

# **Collateral Damage:**

**How price wars between UK supermarkets helped to destroy livelihoods in the banana and pineapple supply chains**

*Banana Link*  
*November 2006*



## Preface

The writing of *Collateral Damage* was financed by Action Aid, to provide source material for its 2007 campaign on supermarket buyer power. It was also envisaged that this material should be used as part of a submission to the Competition Commission's 2006/2007 enquiry into supermarkets.

The material presented in this research derives from Banana Link's on-going investigations into UK banana supply chains, supplemented with the findings of an Action Aid-financed field trip to Costa Rica in October 2006.

Please note that supply chains change continuously. Where there are statements in the text which refer to the current situation (e.g. when it is said that Del Monte *is* ASDA's exclusive supplier of conventional bananas) such statements refer specifically to the current situation *as it was in October 2006*. (By 2007, for example, Del Monte was no longer ASDA's exclusive supplier).

It is particularly noteworthy that at the time of the research, Sainsbury had decided to switch all its banana sourcing to Fair Trade Certified producers, partly in order to escape from the negative consequences of the supermarket wars, whose nature is documented in this work. This was a decision of which Banana Link was aware and which met with its whole-hearted support and approval. Regrettably however, at the time of writing, Sainsbury's decision was not yet in the public domain and it was not therefore possible to include any reference to the supermarket's ground-breaking decision in the report. While Sainsbury's decision is worthy of praise, it should nevertheless be borne in mind that it is a voluntary decision which could be reversed at any time (and indeed since its announcement there has been much talk of Private Equity takeovers, which if successful could easily lead to a reduction in the Company's commitment to ethical policies). Sainsbury's current change of policy therefore in no way undermines the fundamental argument in the text which follows (as regards supermarket buyer power and its impact on supply chains).

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**November 2006**

## **COLLATERAL DAMAGE: How price wars between UK supermarkets helped to destroy livelihoods in the banana and pineapple supply chains**

*“It was absolutely horrendous”* Fruit importer describing the impacts of the price wars on his business

*“We are paying for the price wars between supermarkets in your country”* Costa Rican banana grower

*“People around the world should know that there are people working as slaves in Costa Rica”* Pineapple worker, in Pina Fruit, supplier of pineapples to Tesco.

This is an account of how a price war between the UK’s biggest supermarkets, helped to devastate lives and livelihoods, back along the supply chain, from the importers and ripeners, based in the UK, back to the plantations and farms which grow the fruit, in Costa Rica, one of the UK’s biggest suppliers of bananas and pineapples. All along the chain permanent jobs have been destroyed, to be replaced by short-term and casual jobs. Secure work which used to support local families has been replaced both in the UK itself and in Costa Rica by piece-rates and contract work, rewarded at such low rates that (at least in Costa Rica) only migrant labour, living on society’s margins, often without papers, is desperate enough to take it on. This is a story of how UK supermarkets, championing ever lower prices for the benefit of consumers, have transformed economies and sponsored the creation of slave-like societies, so that UK citizens can enjoy the five portions of fruit a day, which the government recommends as a basis for good health.

As this account unfolds, it will become clear that the massive buying power of a few supermarkets has helped to destroy the traditional idea of a market. Actors no longer buy and sell freely, as there are now only a handful of buyers, who buy on behalf of a whole nation. Those who wish to sell to these buyers have few choices and they have to accept whatever prices, terms and conditions are offered to them or go under. The supermarkets dictate to their suppliers and the suppliers, no longer autonomous, become part of a supermarket’s empire, controlling remote parts of the empire like feudal lords, while down at the bottom of the chain the new serfs, without property or real freedom are slowly being worked to the point of exhaustion.

*“In the 70s and the beginning of the 80s it was almost a source of pride to work in banana plantations. Good wages were paid; there was respect for the dignity of workers and for their human rights; there were collective agreements. There was a series of conditions, which allowed there to be social stability for families. There were wages which allowed workers to live in dignity. It was normal for a worker to have a small motorcycle or a bicycle. Every year, the banana workers would plan their holidays and they would travel from the banana growing areas to the metropolitan areas, including many people who themselves came from the metropolitan areas or from other provinces in the country to work on the plantations. Because they earned enough money, there was...yes, I could say there was pride in working in the banana plantations. 100% of the workers were organised [in unions]. It was a very different situation.*

*In 1971, there was an agreement between Central American countries, the Union de Países Exportadores de Banana, UPEB (the union of banana exporting countries), whereby when they exported the companies had to pay \$1 export tax, which was re-invested in the social and economic infrastructure of the banana areas. Thanks to this, from this period in the 70s and early 80s, the government was able to invest in roads, bridges, schools, colleges – everything we have today and which still exists came precisely from this era. It was a beautiful period from the point of view of conditions and sustainable production.*

*So what's happening now? Today it's a disgrace to work in the banana and pineapple farms. Now the people who work in the plantations do so simply to survive. There's no job security. Wages are very low – many fincas pay below the minimum wage. It's no longer any kind of pleasure to work in the plantations in this country.*

*The companies frequently argue that they can't pay even basic wages, because the supermarkets in Europe or Great Britain or the US don't pay adequate prices for the fruit. This is an argument they put forward. We, in the unions, don't have sufficient information to know whether or not this is true. It's very difficult to challenge or correct this argument, because the supermarkets don't publish the necessary information.*

*But what is beyond doubt is that there is a powerful and accelerating process of impoverishment of the workers going on. There's also a strong process of social disintegration in the banana growing areas of our country. If a worker has to work 3 months in a pineapple farm and then another 3 months in a banana plantation, because there's no job stability, it's a fact that there can be no family stability. So, we see increasing social problems which unfortunately our government has no ways of tackling, much less the companies. There are serious problems now with alcoholism, and drugs. Young people have no sense of any future. There are problems with migration from other parts of Central America, particularly from Nicaragua, with people looking for a better life but when they get here, they just face a mountain of problems which sadly are based on labour instability, poor wages and lack of labour rights.” Gilberth Bermudez, General Secretary of the union, SITRAP.*

So what happened to change an apparently successful industry into (as we shall see later in this report) the nightmare it seems to have become for workers today? To answer this question we will have to look back to 1999, when the US fruit company Del Monte introduced an innovative scheme for cutting costs on its plantations, so as to get a competitive edge over its rivals.

## **The Del Monte Experiment**

*“Del Monte was quite good to work for in the past but in October 1999, the company sacked all 4,300 workers and then re-employed them on reduced wages. They also eliminated all the benefits we had.*

*In the old days there were doctors, decent housing, the housing was well kept, they paid for the electricity in your housing and they paid for health care. In harvesting jobs, there used to be teams of 4 or 5; now we have to do the same work with three people. These are all things that happened in 1999 when they sacked everyone overnight and rehired them under different conditions. We paid the price. They’re always saying that the market is bad. It’s just another way of putting pressure on us. The market’s always bad for Del Monte.”* Banana Worker, Monte Libano plantation, Del Monte, 17/10/06.

The Del Monte experiment was a resounding success from the point of view of the owners, with dramatic reductions in costs. In the next few years the whole industry was to change with a near elimination of hourly rates and their replacement by systems of piece-working and subcontracting.<sup>1</sup>

## **ASDA Walmart is born**

While Del Monte was assessing its experiment in Monte Libano and arranging for the new approach to be generalised throughout its Costa Rican plantations, an important development was taking place back in the UK.

Also in 1999, the US giant, Walmart, the biggest supermarket chain in the world took over the British retailer, ASDA. Walmart began a process of restructuring ASDA, discouraging union affiliation and remodelling its management in line with policies set in its headquarters in Bentonville, Arkansas. With its global reach, Walmart was able to operate a system of what might be called “international price flexing”, something which had not been seen hitherto on the UK market.

