basic rights of workers in Central America, especially those who are employed directly or indirectly by US companies. US LEAP has been engaged in providing support work for banana workers since 1998.

EUROPEAN FAIRTRADE ORGANISATIONS

Further representatives in the IBC Preparatory Committee included a number of fair-trade organisations/networks, notably Oxfam International and FLO International.

(IBCII 2004)

Appendix B

List of Countries Represented at the IBCII

The countries represented at the Second International Banana Conference (IBCII) in Brussels, April 2005 are detailed below:

Europe	Latin America	ACP (Africa, Caribbean and Pacific)	ROW (Rest of the World)
Belgium	Columbia	Barbados	Canada
Czech Republic	Cost Rica	Cameroon	Japan
Denmark	Ecuador	Dominican Republic	Philippines
France	Guatemala	Ghana	USA
Germany	Honduras	Grenada	
Hungary	Nicaragua	Guadeloupe	
Ireland	Panama	Haiti	
Italy	Peru	Jamaica	
Lithuania		Martinique	
Monaco		Morocco	
Netherlands		St. Lucia	
Spain		St. Vincent and the Grenadines	
Sweden		Ivory Coast	
Switzerland			
United Kingdom			
Source: IBCII 2004			

Appendix C

UK Sales Turnover by Supermarket Group for the Financial Year 2006/7

Supermarket Retailer	Sales Turnover (£m)
Tesco PLC	32,665
ASDA Group Ltd*	15,276
J Sainsbury PLC	17,151
Wm Morrisons PLC	12,461
The Co-operative Group	7,334
Somerfield PLC**	N/A
Waitrose Ltd***	N/A
<p>Notes:</p> <p>* ASDA Group Ltd. is owned by Wal-Mart Stores Inc. and reports its sales in US dollars. For the financial year-ending 31st December 2006, ASDA reported sales of \$26.8billion, which at an exchange rate of 1 USD to £0.57 translates to the above figure in pounds sterling (Key Note 2007b).</p> <p>** Following a private-equity consortium buy-out in December 2005 Somerfield PLC no longer publishes annual sales figures, but in the financial year-ending April 2005 the group's turnover was £4,676m (Key Note 2007b).</p> <p>*** Waitrose Ltd. is part of the John Lewis Partnership PLC and sales are published jointly for both trading operations. In the financial year-ending January 2007 the combined group's sales were £6,376m (Key Note 2007b).</p>	
<p>Source: Company Annual Reports 2006/7, Key Note 2007b.</p>	

Appendix D

UK Market Share by Supermarket Group for the Financial Year 2006/7

Supermarket Retailer	Market Share (%)
Tesco PLC	31.3
ASDA Group Ltd	16.7
J Sainsbury PLC	16.3
Wm Morrisons PLC	11.2
The Co-operative Group	4.5
Somerfield PLC	3.5
Waitrose Ltd	4.0

Source: Company Annual Reports 2006/7, Key Note 2007b.

Appendix E

The ILO Core Conventions

- No. 29: Forced Labour Convention, 1930
- No. 87: Freedom of Association and Protection of the Right to Organize Convention, 1948
- No. 98: Right to Organize and Collective Bargaining Convention, 1949
- No. 100: Equal Remuneration Convention, 1951
- No. 105: Abolition of Forced Labour Convention, 1957
- No. 111: Discrimination (Employment and Occupation) Convention, 1958
- No. 138: Minimum Age Convention, 1973
- No. 182: Worst Forms of Child Labour Convention, 1999

Appendix F

Themed Questions

A. EMPLOYMENT

What work do you do? How has the work changed over the years? What training did you have for your job?

What are your working hours per day/week? How are you paid? How do you get paid for extra hours or overtime?

What work contract do you have? How many years have you worked on this plantation?

B. WORKING CONDITIONS

How would you describe working on the plantation? What do you like about working on the plantation? What don't you like about working on the plantation?

What do you do if you have work problems? Are there procedures for grievances or complaints on the plantation? How do these procedures work?

How are workers represented on the plantations? Which unions are represented here? What do the unions do for the workers?

How could working conditions on the plantation be improved?

C. LABOUR CODES OF CONDUCT

What Labour Codes of Conduct have you heard about? Which Codes operate here?

How do these Codes benefit workers? What are the difficulties with Codes?

How do management respond to these Codes? What is the role of unions in respect of the codes?

