Governance of the World Banana Trade

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Introduction

The first draft of this paper was written in August 2008, before the current financial crisis had really begun in earnest. The first draft was reviewed in February 2009 and the question arose as to whether or not it should be updated to take into account subsequent developments.

On balance, it was decided that there would be no advantage to be gained from including the events of the intervening few months, for three main reasons.

Firstly, there had been no very striking developments in the banana trade itself in that period. Demand for bananas had not changed significantly from its usual annual pattern. There had been a slight fall in demand for organic bananas but the Fair Trade market was holding up, even as consumers began to reduce their overall spending in the face of actual or expected financial hardship. High prices for basic commodities, like rice and fuel, had reduced the purchasing power of plantation workers, many of whom were already earning wages which could not be judged to be "decent" by ILO standards but prices of many basic commodities had begun to fall again. Competition between supermarkets was intensifying as supermarkets vied with each other to sell at "[credit] Crunch Busting Prices". Overall an already hard-pressed industry was being squeezed even harder. Nevertheless there were no indications that major changes were to be expected in the banana sector itself.

Secondly, while it was clear that the whole world economy might undergo major changes, it was by no means clear (and is still not, at the time of writing this introduction in April 2009) what the nature of those changes might be. Certainly, the near collapse of the world's financial system had done much to discredit the advocates of "laissez-faire capitalism" but it remained uncertain whether existing structures could be repaired through regulation and reform or whether we had arrived at a tipping point at which basically unsustainable life-styles and economies were going to have to undergo radical and drastic change.

Thirdly, if it turns out that the summer of 2008 did mark the beginning of the end of a post-World War II era of ever-increasing consumption, liberalisation of markets and globalisation, a period which coincided with the rise (and now potentially fall) of US hegemony, then August 2008 might in fact be precisely the right time to stop updating the material which follows.

For those who are trying to encourage the development of more sustainable systems, the current economic crisis presents an opportunity but also short-term difficulties. On the positive side, a feeling that the whole direction of economic life has been unsustainable presents an opportunity to fundamentally re-think how we are going to collectively deal with the challenge of meeting everyone's needs without irreversibly denuding the natural world on which we depend. On the negative side, there remains the danger that economic actors will be unwilling to think about the medium and long term when their immediate short-term survival appears to be under threat.

There will be a need to combine steadfastness of purpose with flexibility and adaptability if the opportunities for positive change offered by the crisis are to be taken.

2. A snapshot of the world's banana trade

Before we consider both how the world's banana trade is currently governed and how its systems of governance might be reformed and improved, it is necessary to make a few, very brief comments about the banana world, in order to set the context.

Much of the world's production of bananas occurs on small plantations from 0.1 – 10 hectares in size and is consumed locally. Such small scale production for local consumption is seldom tied in to global systems of governance. On the whole, production of this type is relatively unproblematic environmentally and, to a large extent, socially (although in some cases use of family labour can be exploitative). Small-scale producers usually have relatively few financial resources to devote to the purchase of agrochemicals and their agrochemical usage is therefore likely to be very low or even non-existent. They are therefore unlikely to generate significant pollution problems. Many very small-scale producers work on their own or employ only family labour. Where they employ other workers, rates of pay are likely to be very low. However prices paid for bananas and for many other products on local markets will also typically be low, meaning that the low pay received by their workers has much greater purchasing power than it would in mainstream economies. In many cases, banana production is part of a mixed system of production and farmers produce other crops either for subsistence or to sell. Small-scale production for local consumption will not be considered in this paper.

However, some small-scale producers do produce for export, either operating through cooperative marketing structures or by selling directly to bigger producers, who do themselves trade on the world market. Small-scale producers who are involved in world trade in this way will be considered in this paper.

Total exports of bananas (including re-exports) account for a little under a quarter of world production. Production for the export trade is dominated by much larger producers, who operate plantations ranging in size from 100 to 4,000 hectares. Around 80 % of production for export is carried out by plantations of this scale. Although there are a number of varieties of banana (including plantains, which account for a little under a third of world production), world trade is almost exclusively confined to a single variety, the Cavendish.

The trade in bananas is highly concentrated. That is to say that only 5 massive companies, the Dole Food Company, Chiquita, Fresh Del Monte (all three of which are from the USA), Noboa (Ecuador) and Fyffes (Ireland) control around 80% of world exports. These companies own their own plantations (although Fyffes has mostly sold its plantations in recent years) but they also buy both from independent producers who produce under licence to the big 5 companies (and are required to adhere to whatever standards are set by them) and sometimes from independents over which they have little control.

As can be seen from the above, this paper will not cover all banana production but will cover only that part of it which contributes to world trade. Where production and consumption are carried out locally, following the principle of subsidiarity, it would seem inappropriate to try to subject such local economies to any internationally based system of governance. Governance, in the case of such local systems, should be organised locally and the sheer diversity of countries, national or regional economies and cultures which produce bananas would make any attempt to impose any centralised principles of world governance on local systems an act of cultural arrogance. To put some flesh on the bones presented above, this means that in addition to a great many small producing countries, some very large producers will also be largely excluded from what follows. For example, India produces almost a quarter of the world's bananas and China around 10%. As almost all of this production is consumed within these two countries, it would be inappropriate to try to impose systems of governance upon them.

By contrast, where exporting and importing countries participate in world trade, it is appropriate to consider both how existing systems of governance work and also how they might be improved. This paper will therefore focus on all those countries which participate in world trade, with one further set of exemptions.