“Price flexing” within a national market is a recognised technique, which is condemned as being an “unfair practice” by the competition authorities. Price flexing occurs when a national retailer changes (or “flexes”) its prices at individual stores, in order to undermine the profitability of local competitors. A national chain can reduce its prices in an individual store or a regional group of its stores, even to the point where it is selling at a loss for sustained periods of time, providing that the national chain continues to be profitable overall. An individual local store or even a small regional group of stores cannot possibly survive this kind of challenge, as it will not be able to maintain overall profitability by drawing on the income of other stores. If a local store is challenged in this way, it will either lose customers who are inclined to move to the new much cheaper rival, or, if it tries to match the artificially low prices of its rival, it will start to lose

money and eventually go bankrupt. Price flexing is seen as unfair competition, precisely because individual stores or small groups of stores cannot realistically survive when a national chain offers goods at prices which do not allow profits to be made. The Competition Commission's 2000 report on supermarkets found a limited number of cases of price flexing and condemned these as anti-competitive.

While price flexing on national markets is a recognised phenomenon, the ability for giant transnational retailers to engage in "international price flexing" seems to have gone largely unnoticed, particularly perhaps because it is a very recent development. A giant enterprise like Walmart has the capacity to treat a whole national market, in much the same way as a national supermarket could in principle treat the local shops in a single town high street. In other words, Walmart is able to continue to operate for extended periods of time, while making very little (or no) profit on a national market. By offering exceptionally low prices (while being effectively supported by the parent company), it can undercut national supermarket chains and eventually destroy them. The national supermarket chains have nowhere else to go and are forced to compete with what they see as unrealistically low prices, prices which are possible because the parent company's long-term plan is to destroy its rivals and bide its time before raising prices to more realistic levels. Once the parent company has established dominance in a particular country, it can move on to the next and use the same approach to take over yet another national market.

### **The ASDA-Del Monte Deal**

By 2002 Del Monte's new approach to running plantations had become firmly established as had also Walmart's absorption of ASDA. On the 1<sup>st</sup> May 2002 ASDAWalmart signed an exclusive deal with Del Monte, at what an industry insider called, at the time, a "ridiculously low price".<sup>2</sup> Del Monte was able to offer bananas at highly competitive prices because under its new system of piece-work and contracts, workers had to do as much as three or four extra hours work a day to earn little more than a subsistence wage. There was no negotiation as regards how much work a worker could realistically be expected to achieve in an hour. The piece rates were heavily weighted in favour of the company and the company could now get a higher rate of productivity for a significantly lower wage bill.<sup>3</sup>

Not only was Del Monte able to offer a "ridiculously low price" but on top of this ASDA was acting under instruction from Walmart's headquarters in Bentonville to lower its "net target margin" from around 32- 35%, the standard for supermarkets up until this point, to a mere 22% i.e. a full 10% lower than the other three of the UK's big 4 supermarkets.<sup>4</sup> By combining the two approaches of its supplier lowering wage levels on the one hand and the parent company effectively practising international price flexing on the other, ASDAWalmart was able to slash the cost of bananas from £1.08 per kilo for loose bananas to 94p.

Within an hour or so Tesco had followed suit. Shortly after this, the other major retailers cut their prices. The supermarket price war had begun in earnest.<sup>5</sup>

## **But Why Bananas?**

Bananas, along with bread, milk and baked beans are Known Value Items or KVIs. Price conscious consumers are likely to know how much these items cost and to use them to gauge the relative value for money offered by the different supermarket chains. According to the theory, if the KVIs are cheap, consumers will assume that other goods in the store are cheap, even if this is not in fact the case. KVIs are therefore particularly vulnerable to being used as pawns in the price wars between supermarkets. Of all the KVIs, bananas are possibly the most vulnerable, as gondolas of bananas are often located at the entrance to stores with their prices clearly displayed. The first thing many consumers see as they enter a supermarket is the price of a kilo of loose bananas or a special price for some variant of a “value pack” of bananas.

## **One Nation, One Price**

### ***Costa Rica and the UK***

Total British banana imports in 2005 were 794,000 tonnes (Source: DEFRA, 2006).

In 2006, the UK imported 13.5% of all EU banana imports (Source: Corbana, CR, Oct 06).

Around 90% of bananas sold in the UK are purchased in supermarkets. [TNS Data]

Around 70% are purchased in the 4 biggest ones (Tesco, ASDA, Sainsbury, Morrison).

Costa Rica (CR below) supplied 23% of all bananas (100,000 tonnes) imported into the UK in the first semester of 2006. [DEFRA]

CR is currently the UK's No 1 supplier of bananas – and pineapples. [DEFRA]

Three of the big 4 supermarkets source bananas from Costa Rica (Tesco, ASDA and Sainsbury); Morrisons almost certainly do too (via Fyffes), although this is not confirmed. Somerfield, Waitrose, the Coop, and Marks & Spencer also source bananas from CR. Bananas are imported into the UK from CR and ripened by JP/Dole, Del Monte, Chiquita, Fyffes, S.H.Pratt and Mack Multiples.

Companies which own plantations in CR and which supply the UK include Dole, Del Monte, Chiquita, Caribana, Grupo Acon, El Ceibo, Las Juntas and Ecoturismo. The first three are multinationals with plantations and/or sources in several countries; the last five have plantations in Costa Rica only.

'Green wholesale' value of CR bananas in the UK fell from an average £374/tonne in 2005 to an average of £315/tonne in first semester of 2006 (and as low as £287/tonne in June). [DEFRA]

The price reduction to 94p was merely the opening salvo in the price war. A little later Morrisons cut its prices further from 94 to 85p and third and fourth cuts, again led by ASDA, took the price down to 81p and then 79p per kilo by mid 2003.

What was particularly striking for observers was the coordination of prices between the big 4 supermarkets. When one supermarket (usually ASDA) drops its prices to a new low, all the others match the new prices, often within the hour and usually to the penny.<sup>6</sup> This absolute coordination of prices raises doubts as to whether or not the UK banana market is a real market, reflecting supply and demand or whether the market is effectively “regulated” in some way by the supermarkets themselves.

To put the matter slightly differently, one might ask “was it the case that world banana prices fell and ASDA simply reflected the price drop first, with others following suit rapidly, precisely because there had been a real change in supply and demand?”

According to suppliers, this appears not to have been the case. Rather the price falls were pioneered by ASDA simply as a way of attracting consumers. This was particularly clear in one of the most recent price drops.

On January 28, 2005, ASDA again cut its prices drastically, this time to a mere 66p per kilo for its cheapest bananas. Tesco again followed suit within the hour. Sainsbury cut its prices on the same day to match the 66p price, as did Morrison, with its price slightly higher at 67p.<sup>7</sup>

This price reduction occurred at a time when unusually the banana market was under-supplied. A series of environmental and political crises in different parts of the world meant that production in almost all banana producing regions was down by around a third.<sup>8</sup> In spite of this, retail prices in the UK fell to unprecedentedly low levels, at a time when, if the market had not been distorted by concentrated buyer power, prices should have risen markedly.

### **How did the other supermarkets manage to match ASDA’s price?**

Before Walmart came on the scene, the major UK supermarkets aimed at a net target margin of around 32 – 35%. When ASDA Walmart reduced its margins by 10% and signed an exclusive deal with Del Monte, the other supermarkets felt bound to match the new low prices. However, whereas ASDA itself had reduced its own margins, the other big supermarkets, with the possible exception of Morrisons, insisted on retaining their own margins. Instead of taking the heat themselves, they expected their suppliers to continue supplying them at prices which were sufficiently low as to match the new low ASDA prices, while leaving their own margins intact.