D. INFORMATION ABOUT THE PLANTATION AND COMPANY

What is the size of the plantation (hectares)? How many people work on the plantation, approximately? Are there living quarters or accommodation provided on the plantation?

Have you worked on other plantations? How is this plantation different to other plantations you have worked on or know about?

Is there anything else you would like to say?

Appendix G

Reference Coding System

The coding system has been developed to ensure anonymity and confidentiality for those respondents and participants involved in the research study. However, the approach to coding has been constructed in such a way, it allows the author/analyst to identify the testimony made and link comments to a respondent's occupation and the farm where employed. In the case of focus groups, participants are identified by their occupation and focus group number.

Phases of Research Activity (February-April 2006)	Reference Number
1. Office meetings: (Preparations for farm visits with producers, unions and NGOs)	1
2. 1 st group of Farm visits	2
3. 2 nd group of Farm visits and Focus Groups	3
4. 3 rd group of Farm visits	4

Group One: Workers (Obreros); Supervisor (Supervisores), Office Staff (Funcionarios y Personales) and Farm Managers (Administrativos)					
1st Letter	2nd Letter	3rd Letter	4th Letter	@	Date
1 st name initial	Employment Role: O – Workers S – Supervisors F – Office Staff A – Farm Manager	Job Type: B – Bagging C – Cropping H – Harvest S – Selection P – Packing Q – Quality L – Loading	Worker Representative: P – Permanent Committee S – Solidarismo U – Union	Farm/Finca (F) and phase reference (2,3 or 4) and number based on order of visits in the phase	Month / year

Group Two: Banana Companies/Producers (Productores)			
1st Letter	2nd Letter	@	Date
1 st name initial	Employment Role: D – Director C – CSR CM – Compliance Manager G – General Manager (Country) L – Lawyer Q – Quality T – Technical Manager/Auditor	Producer/Productores (P) and number based on order of meeting respondents	Month / year

Group Three: Unions (Sindicatos)			
1st Letter	2nd Letter	@	Date
1 st name initial	Employment Role: G – General Co-ordinator O- Organiser	Union/Sindicatos (S) and number based on order of meeting respondents	Month / year

Group Four: Solidarity Associations (Solidarismo)			
1st Letter	2nd Letter	@	Date
1 st name initial	Employment Role: G – General Co-ordinator S – Secretary (Social)	Solidarity Association/ Solidarista Asociación (SA) and number based on order of meeting respondents	Month / year

Group Five: Non Governmental Organisations (Las Organizaciones No Gubernamentales)			
1st Letter	2nd Letter	@	Date
1st name initial	Employment Role: D – Director S – Secretary (General) C – Co-ordinator	NGO/ Las Organizaciones No Gubernamentales (OG) and number – based on initial order of meeting field respondents	Month / year

Group Six: Certification Bodies (Certificación Grupos)			
1st Letter	2nd Letter	@	Date
1st name initial	Employment Role: G – General Co-ordinator M – Manager S – Secretary (Social)	Certification/Certificación Grupos (C) and number based on initial order of meeting respondents	Month / year

Group Seven: University (Universtitades)			
1st Letter	2nd Letter	@	Date
1st name initial	Employment Role: D – Director I – Investigator/Researcher P – Professor S – Secretary	University/Universtitades (U) and number – based on initial order of meeting field contacts	Month / year

Group Eight: Trade Associations (Comerció la Asociación)			
1st Letter	2nd Letter	@	Date
1st name initial	Employment Role: D – Director C – Chief Executive S – Secretary	Trade Assoc./ Comercié la Asociación (A) and number – based on initial order of meeting field contacts / respondents	Month / year

Group Nine: Focus Groups (Foque Grupo)					
1st Letter	2nd Letter	3rd Letter	4th Letter	@	Date
1st name initial	Employment Role: O – Workers S – Supervisors F – Office Staff P – Personnel Manager A – Farm Manager	Job Type: B – Bagging C – Cropping H – Harvest S – Selection P – Packing Q – Quality L – Loading	Worker Representative: P – Permanent Committee S – Solidarismo U – Union	Focus Group (FG) plus number based on phase of fieldwork, and number based on sequence of focus groups	Month / year

Group Ten: Supermarkets/Grocers (Tenderos)			
1st Letter	2nd Letter	@	Date
1st name initial	Employment Role: D – Director B – Buyer E – Ethical Trading C – CSR T – Technologist	Supermarket/Tenderos (T) and number – based on initial order of meeting contacts/ respondents	Month / year