Largely for geographical reasons, world trade has developed into two blocks, one of which accounts for only about 10% of trade. The two blocks are on the one hand a block which embraces most of the world which is engaged in this trade and which comprises on the exporting side much of Latin America, the Carribean and Africa and on the importing side North America, Europe and Russia; and on the other hand a much smaller East Asian block which comprises on the exporting side the Philippines (and to a much lesser extent Indonesia) and on the importing side Japan and increasingly China.

Only the first block can be said to represent multilateral trade. The East Asian block operates largely independently of the main world trade and is characterised by bilateral relations between individual exporters (mostly the Philippines) and importers (mostly Japan). It is clear that this trade has developed as a direct result of geographical proximity. The Philippines is close to both China and Japan and both of these importing countries are very far away from both Africa or Central America. As transport costs contribute significantly to overall costs, it is no surprise that this block has developed largely independently from the rest of world trade and continues to do so (except that many of the producing plantations in the Philippines are owned by or are contracted to US multinationals). As this second block is not fully integrated into the world system, again following the principle of subsidiarity, it will not be central to this paper, although references to these countries or to various actors located in them may be made from time to time.

In summary therefore, this paper will concentrate on those producers, exporters, importers, consumers and other agencies which participate in the dominant multilateral system of world trade. As this represents the truly global system of trade, it is appropriate to focus on this block when considering global governance.

3. The Context for this paper

This paper is produced as a contribution to fph's work on global governance.

The position paper which introduces fph's Forum for a new World Governance, "Pourquoi un forum pour une nouvelle gouvernance mondiale?" proposes that world governance should be conceived in terms of "the collective management of the planet". It points out that humanity's failure to manage resources sustainably is placing its future in jeopardy. It also notes that economic growth and the globalisation project facilitated by such institutions as the WTO and the World Bank have increased inequalities. Neither nation states nor the international system have established mechanisms to ensure that natural resources are shared, rather than being appropriated by a self-enriching financial and political international elite.

This failure, one might add, creates the suspicion that the entire globalisation project, which is presented by governments and business interests alike as if it were a compassionate project, aimed at improving the lives of the struggling poor, particularly in "developing countries", is actually a systematic and relentless process of grand theft of resources by the rich and powerful.

The first "document en debat", designed to launch a debate on the "Forum for a new World Governance" was a paper by Arnaud Blin and Gustavo Marin, entitled "Rethinking Global Governance", July 2007. In this paper, the authors provide an overview of some of the key moments in the history of governance and outline the ideas which guided governance during different historical epochs.

They suggest that existing institutions have either failed or are ill equipped to deal with current realities. A key feature of the current reality is economic globalisation itself. While economic globalisation has accelerated rapidly, there has not been a corresponding development of other structures. Nation states continue to promote the interests of their own nations at the possible expense of more collective interests. Meanwhile the UN remains, the authors imply, to a large extent stuck in habitual patterns of thought, patterns largely established during the period of super-power confrontation. It has not yet shown itself to be particularly able to respond to new conflicts.

However, while it is true that the UN has not appeared to adapt well at the geopolitical level, it is important to remember that individual UN institutions continue to function and to make important contributions. The FAO, for example, if nothing else, has at least gathered and organised statistical information on agriculture, without which it would be difficult to discuss an issue like the global banana trade at all. UNCTAD has, in the past, taken a key role in developing mechanisms for stabilising prices in key commodities, through brokering International Commodity Agreements and helping with the establishment of systems of supply management. The ILO has drawn up a number of Conventions on labour standards, many of which have been ratified by a majority of nations. Although these Conventions may be ignored in practice in many of the signatory countries, often because national governments do not provide sufficient funding to operate effective labour inspectorates, nevertheless the “Core Conventions” remain essential yardsticks, allowing both NGOs and Trade Unions to criticise poor practice by referring to violations of particular Conventions. In 1998, the ILO took another important step when it concluded its “Declaration on Fundamental Principles”. This became legally binding on all member states, regardless of whether or not they had ratified individual Conventions. Since 1998, the ILO Director General’s Annual Report has referred to this Declaration and named countries which have failed to live up to it. Being named in this context is seen by nation states as being a source of shame.

Furthermore, it was also the UN itself through its Brundtland report (“Our Common Future”, 1986), through its subsequent UN Conference on Environment and Development in Rio in 1993 and through the follow up work of its Commission for Sustainable Development which threw down a gauntlet to governments, business and NGOs, calling on them to collaborate in the search for sustainable systems which would be both environmentally responsible and socially just.

Arguably then, one of the tragedies of the UN has been that not only has it been unable to act effectively to control a number of geopolitical and regional conflicts, but that its donors have also financially squeezed the very institutions which have continued to make helpful and largely disinterested contributions for the collective good. It has even appeared that the nearer UN institutions have got to stimulating real change for the collective good, the more its biggest donor, the USA, has expressed dissatisfaction with it. The more the UN has attempted to address the very difficult (and very business unfriendly) issue of a fairer approach to sharing the world’s limited resources, the more the USA, with its ultra-individualist and ultra-capitalist ideology, has tried to push it down the very route of geo-political intervention, along which the UN has shown itself to be so palpably incapable of travelling!

It may be that, far from viewing the UN in negative terms therefore, as the authors of the “document en debat” frequently do, this might be precisely the moment to strengthen its specialised institutions and to give them the teeth needed to redress the negative impacts of the WTO, the only intergovernmental institution (but not itself a part of the UN system and therefore not accountable to the UN’s General Assembly) which has the potential to impose real sanctions on members (through its disputes resolution mechanisms and the possibility of retaliatory action which these allow).