Nor was this strategy confined to bananas. Banana Link has heard from a number of Tesco suppliers who re-iterate the point. In some cases Tesco expected suppliers who were actually supplying both Tesco and ASDA to sell at one price to ASDA and at another lower price (which compensated for ASDA's 10% cut in its own margins) to Tesco, so that Tesco could continue to match ASDA prices without itself losing any money. Remarkably, Tesco was expecting its suppliers to fight its price war on its behalf. Not every supplier was prepared to accept this demand and some discontinued supplying Tesco, even though this may have meant a loss of around a third of their own market shares.

When questioned on this matter, Tesco managers have been circumspect. They will not confirm or deny that they have insisted on retaining a 32% margin. However, statements they have made in private meetings, to the effect that such a margin is not absolutely inviolate and that on occasions they have absorbed some of the losses themselves, suggest that what the suppliers say is broadly true and that, while there may be occasional exceptions, on the whole their margins are inflexible.

By insisting that suppliers compensate for ASDA Walmart's reduction in its net target margin, Tesco and Sainsbury were able to transfer the cost of the price war from themselves to their suppliers. Suppliers in turn have sought where possible to pass on the costs to the primary producers and these primary producers have cut their costs by reducing wages and conditions for the agricultural workers they employ.

### **The impact on suppliers**

The impact on suppliers has been severe. Most importers into the UK, whether independents or multinationals, do between 70% and 90% of their business with a single supermarket (the only real exception at the time of writing being Fyffes). As there are a small number of supermarkets and a small number of importers, as soon as anything concrete is said about any one of them, even if names are not mentioned, the major actors in the business are able to identify who is being talked about and who has said what.

With a near total dependence on a single supermarket as an outlet for their fruit, importers are absolute in their refusal to reveal details of their transactions with their clients publicly (although they have discussed these matters with considerable passion in private meetings with Banana Link), most being convinced that any possible implied criticism of their client would lead to a loss of future business. This means, unfortunately, that it is not possible to discuss these impacts, unless information is already in the public domain. Regrettably almost none of the information is so available.

In the circumstances, the observations here will have to remain general, although some information can be gleaned from published accounts.

One thing which is already in the public domain is the impact of "point of sale" ordering, which has particularly difficult implications for suppliers of all fresh produce. Typically big supermarkets expect their suppliers to agree to supply for a period of time (typically 6

months or a year) at a particular price. Although the supermarket may forecast the likely amounts it will require, it expects the supplier to provide whatever it needs each day, regardless of the forecasts. In other words, if it requires 20% more on a particular day, the supplier will have to find this, or if it requires 20% less, the supplier will have to find an alternative outlet for the excess or simply, in a worse case scenario, destroy the fruit.

In the case of bananas, as the ripening process is a gradual one, the ripener cannot simply turn the supply on or off to suit the precise requirements of the supermarket. Nevertheless, this is what the supermarkets effectively demand. In practice the supermarket transfers all the risks to the suppliers. If the supplier fails to supply an order (even though it can't know in advance what the amount required will be) it may be required to pay a penalty, under the terms of what is often referred to as its "contract". However written contracts seldom exist. As the Fresh Produce Manager of one leading supermarket succinctly observed in a meeting with Banana Link: "We don't do contracts."

As the big supermarkets in most cases have such power over their suppliers, the suppliers have to respect verbally agreed penalty clauses or face the prospect of losing all future business, even if the nature of the verbal agreement appears to be inequitable and to involve the transfer of all risk from the supermarket to the supplier.

The surprising ASDA-led price drop of January 2005 (which occurred at a time when there was an international shortage of bananas) has already been mentioned above. Suppliers to other supermarkets were expected to continue supplies at low prices, even though international banana prices were peaking. While suppliers are not prepared to discuss the detailed impacts on their businesses, it is clear that some of them faced serious financial difficulties. The published accounts of S.H. Pratt, for example, reveal losses of around £1.2 million before taxation for the year 1<sup>st</sup> Nov 04 to 31<sup>st</sup> Oct 05, which corresponds to an average weekly loss of over £23,000 a week.<sup>9</sup> The weekly figure was probably at least twice this average for a limited period in the early part of 2005.

With S.H. Pratt and other suppliers facing very uncertain futures, there was a disinclination to replace permanent workers when they left their jobs. Instead, agency staff were recruited, with fluctuating daily orders for labour mirroring the daily orders of fruit, imposed unilaterally by the supermarkets. According to a GMB trade union organiser, a majority of manual workers employed by S.H. Pratt, for example, are now agency staff.

With low wages and job insecurity, manual work for the importers appears decreasingly viable as a stable source of income for workers with families or other dependents.

### **Impacts on Primary Producers**

With supermarkets looking for ever cheaper sources of bananas, primary producers came under increasing pressure to cut their own costs to a minimum. As the banana industry was already highly competitive, there were very few efficiency gains to be made by

restructuring the production process. Most of the industry's costs were "fixed costs", which had already been cut to a minimum. Between a third and a half of the costs were attributable to agrochemicals. As most commercial bananas are grown in plantations, their cultivation suffers from all the usual problems of "monocultures" i.e. a heavy reliance on agrochemicals to protect the crop, combined with negative impacts on soil, water and biodiversity. In the case of bananas, the difficulties of growing in monocultures are exacerbated by two other factors.

Firstly, banana plants are propagated vegetatively and are therefore genetically identical to the parent stock. This means that the crops are particularly vulnerable to pests and diseases. Once a disease establishes itself, it can easily sweep through a crop of genetically identical individual plants. Secondly, bananas are grown in tropical conditions of high temperature and humidity, conditions in which fungal and other infections thrive. Not only therefore was it difficult for plantation owners to reduce their usage of agrochemicals, but in addition the cost of chemicals produced from oil or oil products was also increasing. Other "fixed costs" like energy to run the packing plants, costs of maintaining or replacing worn machinery, etc. were also increasing.

The one area where costs could be cut was in the "variable cost" of labour, itself representing some 15 – 20% of total costs.<sup>10</sup>

### **The Del Monte Management Style is Universalised**

Faced with the need to reduce costs but hampered by the need to pay at least the same and often more for "fixed costs", Costa Rican plantations (whether locally owned or owned by multinationals) rapidly began to emulate the Del Monte approach, with a series of mass sackings, followed immediately by re-hiring of mostly the same workers under less favourable terms and conditions.<sup>11</sup> The new terms and conditions were typically not negotiated with workers but were simply presented as a *fait accompli*, or on a "take it or leave it" basis.<sup>12</sup>

*"They called us all to a meeting and they said that we would all be laid off the next day. Then they re-hired us for almost half the wages. They cut social benefits. We used to have almost a month holiday but this went down to 14 days."* Worker at Dole plantation, Las Perlas 17/10/06

The mass hirings were also used in many cases to purge the plantations of trade union members. Trade union members in some cases were simply not re-hired. In some other cases, they were re-hired but were confined to the worst kinds of piece-work, where the rates of remuneration were so low as to make it impossible for workers to pay bills or support their families.<sup>13</sup> As Costa Rican law recognises trade unions and prohibits discrimination against union members, this offered some employers a legal mechanism, whereby they could discourage union membership without explicitly banning trade unions.