However the international system in itself is entirely dependent on the voluntary support and participation of nation states. With few exceptions these states have been mesmerised by the ideology of free markets and globalisation.

This ideology has been supported by armies of experts, politicians, businessmen and academics, all of whom have made a very comfortable living from peddling the utilitarian philosophy that if everyone follows their own self interest, everything will, as Voltaire's Dr. Pangloss puts it "be for the best in the best of possible worlds."

Even today, as moderately well paid workers in developing countries struggle to pay for the petrol to get to work and while swathes of the poor in the so-called "developing world" struggle to put food in the mouths of their families, the world's leaders continue to argue for yet more liberalisation of markets, yet more privatisation, yet more globalisation, as the unique solution to our collective problems.

Furthermore, this continued call for freedom for the markets is occurring at precisely the time when hearings in the US Senate Committee on Homeland Security and Governmental Affairs (see, for example, the testimony of Michael W. Masters, Masters Capital Management, LLC, June 28, 2008) appears to be revealing that the current oil price hikes and dramatic rises in prices for basic commodities like food are not the result of shortages or prospective shortages but are instead the direct consequence of the liberalisation of US futures markets, during the Reagan administration, which has allowed speculators, private equity companies and even pension funds to use the Commodity Markets as casinos, subverting their original role as mechanisms for hedging against risk and in the process creating a bubble of over-valuation of essential commodities (and reproducing the patterns of boom and bust shown during the dot com revolution on the stock exchanges and during the recent speculative overvaluation and subsequent collapse of Northern housing markets).

Faced with the challenge set by Brundtland, the collective response of the business community has been to push for deregulation. "Give us open markets and the market will automatically deliver sustainability." Governments, lacking ideas or the political will to undertake the very difficult and intellectually challenging task of managing the world's resources fairly have largely gladly fallen in with the hypothesis that the "magic of the market" will somehow sort things out.

NGOs, meanwhile, have been left crying in the wilderness. The rhetoric of sustainability is everywhere – in every World Bank report, in every EU document, even in the preamble to the Marrakesh Agreement which established the WTO, but business continues to do what it has always done best, which is to make money for itself and its shareholders, while casting anxious and guilty glances over its collective shoulder as its ethical promises, its Corporate Responsibility reports, its voluntary codes and practices are exposed again and again as being little more than Public Relations exercises.

Governments, increasingly isolated from the realities of ordinary people's lives, outbid each other in their efforts to be business-friendly, seeing the presence of big corporations as the key to economic growth and therefore the survival of their own citizens and the stability of their own tenures in office.

These general observations, as will be demonstrated, are all highly pertinent to the history of environmental catastrophe and destruction of livelihoods which have characterised developments in the world's banana economy over the last 20 years.

These years have seen a rapid "race to the bottom" in which the liberalisation of the banana market has been accompanied by dramatic declines in workers' living standards, widespread violations of labour rights and catastrophic environmental impacts.

The Race to the Bottom is feebly opposed by an emasculated and underfunded system of global governance, complemented by largely ineffectual voluntary systems of governance, established by business interests which have proved themselves incapable of subordinating self-interest to wider collective imperatives.

The Race to the Bottom in the banana trade has been fuelled by a misguided ideology of governance and reversing the environmental and social decline of the industry can only be achieved by devising a new ideology of governance which puts people and the planet before the pursuit of individual wealth. As such, the banana trade constitutes a microcosm or potentially a laboratory for changes in economic governance in other commodity areas and even in the provision of goods and services.

FnWG's work on global governance involves five thematic categories, as follows:

• Ecological governance and managing the planet;
• Governance of the Economy and Globalisation;
• Governance of politics, state structures and institutions;
• Governance of peace, security and armed conflicts,
• Governance of knowledge, science, education, and the information and communication society.

This paper is of particular relevance to the second category, "Governance of the Economy and Globalisation" but is also relevant for the first category, "Ecological governance and managing the planet".

It will set out the dramatic failure of the current system of governance and propose a strategy for its improvement. While the details will be taken from the world of bananas, that world illustrates vividly the trends across a range of commodity areas and it is to be hoped that general lessons may be learned from focussing on a particular case.

These general principles will be examined at the end of the paper.

4. The Social and Environmental Realities of the Banana World

It would be possible to write a whole book about conditions in the banana industry. This is evidently not the place to go into great detail. Instead only a few brief descriptive points will be made here and the reader will be referred to some of the numerous authoritative papers which are already available on NGO websites.

It is, of course, perfectly possible to grow a few banana plants in a tropical garden or a small mixed farm without using agrochemicals, provided the grower is prepared to lose some of the fruit to pests and diseases. As with all food crops problems arise when bananas are grown as a commercial mono-crop in intensive systems.

Bananas are reproduced vegetatively and since almost all bananas produced for export are of the Cavendish variety, the crops are genetically uniform and therefore particularly vulnerable to infestation. The growth of crops in tropical and sub-tropical climates which are invariably hot and frequently also humid provides an ideal environment for many pests, particularly fungal infections. Banana production tends therefore to be highly reliant on agrochemicals, particularly as buyers no longer accept blemishes or signs of disease on the fruit they purchase. The need to produce flawless fruit for export adds to the need for agrochemicals.