Given that workers were not given any warning before the mass sackings occurred, few were in a position to refuse the new terms and conditions. However, as permanent contracts became less common and short-term employment began to predominate (usually for 3 month periods, avoiding the need for employers to pay for certain social benefits), workers increasingly tried to escape the plantations. As Costa Ricans became less prepared or able to work for rewards which were decreasingly able to meet their needs, (mostly) young Nicaraguan men moved in, providing the plantations with a cheaper, more economically desperate and potentially more compliant labour force (as in addition to being economically desperate, many migrants were also working in Costa Rica without the necessary papers).<sup>14</sup> In fact, as early as 2000, employers with plantations in the northern region around Puerto Viejo de Sarapiquí were explicitly encouraging Nicaraguan migrants to come and work with them.<sup>15</sup>

### **How the Plantations Reduced Labour Costs**

There are four principal ways in which employers have reduced labour costs. Firstly hourly rates are now virtually unknown and almost all work is now piece-work. There is a considerable range of rates of pay, depending on the particular job done. Even within the packing plants, where most of the workers are tied in to conveyor-belts, different rates are paid for individual tasks, such as assembling the cardboard boxes, deflowering the fruit or packing the bananas in the boxes. In the packing plants pay will depend on the number of boxes packed in the day, meaning that workers will be paid according to the total output of the plant, even though the actual pay of individual workers will vary according to which particular task they performed. Nevertheless, this system means that the workers are under a great collective pressure to achieve high productivity. If a single worker slows down the line, all his or her fellow workers will lose pay. As workers in the “plant” are paid by results, they are not paid at all if there is no work to do. Occasionally there are no orders to deliver. This may be because clients do not want fruit or it may be because of some other logistical difficulty, such as problems with transportation. When there is no work, workers (in most cases) still have to pay for food, accommodation and other expenses but they may have no income for short periods of time, until orders pick up again or logistical or mechanical problems are resolved. If a generator breaks down or some other technical problem occurs, and production is halted, again workers will not be paid. The system of piece-work therefore allows the plantation to transfer risks from the business to its employees. Overall, looking at the whole chain, the supermarket transfers risk to the importer/riper, the importer, if it can, will try to transfer risk to its supplier and the supplier in turn transfers risk on to the weakest part of the chain, the workers.

Work outside the packing plant, in the fields is mostly (but not always) better paid and more regular. If there are no orders to fulfil, certainly harvesting will be suspended but there are usually other tasks, which need to be done, such as cutting off leaves infected with Sigatoka, supporting plants (bananas are not as many people assume trees and their stems are weak and prone to toppling over; they therefore need to be supported with sticks and lines) and clearing drainage ditches. However some of the tasks (e.g. propping up and tying the plants and clearing ditches) are very badly paid compared to harvesting or disease control, so field workers also suffer drops in wages if there are no orders.

The shift from hourly rates to piece-work not only reduces costs and transfers risk to the workers, it also makes Costa Rica's minimum wage unenforceable. The minimum wage is 4719 Colones per day (the exchange rate on the 15<sup>th</sup> Oct 2006 was 941 Colones = £1, making the daily minimum wage equivalent to £5.01).<sup>16</sup> A normal working week is 6 days of 8 hours each, totalling 48 hours.<sup>17</sup> To respect the law, workers should be paid 4719 Colones for 8 hours work. However since almost all work is now piece work, workers have to work whatever time it takes to earn the minimum wage, rather than the specified 8 hour period.

A study of 11 plantations was carried out in 2004 by the Costa Rican organisation, ASEPROLA, Association of Labour Promotion Services, commissioned by Banana Link and the Cooperative Group.<sup>18</sup> 124 workers were interviewed. The study found that although most workers were earning the official minimum wage or slightly above, many were working between 10 and 12 hours a day to achieve this, instead of working for the standard 8 hours. In some plantations workers were working more than 15 hours/day to earn these levels of wages. (At today's minimum wage rate, this would mean that the lowest paid workers would be earning an average of 33p/hour).

Banana Link undertook a fact-finding mission to Costa Rica in October 2006, financed by Action Aid. During this mission meetings were held with 171 banana workers from 16 plantations, supplying UK supermarkets. There were also meetings with 47 pineapple workers from farms mostly supplying UK supermarkets. Most of the meetings and interviews were witnessed by officials of the British trade union, the GMB. Although this research was of a less formal nature than the ASEPROLA study, relying more on informal discussions rather than questionnaires and structured interviews, it confirmed the overall picture painted by the 2004 research. There were many reports of people being paid less than the minimum wage, but much more common was the complaint that the piece-rates were set in such a way as to require workers to work very long hours in order to earn what should have been their due for a standard eight hour shift.

*Principal links between Banana Producers in Costa Rica and UK supermarkets (2006)*

<b>Producer</b>	<b>Plantations investigated*</b>	<b>Multinational supplied</b>	<b>UK Importer and Ripener</b>	<b>Supermarket supplied</b>
Grupo Acon	Bioban 1 & 2 Montebello	Dole	JP/Dole	M & S**, Somerfield**
Dole	Las Perlas	Dole	JP/Dole	Tesco, M & S**, Somerfield**
El Ceibo	El Ceibo 1 & 2	n.a.	Pratt	Waitrose, Tesco, others
Las Juntas		n.a.	Pratt	Waitrose
Ecoturismo	Ecoturismo	n.a.	Pratt	Tesco
Caribana	Rinos/Miravalles 1 & 2, Cocles, Manzanilla, Orosi 1 & 2, Cahuita, Tortuguero, Las Islas 1 – 4; Esterlina, Alta Gracia 1 & 2; Other farms	n.a.  Chiquita/Del Monte	Mack Multiples  Pratt	Sainsbury   Waitrose, Tesco
Del Monte	Duacari 3 Monte Libano	Del Monte	Del Monte	ASDA**
Banacol de CR	Cariari 4	Chiquita	Chiquita	Not known

\* Either the plantations were visited or the research team met workers from the plantation at another location

\*\* From these suppliers, but not necessarily from these plantations, as this specific information is not yet available

A spin-off of the piece-rate system is that when plantations are challenged over their low rates of pay, they are able to point out that they have paid the minimum wage and, for some jobs, significantly more, since they do not typically record the actual time spent by workers, but only the size of the final pay packet. Many plantations are certified by private certification schemes, such as SA8000 (used by Dole plantations, which supply both Marks and Spencer and a small proportion of Tesco's bananas) or Rainforest Alliance (used by Chiquita, which supplies Sainsbury and also by Caribana, which supplies both Sainsbury and Tesco). These certification schemes require certified plantations to pay the minimum wage. When challenged, plantations are able to say that they do comply with this requirement and auditing of their books will normally confirm this claim. However, what is not evident to the auditors who undertake the inspections is the way in which hourly rates have been as much as halved by reliance on piece-work, or, as we shall see below, use of contractors.)

*“Some people have to get up at 3.30 every day and then earn only 1800 colones. The union requested the labour inspectorate to come because there were so many violations.*

*Our request was that no-one should have to work more than 12 hours per day. If occasionally you do work only 8 hours, then you don't earn the minimum wage."*

Worker at Las Islas, Caribana, supplier to Sainsbury, 19/10/06

There are numerous ways in which workers are made to absorb the plantations costs. If the company saves on maintenance or equipment, for example, it makes the work harder and slower for the workers, but as the workers are paid by results, it is they who lose, rather than the company.

*"The cable ways aren't properly greased, which makes it a lot harder to pull the bunches to the packing plant. The cutters are not given any shoulder pads."* Worker, Las Islas, 19/10/06

The plantations are required to meet certain standards, as regards quality and/or environmental management (e.g. the supermarket inspired, EurepGAP standards, Tesco's "Nature's Choice" standard, or the Rainforest Alliance's environmental and social standards). These requirements are often relatively positive from the point of view of the environment, but adhering to these standards almost invariably invokes some additional cost for the plantation. However, instead of absorbing these costs themselves, many plantations simply pass them on to the workers, requiring them to do additional tasks, without increasing piece rates.