Having said this, not all producers nor all systems of production use agrochemicals with the same intensity. Organic production is possible but relies to a considerable extent on the exclusion of disease by isolation and the creation of fairly sterile conditions in plantations. However some diseases like Black Sigatoka cannot be controlled by organic methods. Organic production is therefore possible only on islands or in regions where the disease has not become established.

Small producers tend to use agrochemicals sparingly and to devote more labour to monitoring crops, identifying infections and spot treating them. This is an approach which is adopted, for example, by many Canarian banana farmers and also by Windward Island farmers in the Caribbean.

At the other end of the scale are the larger plantations in Central and South America, Africa and the Philippines. In many of these bigger operations, crops are regularly sprayed with agrochemicals from the air. The growing bunches of bananas are also encased in plastic bags, usually impregnated with pesticides to keep insect infestations at bay. The rising cost of agrochemicals, combined with a trend throughout agriculture to reduce agrochemical usage and to target them more precisely has encouraged some producers to reduce usage. In some countries there have been moves towards systems of filtration to reduce pollution of water courses. However even when doses are reduced and better systems of buffering and disposal introduced, the sheer quantity of agrochemicals used and poisonous waste created continues to pose a threat to both drinking water quality and wildlife, particularly in fragile coastal zones.

From the environmental point of view, large-scale commercial banana production is highly detrimental and if global levels of production for export remain at current levels, the cumulative effects of intensive production must inevitably have serious consequences for tropical environments and people.

However the demand for bananas remains high and commercial operators are likely to continue to meet that demand for the foreseeable future. While impacts can certainly be reduced, it is difficult to imagine a truly sustainable banana trade without abandoning entirely industrial scales of production, vastly reducing the availability of fruit for export (and therefore making bananas a much more expensive, luxury food as they were in

Northern climes over a century ago), reverting to less intensive, small scale production using such techniques as intercropping and tolerating low levels of disease rather than trying to eliminate disease entirely. Such a fundamental change could occur probably only if there were a fundamental revolution in economy and society worldwide and if the entire infrastructure of industrial agricultural production, food transformation and retailing were to collapse.

On the social side, there are again a range of conditions. At one end of the scale, banana workers employed by Canary Island farmers are protected by Spanish and European labour laws and enjoy acceptable levels of benefits and rights.

Small producers worldwide are at least independent but they are often able to earn only very little from their crops in an increasingly competitive market. While they are less likely to suffer from political or social oppression, low prices makes the life of many small producers arduous and poor, unless they have succeeded in obtaining Fair Trade certification and have access to the Fair Trade market.

In large plantations conditions vary according to country, region and even individual plantation owner. In some plantations, wages are low but workers are generally treated well and fairly. In others wages are not only so low as to make financial survival difficult but workers are also harassed and abused and denied the various rights enshrined in the ILO Conventions, such as the right to freedom of association. In some countries or regions, union leaders are periodically assassinated, plantations are controlled by paramilitary security services and workers live in an atmosphere of fear and repression.

A number of preparatory papers, prepared for the Second International Banana Conference, held in Brussels in 2004 document conditions in more detail and can be downloaded in English, Spanish and French from ibc2.org. More detailed information can also be found by visiting bananlink.org.uk (English and some Spanish) or by visiting web sites linked to either one of these two sites.

With liberalisation of the global banana market and more intense price competition, it has become increasingly difficult for small producers to survive, while large intensive operations which can keep costs down by paying particularly poor wages and disregarding environmental controls tend to be favoured.

5. The failure of governance

If the aim of governance should be (as the fph forum proposes) to manage the planet sustainably, then current patterns of governance are clearly failing.

As the global banana market involves a range of actors (workers, small farmers, large plantation owners, manufacturers and suppliers of agricultural inputs, importers and ripeners, wholesalers, retailers and consumers), a range of interested parties (trade ministries, agricultural ministries and advisers, environment ministries, governments, NGOs, certifying bodies, labelling organisations, international authorities of various kinds etc.) and a large and diverse number of supplying and consuming countries, governance occurs at many levels and in many ways.

Since the focus of this paper is to think about the way that governance operates in terms of its ability to manage the planet's resources sustainably in ways which are both environmentally responsible and socially just, the description which follows will divide systems of governance into two broad areas: systems and/or ideologies of governance which impede or threaten sustainable management and systems or ideologies which support sustainability.

Seen through this optic, it will be argued that the main motors for the global banana trade are essentially destructive and that pitted against these dynamic and powerful forces are a series of largely individual, fragmented, uncoordinated, occasionally mis-conceived and often under-funded countervailing systems of governance which are left with the essentially thankless task of resisting, with various degrees of success, the negative impacts of a system, whose intrinsic character is destructive to the environment and people. Disturbingly, although some of these countervailing systems do achieve tangible successes, the overall impression is that they are fighting a losing battle in which the daily realities of life in most banana growing areas are continuously worsening, both for banana workers themselves and for the populations who live around them.

Having said all this, it is also essential to point out that this on-going struggle is not a simple battle of good against evil. It is important to understand that even amongst very senior people in the most powerful companies, there is real concern about the decline in standards world-wide and there is a real preparedness to engage in problems and look for solutions. However, the logic of the economic system itself renders even the most powerful actors incapable of taking action. When so many actors, from the richest and most powerful to the poorest and least powerful want change, it would not be unreasonable to pose the question, with an impatient shrug of the shoulders: “Well if you want change, why don't you just get on with it?”