*"The Rainforest Alliance want us to re-use string as part of its re-cycling initiative. Now we're supposed to replace the string only every 3 months, instead of using new string. It's good for the plantation because now 4 plantations use the same amount of string as we used to use for one. But we workers have to do this for nothing. We have to pick up all the old, broken bits of string, untangle them, and then tie the bits together to make new pieces which are long enough to tie up the plants. It used to take an hour to string up a hectare, but if you have to pick up the old strings and tie them together, it takes you two to two and a half hours. We wouldn't mind if they created new jobs to do this or if they changed the piece-rates. But they don't. They just expect us to do the extra work for nothing!"* Worker, Las Islas, 19/10/06

A second way in which plantations have reduced labour costs is by reducing the number of workers with permanent contracts. According to SITRAP officials (Sindicato de Trabajadores Agrícolas y Plantaciones), approximately 80% of the work force had permanent contracts in 2000. This has declined to around 40% in 2006 and the trend is still down. The increasing use of short-term, casualised and contract labour in recent years mean that official statistics can no longer be relied upon. SITRAP's assessment is also only approximate and impressionistic (although they do have a presence in over half of the plantations located in the areas where they organise). However workers did confirm an increasing use by companies of hirings for limited periods of three months. At the end of three months, workers lost their jobs, but were often immediately re-hired for a further three-month period. During the three-month period, workers are seen as being on probation, meaning that they can be dismissed at short notice without compensation. Employers do not have to cover the same level of payments for social benefits for temporary workers as they do for permanent staff, again reducing their outgoings.<sup>19</sup>

Workers saw the three monthly employment cycle as a way of employers reducing their costs and as a means of social control. Any expression of discontent on the part of workers would decrease their chances of being re-employed for a further three months. Workers also believed that if they joined a union, they would be unlikely to get a permanent contract. One worker described what had happened in Tesco's main supplier of loose, conventional bananas, the El Ceibo group of plantations.

*"Someone joined the union, so they gave everyone else who was doing the same job as him a permanent contract [but not the man who had joined the union]. They did this to discourage others from joining the union. So SITRAP [the union this worker had joined] said, 'It's because of us you've all got permanent contracts finally'. Then the company called a special meeting to 'clarify the situation' and to explain that it wasn't because of SITRAP".* Worker, El Ceibo, Tesco supplier, 22/10/06

The low wages paid by plantations mean that workers cannot realistically save up to cover for periods when they are not employed. Many workers also live in plantation accommodation. In some cases they pay for their accommodation and in others they don't, depending on the particular plantation policy. Whether they pay or not, if they lose their job, they become homeless. While this would be serious for any worker, it is a particularly acute problem for the increasing numbers of Nicaraguan migrant workers, who do not have local family networks to turn to in situations of *extremis*. Fear of job loss is therefore considerable.

*"We've been told we're all going to be sacked as a Christmas present in December."*  
Worker at Bioban2

A third way in which companies cut their labour costs is by employing contractors. This also distances the company from any possible infringements of labour laws, while allowing them to pay less to get a job done.

*"The whole sub-contracting system is terrible. An advert went in the papers only this week, asking for new contractors to work for Del Monte. They wanted contractors to put up the strings on the plants, for example, and to do the harvesting. They also want contractors to maintain the green spaces. They've been eliminating jobs, which should go to people with a contract, and passing them on to sub-contractors. This has a direct effect on our wage packets."* Worker at Monte Libano, Del Monte; Del Monte is the exclusive supplier to ASDA, sourcing from Costa Rica, and low cost Cameroon and Brazil.

Both the union SITRAP and individual workers reported that the trend was for more and more work to be contracted out. Tesco's biggest supplier, El Ceibo recently began planting out a new area in its El Ceibo 1 and 2 plantations. Usually such work has been done by permanent staff, but this time the group is employing contractors.

*"Companies are fighting to get sub-contractors because that's how they can avoid all rights and benefits. Workers who work for them are treated like any old shit. There are cases where the sub-contractors walk away without paying the people who did the work"*

*for them (after they'd been paid themselves, of course). There was a case the other day at Monte Libano when a subcontractor walked away. The company did nothing. It's the responsibility of the contractor they said."* Worker at Bioban 2, 17/10/06

For workers, the increasing use of contractors means lower wages, absence of normal social benefits, greater job insecurity and even the possibility of not being paid at all. A contractor who gets a bad reputation with workers can, of course, re-invent himself by using a different name, by using a different foreman to front the operation or by re-locating to another area. Even if a contractor becomes known for his failure to pay or his failure to pay the agreed rate, there are always plenty of new or unemployed migrants desperate for work who will take any job on offer.

Theoretically, if the plantations are certified, subcontractors are supposed to adhere to the same labour standards as the plantation itself. However:

*"At the end of every year, when EurepGAP certification is done [this is the scheme used by many large European supermarkets, including Tesco and Sainsbury], the subcontractors mysteriously disappear for the day."* Worker at Bioban1, 17/10/06

The fourth way in which employers cut labour costs is by doing nothing to compensate for the steady devaluation of the currency, the Costa Rican Colon and the rise in the cost of living. The exchange rate in June 2004 was US\$1 = C\$432 (Colones); in October 2006 a US dollar was worth 514 Colones. At the same time as the currency is devaluing, the cost of living is increasing (partly in response to the devaluation, partly because of energy price rises). Workers refer to the cost of living having doubled in the last three or four years. Meanwhile wages have remained almost static.

*"We're earning the same amount or less than we were ten years ago, for doing more work."* Del Monte worker, 17/10/06

The Costa Rican minimum wage is reviewed every six months and is theoretically adjusted for inflation. However: *"They don't apply the minimum wage increases every 6 months. If there's a 6% increase, they'll put it up by 1 or 2%, or at best 3%"* Del Monte worker, 17/10/06

The slow erosion of wages as the Colon devalues and the cost of living rises adds to difficulties workers face, surviving from one day to the next.

## **Pay**

As discussed above, actual wages were highly variable and depended on the precise work done. Banana and pineapple workers typically quote their pay packet for a fortnightly period, comprising 12 days work. In theory, with a daily minimum wage of 4,719 Colones, a fortnight's pay for 12 eight hour days should come to 56,628 Colones. In practice most workers quoted amounts which were near to (or more often just below) this figure, although not for eight hour days. More frequently they were working ten to

twelve, and occasionally more than twelve hours per day. A few of the workers, with the best paid jobs, quoted considerably higher figures (after overtime) of up to 110,000 Colones/fortnight.

### The Cost of Living

Nevertheless, most workers did large amounts of overtime simply in order to do enough piece-work to earn them the minimum wage which should have been paid for a 48 hour week. For those who did earn the minimum wage, how would this have compared with the cost of living?

Sample key costs are tabulated below:

Category	Amount	Per (time):	Amount per fortnight
<b>Incoming:</b>			
<b>Salary</b>	56,628	Fortnightly	<b>56,628</b>
<b>Outgoings:</b>			
Housing	20 – 40K	Monthly	15,000 average
Food	20K for 2 people	Weekly	40,000 for “basics”
Electricity	4K	Monthly	2,000
Gas cylinder	5K	Monthly	2,500
Water	2K	Monthly	1,000
<b>Total outgoings:</b>			<b>60,500</b>

These prices relate to: housing which is of a poor standard, usually insubstantial in its basic construction and poorly maintained but nevertheless arguably adequate; what was described as basic food (i.e. mostly a mix of beans and rice with vegetables and fruit and occasional portions of meat) for two people; electricity, gas and water consumption for two. The figures suggest that two people, whether a couple or a parent and child, would be fairly hard-pressed to survive on this income, especially as they would need to pay for schooling, clothing, transport and health contributions, on top of their minimal daily needs. (Primary school education is free but parents have to pay for secondary education; transport costs will depend on where workers live but would typically be between 3000 – 5,000 Colones per fortnight.) Although these figures are presented to give some idea of the relationship between the cost of living and earnings, two person households are fairly unusual. Most families have 2 or three children and often more, making the challenge of day to day survival even more difficult for workers who are supporting their families on low incomes.

## Ticos and Nicas

The above figures represent the kinds of expenditures which would be typical for a couple of Costa Ricans (or Ticos, as they call themselves.) In 2000, Ticos represented around 75% of the workforce in banana plantations.<sup>20</sup> With the various changes documented above, and with the difficulties faced by families, trying to survive on such marginal wages, there has been a sharp decline in the number of Costa Ricans working on the plantations. Today, in most plantations they are in a minority, with over 50% of the workforce being composed of migrants, mostly Nicaraguans or Nicas.<sup>21</sup> The two groups tend to have very different life-styles.