Unfortunately, things are not that simple! There are a great many blocks to change which are rooted in the dominant structures of our economy and while many actors might want to make things better, these blocks, closely related to issues of financial survival leave even the most powerful paralysed. On the positive side, where there is a genuine acknowledgement on all sides that change is needed, and a will to find solutions, then there is also the hope that it will be possible to achieve it.

The first step is perhaps to clarify the nature and logics of the situation, to identify the blockages and then to invite interested parties to look for cooperative solutions. Hopefully the analysis which follows will provide a modest contribution to this process.

5.1 The Destructive Aspect of Global Governance

Before outlining what is described here as being the destructive aspect of global governance, it should first be acknowledged that there are a great many commentators who would take precisely the opposite view and argue that what is here described as destructive is in fact creative and positive.

Defenders of the ideology of globalisation, liberalisation and privatisation argue that the package of ideas and policies embraced by this ideology allow the most efficient producers to survive in increasingly competitive and open markets. Unconstrained by arcane, protectionist arrangements, often based on irrational historical precedents, the “best man wins”. Regions, countries or groups of entrepreneurs who have natural competitive advantages succeed in the market and inefficient producers, who might have been competitive in the past, fall by the wayside and although change may be painful for many actors in the short term, in the long term, the operation of the market produces the greatest benefit for the greatest number of people. According to this style of analysis or belief there are two great classes of beneficiaries of this unconstrained operation of the market.

Firstly, there are benefits to industries and regions. Why raise dairy cattle in the Swiss alps, when milk and cheese can be produced so much more cheaply in intensive units in the plains? Why grow soya beans all over the world, when they can be produced so much more efficiently on the mechanised flat lands of the Cerrado in Brazil? Why grow bananas in tiny volcanic islands like the Canary Islands where land and other resources are in short supply and labour is expensive, when they can be grown in vast plantations in Central and South America, where a single man can fumigate hundreds of acres by plane in a few hours, where water is plentiful and where hand labour for harvesting and packing is dirt cheap? According to this analysis it is better for every region to specialise in what it does best and the result will be that every class of economic activity from mining, through manufacturing to agricultural production will be done more efficiently and more cheaply.

Secondly and most convincingly, consumers will as a consequence benefit. As economic activities become more rational and efficient in every part of the globe and in every sector, all goods become cheaper and all citizens will ultimately enjoy higher standards of living.

The theory is seductive and it has been the driving force for economic change since the end of the second world war, gaining momentum as the decades have past. While the theory looks good and certainly has some merit, it is also deeply flawed, at least in the absence of adequate countervailing measures.

What happens to Swiss agriculture if it can’t produce dairy products? Swiss cheese may be more expensive than many other cheeses but no-one could reasonably argue that the alps are not suitable for raising cattle. If islands like the Caribbean Windward Islands can’t produce bananas, what else can they do? This question has perplexed their governments ever since their preferential access to the EU banana market began to be eroded. The Brazilian Cerrado may be able to churn out cheap soya beans but the replacement of its traditional mixed farming systems with soya monocultures has produced environmental disaster on an epic scale and destroyed a whole culture. When arable farming was part of a mixed system broken up with pasture and forestry the rich soils stayed where nature put them. When millions of acres were put down to soya beans, the soil washed down the rivers to the sea, caused eutrophication around the estuaries and destroyed fisheries. Meanwhile the replacement of people by a few thousand massive machines, following models established in the US prairies, left no employment opportunities and the population headed for Sao Paolo, where at least there were opportunities in begging, prostitution and drug trafficking. Meanwhile a number of rich people got a lot richer.

Good though the theory might look on paper, once it is applied to real populations, real landscapes and complex ecosystems, it often seems to go horribly wrong.

Certainly when it comes to the banana economy, the effects of opening and deregulating markets appear to a large extent to be negative. To illustrate this point, it will be helpful to take a whirlwind tour through the recent history of the European banana market, which has attempted to insulate itself from the world market but which has been forced by the US and others to liberalise.

Throughout the period since the Second World War, European countries have collectively constituted the biggest market for bananas. However, this market has changed from being a series of individual markets to being a single market, one which is still expanding as new countries accede to the European Union and as consumption rises in some Member States. There have been at least three key points in the development of this market.

Firstly, when the United Kingdom joined the European Common Market, its decision to accede had the potential to impact negatively on its former colonial territories. By the beginning of the 1970s, the formal structure of British Empire had been dismantled and almost all former colonies were, by then, independent and self-governing. However many of their economies nevertheless remained closely entwined with the economy of the former imperial power. In particular, colonies provided food and raw materials of various kinds to the UK and in return imported much of their machinery and consumer products from the former mother country.

Britain was, of course, not the only country which was in the process of dealing with the aftermath of empire. France’s empire had been second only to Britain’s and it was faced with the same kinds of logistical difficulties. Other, smaller European empires, such as Holland’s and Belgium’s were also going through a parallel process of change.

The UK’s accession to the EEC highlighted the need for some kind of arrangement which would mean that former colonies, which were still dependent on trade with their former colonial masters, were not simply abandoned. The solution was the Lome Agreement, which allowed a certain amount of preferential duty-free access to the EEC market for (initially) 48 countries which had formerly been colonies of the member states. These countries were known as the ACP (the African, Caribbean and Pacific) countries. The Lome Agreement was renewed and modified (and new territories added to the list of ACP countries) four times since its inception, but was finally superseded in 2000 by the Cotonou Agreement, which laid the foundations for the new EPAs (Economic Partnership Agreements).