Plantations tend to be remote from centres of population, sometimes very remote. Typically the roads which serve plantations are not paved and they tend to be heavily pot-holed, making travel very slow. Costa Ricans who work in plantations often have to travel an hour and a half to and from work each day, meaning that a twelve hour work day requires the worker to be away from home for fifteen hours. For these people, there is only time to eat and sleep before they have to get up for the next day's work. Sunday is the only day off. On the positive side, they do actually get to see their family, if only rather briefly each day.

Migrants face a very different situation. Typically they live in "baches" or bachelor accommodation, often involving sharing a small room with another worker. They share toilets and washing facilities. Usually they do not have cooking facilities, which means they are dependent on the company canteen and/or the company shop. While Costa Ricans frequently face the problem of long distances to get to work, the migrants suffer the complementary problem i.e. they usually live near the plantation or rather actually in the plantation, meaning that they are too far away from centres of population to shop in an open market. The single migrants are, in some ways better off, in that some have free accommodation, they have no immediate dependents (although they may have to send remittances back home to support family there) and they save up to 2 hours per day on travel time (even the locally living migrant workers often have to walk for 30 minutes to get back to their "baches"). The downside is that the canteens and company shops are often overpriced and offer what workers see as being poor quality food. The lack of competition for these company institutions allows them to set prices at levels which can use up much of the migrant workers' wages. Some report being permanently in debt to the company store and unable to escape a situation in which they are working long hours but ending up with nothing.

*"The price paid for food in most plantations is a rip-off. In our plantation it's a canteen and a food shop at the same time. The workers have no choice about where to buy food but there's no price control on how much they pay for food and when you get your pay check, after deductions, you've got almost nothing. You have to pay rent and electricity as well. So we're all working in debt – all the money goes back to the company. We work hard month by month, year by year but you have no tangible results. Millions of boxes are produced but we end up with nothing. I can't take much more."* Worker, Monte Libano, Del Monte, 17/10/06

There are also a few small plantation-owned settlements like “La Colonia”, which houses workers from Las Islas plantations 1-4, which have more of a mix of Costa Ricans and migrant workers. La Colonia is like a small town, originally built by the now defunct UK banana company, Geest, in the heart of banana plantations, far from any other settlement, down a long pot-holed road. It takes about an hour, travelling as fast as one can bear in a 4 wheel drive, to get to a tarmac road and then another half an hour or so before reaching any village.

The single story tin-roofed houses are reminiscent of British post-war “pre-fabs”, with a main structure of concrete posts, filled in with cement based sheets. The insides of the houses are lined with white asbestos sheets. In some houses the ceiling sheets are broken and sagging, meaning that fragments of white asbestos can escape into the air.

Workers rent the houses but have to furnish them themselves. If a worker is a member of a “solidarista association” (see later under “Labour Rights”), this can help him or her obtain a loan to buy “white goods”, like a cooker or a fridge. Workers who invest in personal infrastructure like this are generally likely to stay for years, if they can.

In the case of La Colonia, there were a few shops, canteens and bars (independently run but working under licence to the plantation owners), giving the place the feel of a small town and contrasting with much of the housing in other plantations which was typically isolated, without any evident social or community focus.

### **Health and Safety**

There were three major areas of concern expressed by workers, as regards health and safety. Firstly, there were complaints about the management’s attitude towards workers’ health and accidents at many of the plantations. There were reports of workers collapsing at work and being simply left on the ground, without medical attention. There were reports of workers who suffered injury being made to continue working. There were also difficulties over getting access to health care. In particular, most plantations operated a system in which workers had to get any injury or illness assessed by a doctor, and then present any resulting doctor’s note to the management, who would then consider the cost of treatment before authorising it. As doctors were usually far from workplaces, this would mean significant loss of earnings for injured workers, without any guarantee that treatment would follow. In some cases the plantations had deducted health contributions from workers’ pay packets but had not paid this money into the government health scheme.<sup>22</sup> Workers who had contributed financially to health insurance sometimes found that they were actually uninsured and therefore not eligible for treatment.

There were also repeated complaints about water quality. Plantations have been established in various parts of Costa Rica for long periods of time and the high and continuous use of agrochemicals has inevitably affected local water quality. Many of the plantations rely on wells, some of which are believed by workers to be heavily contaminated. There is particular concern about the continued presence of the chemical DBCP, marketed under the brand-name Nemagon in the 70s and early 80s before it was

banned. The chemical, a nematicide, is known to be carcinogenic, to cause impotence, and neurological and skin complaints. Although this particular chemical, once thought to be harmless, is no longer used, other chemicals have taken its place and it remains to be seen whether any of them will prove to be as disastrous in the long term.

A third concern relates to aerial spraying, either close to houses and watercourses or while people were still working in the fields. All these practices are illegal, but they continue to occur.

*“They don’t warn us. We get bathed in it. A week ago, I was working when the spray plane came. I tried to hide but there wasn’t even a bridge to hide under. It came back and I was sprayed a second time. I went to tell my supervisors and they said ‘You’re lying...and if you make a complaint, even with other workers to back you up, we’ll deduct the time you took to make the complaint.’”* Worker at Bioban2, 17/10/06

*“I’ve been affected by being sprayed. I got a bad skin complaint. The doctor said it was an allergy and sent me back to work the next day, but I’d never had one before, until I got sprayed. How come suddenly my skin is peeling off, if it’s an allergy?”* Worker for Grupo Acon, 17/10/06

### **Labour Rights**

Costa Rican law recognises the rights to free association and collective bargaining. The country is also a signatory to most of the core ILO Conventions.

While rights to form free trade unions are enshrined in law, most plantations have an anti-union culture and, according to workers, actively discourage union membership. However many plantations are either certified or seeking certification under one of a number of voluntary standards, like SA8000 or those of the Rainforest Alliance. Most such standards include in them a requirement to respect and implement the core ILO conventions, including those relating to union freedom.

Many plantations attempt to reconcile innate hostility to unions with this need to respect their freedom, by promoting alternative workers’ organisations, known as “Solidarista Associations”. These associations are also recognised under Costa Rican law. The original intention of the law was to provide a system of loans and credits and to promote a system of worker representation in small enterprises, which were not big enough to have unions. However, the banana companies have adopted the legal framework for plantations which may employ up to 500 workers.

The Solidarismo movement originally had a religious inspiration. It is overseen by the Escuela Juan XXIII (which refers to Pope John the 23<sup>rd</sup>) and has its headquarters in an old monastery in the mountains. It appears to be closely associated with the Catholic sect, Opus Dei. (See “What is Solidarismo?”, Banana Link/War on Want, 2005, available online at [www.bananalink.org.uk](http://www.bananalink.org.uk)).

Banana companies engage and pay for the services of the “John XXIII Training School”, which promotes membership of the plantation-specific Solidarista associations. The chief advantage of membership for workers is that they offer savings and loans schemes. The associations often display signs at the entrance to plantations, declaring their presence and giving as their mission statement the promotion of peace and harmony in the work place.

In addition to inviting Solidarismo to organise (and paying for their work), companies also provide an apparently democratic structure for worker involvement in decision-making. All workers have to vote for 3 representatives, who form what is called the “Permanent Committee”. Technically this committee negotiates with management a “Direct Agreement”, which is supposed to embody terms and conditions (including piece-rates) along with resolutions to any disputes which may occur.

Independent unions allege that the John XXIII school’s promoters work to get Solidarismo members elected to the permanent committees and that they then advise these committee members on how they should react to the new Direct Agreements. As the unions interpret the situation, the company draws up these agreements and effectively pays the Solidarismo promoter to persuade the Permanent Committee members to rubber stamp the company plan. Plantation owners often argue that the existence of Solidarismo, combined with workers’ rights to vote in members of the Permanent Committee, together fulfil the requirements of the ILO Conventions. The ILO itself, however, disagrees. It has, on several occasions, stated categorically that Solidarismo does not conform to the definition of an independent workers’ organisation.<sup>23</sup>

Although many plantations pay for the promotion of Solidarismo, some also tolerate independent trade unions, particularly when this is a requirement for obtaining certification. Nevertheless, unions continue to report physical attacks on union organisers, exclusion of union organisers from plantations where they have members (Banana Link researchers and 2 GMB delegates in fact witnessed the exclusion of the General Secretary of SITRAP from Grupo Acon’s Carrandi3 plantation at 4.20 p.m. on Oct 16th, 2006), dismissal and black-listing of union members and harassment of union members (by, for example taking them off relatively well-paid piece work and re-assigning them to the worst paid jobs, like drainage clearance). Union activists claim that as union membership grows in a plantation, management will also encourage a campaign of recruitment into Solidarista Associations and that some companies (notably Dole and Del Monte) have explicitly said that they will tolerate a few union members, providing numbers do not grow. If they do, campaigns of harassment are put in place, but, as a small core of union members is tolerated, the formal requirements for certification appear to be fulfilled. (It should be noted that the multinational Chiquita claims to have ceased paying for the School’s services, as of 12 months ago).

## **Certification**

Certifying plantations is aimed at providing an assurance that certain environmental and/or social standards have been fulfilled. Workers report however that cover-ups occur

when most inspections are made (as in the quote above, reporting that contractors disappeared during EurepGAP inspections), that they are never allowed to meet the inspectors and that the certifying schemes often have perverse outcomes (as in the case quoted above in which a re-cycling initiative led to work loads being increased without corresponding pay rises).

One of the most perverse outcomes related to SA8000. *“SA8000 says that if you work more than 8 hours a day, you should be paid overtime. So they use that to make us work faster. They don’t want to pay overtime, so they try to get us to do more work in the 8 hours.”* Del Monte worker, 17/10/06

Workers often contrasted the requirements of the various certification schemes and the reality as they perceived it. For example, one worker, referring to the requirements of the Rainforest Alliance’s certification scheme, said *“How can you say you care for your workers when you leave a man visibly suffering on the ground for an hour and then tell him to go back home and sort himself out?”* Worker, Cahuita, Caribana, 18/10/06

*“When the EurepGAP inspectors came, they wouldn’t let them into the field because they didn’t want them to talk to the workers.”* Worker, Bioban2, 17/10/06

*“When inspections are done, they put on a show and tell the workers what to say.”* Del Monte worker, 17/10/06

Even retailers are losing patience with private certification initiatives, like SA8000, because they do not reveal the real problems on non-compliance, especially in anti-union industries.<sup>24</sup>

### **Conditions for women**

There has been a progressive decline in the number of women employed in the industry in recent years. Unions estimate that 10 – 15 years ago women made up around 20% of the workforce.<sup>25</sup> Five years ago this figure had fallen to around 12%. In the past, women mostly worked in the packing plants. However today, with payment by results now firmly established in the plant and with increasing pressure to work quickly, even the packing lines are dominated by young men at the peak of their fitness.

Many packing lines appear to be under considerable pressure to meet targets. In the packing plant of Las Perlas plantation (Dole), for example, (young male) workers packing the boxes at the end of the line were observed for a half hour period. They averaged 45 seconds per 18.14 kg box. In 1 minute therefore each worker packed 1.3333... boxes of 18.14 kilos of bananas. The worker therefore handles 24.187 kg of fruit/minute for a minimum of 480 minutes/shift, amounting to around 11.61 metric tonnes/day, two thirds of a standard container full! (A fellow banana worker commented incidentally that, in his opinion, this was rather slow.)

*“Eight years ago the majority of packers were women. Now they’re mostly young men. The company doesn’t want women, because they get pregnant or ill. The company only wants young men these days, who don’t complain and are fit.”* Worker, Las Perlas, Dole 17/10/06

In some plantations, for the first time in decades, there are no women employed at all, according to SITRAP Women's Officer, Mireya Rodriguez:

*“If you're too old you don't get work; if you're young and of reproductive age then you don't either!”*

According to the union, SITRAP, women now represent only about 5% of the workforce, in spite of the fact that women in Costa Rica (and more generally in Central America) are believed to constitute over 40% of those who are in work or who are looking for work. There are large numbers of women with children who are heads of households and who therefore need to work to survive. The near exclusion of women from full-time work in the plantations today removes an unsatisfactory but at least, until recently, more or less viable way for women to survive financially.

Not only do women working in the industry have to deal with the so-called 'double burden' of domestic work and paid employment, but they now also face generalised discrimination against being employed in the first place. They are also less likely to become active union members than are men. Even if women do get work and overcome the fear of losing their jobs, which may result from their joining a union, their chances of having time for meetings are very low indeed. This makes it difficult for them to have any influence over a wide range of specific occupational problems affecting women plantation workers, ranging from the multiple health and safety problems associated with permanent exposure to chemicals and humidity, through to the total lack of childcare facilities and the general sexist ambiance of many of these increasingly male-dominated workplaces.

One worker discussing the problem of aerial spraying said that while it was bad for the men, it was much worse for the women. When asked to explain, he said that, unable to get proper work, more women were working for contractors at very low piece rates. Whereas the men with more regular work would try to get out or seek shelter during the spraying, the women often worked on, because their pay was so low, they couldn't afford to stop for a moment, if they were to feed their families.

Although the industry is somewhat more sensitive to the widespread phenomenon of sexual harassment of women workers – mainly by male supervisors or management – than it was 10 years ago, this relative progress has sometimes ended up working against women. Some companies like Chiquita have encouraged their human resources departments to think twice about the possible bad publicity (and legal consequences) of sexual harassment cases when deciding whether to employ men or women workers.

Faced with a scarcity of permanent jobs for women in the plantations, women are increasingly turning to casual work for contractors, if and when they can get it. It was unheard of a few years back to see women with machetes clearing the drainage ditches – the worst paid job in a plantation. Now, some of this work *is* done by women. Not only can they often only get the worst paid kinds of work, but those women workers, who do end up working for contractors, have to put up with the least access to healthcare<sup>26</sup> and other legally enshrined labour rights.

Some women are left with no alternative sources of income, other than what fellow badly-paid women banana workers can pay them for childcare, whilst they themselves go out to work in the plantations. The plight of extreme poverty, faced by women in this situation (often sacrificing meals for themselves, so as to be able to feed the children), illustrates how the squeeze on wages and conditions, stimulated by intra-firm competition over retail prices in Northern markets like the UK, has affected women in the banana communities even more harshly than it has affected their male counterparts.

As Mireya Rodriguez puts it, the central issue facing women now is the lack of work, when over half of those who have worked in the industry are single heads of household:

*“At our regional women's workshop last week in Honduras we realised that this problem of unemployment in the banana communities is hitting women very hard right across the continent. So, the declaration that we're putting up on the COLSIBA website includes this issue as one of our main messages to the rest of the world.”*

### **Women and bananas elsewhere in Latin America**

Women workers in the banana industry have, historically, mostly worked in the packing plants. Only in Nicaragua have women done a number of jobs in the field; this is still true today. In Ecuador and Colombia, the number of women has always been lower than in Central America or West Africa; it wasn't until the civil wars reduced the number of men available to work in Uraba in Colombia that women were employed at all. However, in the last decade, since relative peace has returned to the banana-growing region, employers have preferred to employ less and less women and the union has had to launch a campaign specifically to encourage the companies to hire women. The stronger the trade union (as in the case of Colombia where over 90% of all workers are members of SINTRAINAGRO), the more benefits have accrued to women... and the less inclined employers have become to hire women for the simple reason that they have children and have to be paid maternity benefits.