While the Lome Agreement protected the markets of its 48 beneficiaries in a range of different agricultural and other products, different countries benefited in different product areas. In the case of bananas, some African countries benefited and also a number of Caribbean islands. Some of these, like the Windward Islands (formerly British territories) were almost entirely dependent on banana exports. As production in these islands was based mostly on small family farms, they would not have been capable of competing directly on the growing European market with the large-scale Latin American growers who were supplying not only North America, but (amongst early EEC members) also Germany. The imposition of tariffs on imports from Central and South America (what were known as the “dollar banana” producers) and elsewhere, and the duty-free access allowed to ACP producers like the Windward Islands, allowed the latter to survive in a European market which was intent on bringing down all barriers to trade within the emerging European block.

As with other agricultural products, which fell within the remit of Europe’s developing CAP (Common Agricultural Policy), precise arrangements, tariffs and quotas were adjusted over time. The overall intention of the CAP was to manage supply and demand, so that prices could be kept sufficiently high to ensure that standards of living in agriculture were comparable to urban standards of living and also to ensure that agriculture was profitable enough to justify farmers’ investing in machinery and modernisation. Many agricultural products were produced both within the EEC and at the same time imported from outside (sugar for example was produced from sugar beet and imported from both overseas sugar beet and sugar cane producers). The Lome Agreement allowed trading partners to participate in the overall EEC approach. By benefitting from EEC prices, which were almost invariably higher than world market prices, they could potentially also ensure that their farmers and agricultural workers enjoyed decent standards of living and they would also earn enough from selling agricultural commodities to invest in their own industries and infrastructures.

(It is worth bearing in mind that in spite of the apparently good intentions of the system, its outcomes were not always positive. In practice, some of the ACP countries, like Mauritius, which produced sugar, or the Windward Islands, which produced bananas, took full advantage of these opportunities. However, there were others, like Belize, also a sugar and banana producer, whose elites reaped the benefits offered by their privileged access to the EEC market, while workers suffered abysmal conditions and industries were allowed to fall into decline. By the mid 1990s, Belize’s sugar industry, for example, was almost in ruins but the political elite were able to enjoy a fine lifestyle by selling their duty free quota to other sugar producers who either had no quota or who needed more. Abuses like this gave excellent ammunition to the proponents of liberalisation, particularly US interests and the Cairns group, who saw such arrangements as rewarding inefficiency and potentially corruption.)

The accession of Spain, Portugal and (later) Greece to the EEC added another level of complexity to the European banana market. Most of Spain's bananas came from the Canary Islands, islands which are located off the coast of Morocco but which are politically part of Spain (and are populated almost entirely by people of Spanish descent). Portugal similarly sourced many of its bananas from Madeira and the Azores, islands far off its coastline in the Atlantic Ocean (again largely populated by Portuguese). When Greece joined, it also brought a small amount of banana production from its southernmost substantial island, Crete. The accession of Spain, in particular, meant that, what was increasingly being called the European Union, was itself becoming a substantial banana producer in its own right. Even before these accessions France, with its DOMs (Departements Outre-Mers) of Guadeloupe and Martinique in the Caribbean, was already a producer.

The second key point in the development of the European market came in 1992, when the European Union established its Single European Market (although the introduction of the Single Market in Bananas was delayed until the following year, 1993). With the introduction of the Single Market, a new regulation (Regulation 404/93) was negotiated between member states to regulate the Common Organisation of the Market (COM) for bananas. The new banana regime conceptually divided the market into three sections:

i. European production (including the DOMs) received some subsidies (or the alternative of receiving payments for diversifying out of bananas) and was subject to EU environmental and labour legislation, making it the most expensive and hence producing the need for a subsidy regime to keep it competitive. As European production occurred within the technical borders of the EU, there would be, of course, no import tariffs.

ii. A certain amount of ACP production was allowed to enter the Single Market duty free, but its production was not subject to EU law. It was therefore mostly cheaper than EU production, but not as cheap as dollar bananas were.

iii. Third Country suppliers (i.e. anywhere else, but in practice mostly Latin American or 'dollar bananas') were subject to tariffs.

Each of these types of production was subject to quotas. EU producers were not supposed to produce more than a certain quota of bananas. ACP imports were allowed to enter tariff-free but only for certain quotas, which were initially allocated to individual countries (imports beyond this level were subject to tariffs) and only certain quotas of dollar bananas could be imported. The quotas were based on historical precedents, the idea being to create an open market for bananas within the EU (a single market) but to do so without changing the historical balance between the different sources of supply and also without banana prices on the internal market falling to unsustainably low levels.

While it is understandable that the EU should have attempted to protect both its internal suppliers and the economies and hence political stability of its historical trading partners, these efforts were clearly against the spirit of WTO rules. These rules require that tariff arrangements should be the same for all members as those given to the "Most Favoured Nation". In other words, an importing country might be able to impose a tariff on all imports from all countries in order to protect its own production (in certain circumstances) but it certainly can't let one country have a much better deal than all the other members of the WTO. The whole idea of the multi-lateral trading agreement is that all members are able to compete on the same terms. No-one is given more favourable terms than anyone else (although there are a number of exceptions and waivers are also possible, by agreement). The EU system of tariffs and quotas was clearly against the spirit of the first Article of the GATT (General Agreement on Tariffs and Trade), which underpins the WTO's Marrakesh Agreement.