## **Diversification into Pineapples**

Banana Link's October 2006 fact-finding mission to Costa Rica was intended to focus exclusively on bananas. However the focus was broadened to include some brief meetings with pineapple workers for 3 reasons.

Firstly, it became evident that workers were moving freely between banana and pineapple growing farms, according to labour demand. Secondly, most of the big banana growers had diversified into pineapples and often both the same tracts of land which had grown bananas in the past had been turned over to pineapple production and the same logistical channels were used for their distribution. Thirdly, the customers for the fruit, UK and other supermarkets, were also broadly the same.

In 2001, a thousand hectares belonging to the Grupo Acon were shifted into pineapple production, giving birth to a new enterprise, Pina Frut. Demand for pineapples in the UK had been growing since Del Monte had developed its low acid "Gold" pineapple, which it had launched in the UK in 1996. Other fruit companies emulated the new style of pineapple, which was sweeter and less stringy than earlier varieties. For the banana plantations, pineapples initially looked like a much more profitable crop than bananas, until production took off and prices began to fall. Currently Pina Frut supplies Tesco and Waitrose.<sup>27</sup>

Banana Link met with 47 pineapple workers who described conditions which were comparable to and in some ways worse than those faced by banana workers.

Planters of small pineapple plants were paid 2.15 Colones per plant if they planted more than 5000 plants. Eight hours continuous work comprises 480 minutes. To reach the 5000 target therefore, planters had to plant more than 10 plants every minute, or one every six seconds, if they were to do it within a standard eight hour shift.

If they failed to reach this target they would receive a considerably reduced rate of 1.70 Colones per plant, providing they planted more than 4501 plants (i.e. about one plant less per minute). If they planted less than this i.e. less than 9 plants/minute, they would receive a mere 1.41 Colones per plant, i.e. not much more than half the peak rate.

It is perhaps worth focussing on what it would mean to miss the targets of 4501 or 5000. A planter who plants only 9 plants/minute continuously for eight hours without a break would plant 4320 plants (i.e. less than the lower threshold). For this he would be paid 6,091 Colones/day or 73,000/fortnight, a wage which would correspond to the upper end of the scale of wages, commonly mentioned by banana workers.

A worker who planted 5000/day would on the other hand earn 10,750 Colones/day or 129,000/fortnight, a very considerable increase. Clearly the way the piece rates are set puts considerable pressure on workers to achieve the 5000/day threshold.

Planting a plant every 6 seconds continuously for 8 hours would seem however to be frankly impossible. Plants need to be collected, picked up, manoeuvred into place, holes need to be dug, plants inserted into the holes and the earth settled around them. Often the earth is like iron and in dry conditions may be very difficult to penetrate. The workers have to work bent over in the glare of the tropical sun, without the benefit of any shade, in temperatures of 30-35C and often over 80% humidity.

In practice workers reported working for very long hours in their efforts to meet the targets. They also claimed that they were threatened with warnings or dismissal if they failed to keep up productivity and quality of work. They said that they were exhausted and that they suffered as a result of continuous contact with agrochemicals. In particular, their nails were prone to become infected and to drop off.<sup>28</sup> The small plants are soaked in Diazinon before planting out, a chemical which is restricted to garden use in the USA.

““The conditions we witnessed were dreadful” says Bert Schouwenburg, a full-time official for the GMB in London, who was part of the Banana Link-led delegation which met the pineapple workers. “The workers were being used like donkeys, with no thought for what damage this back-breaking work does to their health. I was absolutely appalled at what I saw and what I learned from talking to workers. It was like seeing Dickensian conditions, only with sunshine.”

Another delegation member, Cath Murphy, a GMB shop steward from Scotland, was so upset by what she saw on the plantation that she cried at night when she got back to her hotel. “I couldn’t stop thinking about the faces of these young men, still only in their teens and twenties, but with a dullness and hollowness in their eyes. They looked totally exhausted. The plantations are so massive that they have to wake up about three am to walk to work for a five or six am start. They get paid for an eight hour day, but they usually have to work for more like eleven or twelve hours to meet the targets. Then they have to walk home again. Most do not arrive back until at least eight in the evening. They only get 30 minutes break each day and there is no protection from the sun and the rain.”<sup>29</sup>

The workers made broadly similar complaints as regards arrangements for seeking medical attention, the presence of Solidarismo, and the absence of union rights as did banana workers. Most of the workers, working in the field, were young Nicaraguan migrant men. It appeared, from the brief contacts made with them, that pineapple workers faced very similar conditions and difficulties to those faced by banana workers. The precise details of their experiences would, no doubt, merit further investigation at a later date.

## **In Conclusion**

UK Supermarkets are not the only retailers to source from Costa Rica. Price wars between supermarkets are a feature of economic life in almost every developed and now in many developing countries as well. Price wars and the growing concentration of purchasing power in importing countries all over the world are working in the same direction, pushing down prices paid to producers and worsening pay and conditions for the weakest in the chain, the workers.

*“The mantra is: we can’t do anything about wages because the market’s really bad and they use this to justify increases in the hours we have to work.”* Worker Bioban 2, 17/10/06

*“It’s a hunger wage, if you can’t get overtime.”* Worker Bioban 2, 17/10/06

*“We’re not telling lies – any of us. Costa Rica is a beautiful country but they’re destroying the labour force. We just want to earn a living without being exploited.”* Worker, Grupo Acon, 17/10/06

*“I’d like to pay a better wage to the workers but the prices I receive don’t allow me to do it.”* Independent Plantation Owner, 20/10/06

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<sup>1</sup> QUESADA ARCE Victor and BARRANTES MONTERO Franklin. "*Estudio para el trabajo sindical en Costa Rica, Nicaragua e indigenas panamenos sobre la migracion laboral en las plantaciones costarricenses*", Proyecto COLSIBA, Costa Rica. 2006.

<sup>2</sup> Industry Sources

<sup>3</sup> SITRAP

<sup>4</sup> Industry Sources

<sup>5</sup> Grocer Magazine's Weekly "Grocer 33"

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> FAO Commodity Reports, 2005

<sup>9</sup> Companies House

<sup>10</sup> SITRAP union estimate

<sup>11</sup> Workers' testimonies and SITRAP

<sup>12</sup> Workers' testimonies and SITRAP

<sup>13</sup> CGS Living Wage Study, Nov 2004

<sup>14</sup> SITAGAH and SITRAP trade unions

<sup>15</sup> Ibid

<sup>16</sup> National Wage Council, Government of Costa Rica

<sup>17</sup> Ibid

<sup>18</sup> CGS Op. Cit

<sup>19</sup> Workers' testimonies and SITRAP

<sup>20</sup> Estimate provided by SITRAP organiser, Didier Leiton Valverde, Oct 22, 2006

<sup>21</sup> Estimate provided by SITRAP organiser, Mireya Rodriguez, Oct 22, 2006

<sup>22</sup> Testimonies backed by pay-slips over the years

<sup>23</sup> ILO committee on Freedom of Association case resolutions 1989 and 1993

<sup>24</sup> "Improving factory working conditions without audits", Daniella Gould, Impactt [sic] in Corporate Responsibility Management Journal, Vol2, no 3

<sup>25</sup> Interviews with Valverde and Rodrigues, Oct 22 2006 and Preparatory Documents for the Second International Banana Conference, [www.abc2.org](http://www.abc2.org)

<sup>26</sup> Interviews just cited

<sup>27</sup> Joanna Blythman, Observer Food Monthly, Nov 19, 2006

<sup>28</sup> Note: Subsequent investigation by Tesco, responding to Banana Link's findings, found that the infections were caused not by the chemical itself, but resulted from the effects of wearing sealed gloves in damp and humid conditions. Plans are underway to modify the gloves so as to avoid this problem in future.

<sup>29</sup> The two preceding paragraphs are quoted from Joanna Blythman, op. cit.