Not surprisingly then, the European Banana Regime was repeatedly challenged at the WTO. The history of these WTO challenges is too complex to examine in detail here, especially as it was punctuated with a further series of expansions of the EU itself (most notably the accession of 10 new states, mostly from Eastern Europe, in 2004) along with yet more mechanisms (such as a system of import licences). However, it can be said that a series of challenges and a series of modifications to the EU's import regime led to a gradual dismantling of the arrangements which the EU had developed over the years and to their replacement by a simple tariff in January 2006. This represented the third key point in the evolution of the EU banana market and corresponds to the current situation at the time of writing. ACP countries are still allowed tariff free access (as a temporary transitional concession known as the Doha Waiver), while tariffs are still imposed on dollar banana producers[1]. Even this last remaining tariff is strongly opposed by Latin American producers and the US and the level of tariff was almost reduced from 176 Euro to 114 Euro/MT as a side deal during the July 2008 Doha negotiations. When the latter collapsed however, the EU withdrew its offer to reduce the tariff[2]. Whatever the future holds in store, the pressure is still on for the EU to abandon any remnants of its system for managing the internal market and to make it an open market with no import restrictions. Any remaining tariffs should apply equally to all producers in order to fully comply with the WTO rules.

So what does this mean in terms of the kind of governance under consideration in this paper i.e. in terms of a system of governance which supports sustainable production and social justice? A completely open market means that very different production systems have to compete on equal terms.

[1] To be slightly more precise, the Doha Waiver expired on 31st December 2007 and the EU did not want to seek an extension to it, given its highly problematic status at the WTO. The intention was that duty free access to the EU market would still be allowed when the 6 regional EPAs were agreed. However, as the EU drove such a hard bargain with its partners, most EPAs were still stalled as the date for expiration of the Waiver was approaching. The Caribbean EPA was the only one which had been agreed before the deadline (although it has still not actually been signed at the time of writing). Neither the 4 African regional EPAs nor the Pacific EPA were anywhere near completion. To save the day, the EU persuaded three major African exporters (Cote d'Ivoire, Ghana and Cameroon) to sign bilateral interim EPAs in mid-December 2007, only days before the Waiver was due to expire.

[2] Even now, it is not clear what will happen or whether this offer might be revivable.

A very, very brief look at three historical background of three examples, taken from each of three sections of the market gives an idea of how the WTO rules and its disputes mechanisms might ultimately impact on different producers.

The small island of Gomera is one of the Canary Islands and is a producer of bananas. Its production was in the mid-90s entirely carried out by small producers, many of whom farmed a hectare or less. A number of these producers or other members of their families were also involved in low-level tourism, offering a few rooms or apartments in one of the isolated valleys where bananas were grown, such as the Valle Gran Rey. They sold their bananas through a locally based cooperative which transported the bananas to the main distribution points on the bigger islands. The small communities produced much of their own food, ran local mini-supermarkets and restaurants for tourists in a relaxed context and sold small quantities of small, sweet bananas (a local variety, not Cavendish). Where they employed a few labourers, they had all the usual EU social protection, as regards sickness pay, etc. Very low levels of agrochemicals were used and disease control was through spot treatment. Irrigation was rain-fed using tanks and channels established over many years. In many ways communities like this fulfilled the aspirations of the EU which was to foster and support small and medium sized enterprises and rural diversification into low level tourism, alongside environmentally friendly management systems. Gomera's main market was mainland Spain which was close, meaning that fuel costs and resulting pollution were also low compared to other suppliers to the EU.

Since, shortly after independence (in the 1970s), the Windward Islands implemented a process of land reform, in which medium-sized plantations were broken up, banana production has been on small family farms of similar sizes in tightly knit local communities. They also produce much of their own food and sell bananas as a cash crop for export. Formerly, each island had a national marketing organisation, managed by the government although in recent years farmer-led marketing structures have been developed. Again they use low levels of inputs and spot treatment. Bananas have historically provided much of the revenue for building schools, roads and other infrastructure. The Windward Islands have managed to develop and retain good educational facilities for their children, using the revenue derived from bananas.

The banana industry has also been important in the history of Guatemala. Its economic life in the second half of the twentieth century and to the present day has been strongly influenced by US banana companies. Production is in large units where pay is very low and crop protection is through repeated aerial spraying. In the 50s a new President rose to power promising to break up big estates and to encourage the development of small farms. While there are differing accounts of what happened next, senior former members of the CIA have put it on record that they were involved in orchestrating demonstrations and a military takeover which led to the overthrow and replacement of the President, specifically in order to protect the interests of United Fruit, the antecedent of one of the current US banana giants. Currently plantations are patrolled by paramilitary security agencies. There were 6 assassinations of union leaders between September 2007 and April 2008 (the last occasion on which a union leader was assassinated, at the time of writing).

Before considering the impacts of liberalising the EU markets on the different types of suppliers, a few additional observations about the banana market need to be made.

In the case of bananas, for most consumers, there is often not much to choose between one banana and the next. A Dole banana from Costa Rica doesn't look or taste a lot different from a Del Monte banana from Cameroon. For consumers, therefore, the most important distinguishing feature between different bananas is simply price. Furthermore, throughout the "developed world" and increasingly throughout the "developing world", retailing is being concentrated in the hands of a few supermarket chains. In the UK for example over 75% of all groceries are sold in only 4 massive supermarket chains. The situation is comparable in France and in many other EU countries and where the retail sector is not yet so concentrated, as in some Mediterranean countries, the level of concentration is still accelerating.

As supermarkets grow in size, they gain in "buyer power". In other words, they become able to demand better prices, better discounts, and terms and conditions which are favourable to themselves. If suppliers refuse to accept these pressures, they may find that they have nowhere to sell their produce. Meanwhile the supermarket chains are in fierce competition with each other to get consumers to shop in their stores. The result is that agricultural producers of all kinds are under a huge pressure to do exactly what the supermarkets require and to sell at ever lower prices. As if this were not bad enough for banana growers, in many countries bananas are one of a number of products which are used to show how competitive a supermarket is. In the UK, for example, bananas, along with bread, baked beans, milk and a few other items are called KVIs (Known Value Items). According to received wisdom in the grocery trade, consumers know the prices of some products which they buy regularly (such as bananas and bread) and they judge how expensive things are in a supermarket on the basis of the prices for these products alone.

This means that in the EU market and indeed in many other markets, bananas have to be as cheap as possible. To add to this mix, the world banana market has been chronically oversupplied almost continuously for decades, again increasing the downwards pressure on prices. Taking these additional factors into account, the impact of removing any form of protection for small ACP or EU producers must inevitably be that the cheap dollar bananas, produced often with little respect for the environment or workers will win out in a competitive, open market. In the process the most positive examples of ACP and EU production will be wiped out and all that will remain, in the absence of countervailing measures, will be the ultra-industrial systems characteristic of most Latin American production and increasingly African production.

In summary, in the context of highly competitive and concentrated retail markets and in the context of chronic global oversupply of bananas, the effect of the system of governance embodied in the WTO is to fuel a race to the bottom, in which producers who pay the worst wages and adopt the least environmental standards will, in the absence of countervailing measures and systems of governance, destroy any attempts to develop environmentally more sustainable and more socially just systems of production.

The main motor of the world's banana economy (market forces), facilitated by a system of governance which promotes free trade (the WTO) leads to a global decline in standards. Against these powerful forces are pitted a series of countervailing measures.

5.2 The Protective Aspect of Global Governance

Conditions for banana workers in most banana growing areas have declined since the 1980s. In real terms wages for workers and the earnings of small farmers have mostly declined. In many areas, labour rights are violated more frequently. On the environmental front, the picture is more mixed. The long-term cumulative effects of repeated treatments with agrochemicals and the impacts on soils and water are becoming increasingly clear and are of considerable concern. The industry has been characterised by a history of poor management of agrochemicals and there are numerous cases of contamination of rivers and drinking water. Aerial spraying in large plantations continues to cause concern and reports continue to be made of incidents in which workers at work and neighbouring settlements have been sprayed. Although the notorious DBCP (of which more below) is no longer used, there is a growing body of evidence that other nematocides and some insecticides which are currently being used may also prove to be nearly as toxic.

However, campaigns by NGOs and media reports have increased awareness amongst the public in consumer countries both of the harsh conditions under which many banana workers live and of the environmental impacts of banana plantations. This in turn has generated considerable pressure on banana companies and on retailers to improve conditions in the industry.

Shareholders, particularly institutional investors, are concerned about the public reputations of the companies they invest in, as information which tarnishes the reputation of their companies could cause share values to drop. Many retailers are also concerned to ensure that their customers do not think that their supply chains depend on injustice and the destruction of environments.

International rules exist which aim to maintain social and environmental standards at acceptable levels. However failures to enforce these in many cases, combined with the dissemination of information by NGOs and the media regarding such failures, has stimulated the establishment of a number of private initiatives. These initiatives have, in some cases, helped to slow down the rate of decline and, in some other cases, produced modest improvements. Nevertheless overall the picture appears to be one of continued decline in labour standards, alongside a slight improvement in environmental management (although one which has started from a very low base).

5.2.1 Public governance

Governance in the public domain, supported and financed by governments directly or through their support for international institutions occurs in a number of ways. As a general rule, whereas international agreements and regulations almost invariably involve voluntary undertakings by national governments and are therefore largely unenforceable by sanctions, national legislation does have the potential to be enforced by significant sanctions.

A farmer who dumped unused agrochemicals in a river in the UK, for example, (or even one who allowed an accidental spillage to occur) would run a serious risk of being detected by a fairly well-resourced Environment Agency, which has the scientific equipment necessary to trace such pollution incidents back to their sources and the legal means of imposing sanctions. Any such farmer would run a very serious risk of being fined considerable quantities of money.

Most banana producing countries have a Ministry for the Environment or some equivalent structure and in many cases governments have passed laws which prohibit practices like this. Clearly the precise laws in each country differ but in some cases they may be stringent. However problems frequently arise when it comes to enforcing such laws.

Firstly, tracing pollution back to its source may not always be easy and national environmental authorities may not be sufficiently well-funded to deploy officials and equipment.

Secondly, even where culpability can be established, banana companies, whether multinational or national, often have considerable influence over the affairs of the countries where they operate. Banana exports, in many small countries, provide the greatest single source of foreign currency. They may also be among the biggest employers and a major source of revenue for the governments themselves. In some countries plantation owners even come from families which provide the countries' senior political figures. In such circumstances, imposing sanctions on banana producers who flaunt national environmental or labour laws may be unthinkable. In such circumstances, a private word between an official and a plantation owner in a restaurant or bar in the capital might be the only way of trying to persuade producers to clear up their act!

Thirdly, even when it is politically possible to prosecute offenders, legal processes are often ineffective. In many countries courts and tribunals are overloaded and wealthy defendants may find it easy to get hearings' postponed more or less indefinitely, by drawing on various loopholes and procedural flaws. Wealthy defendants may be able to employ the most skilful private lawyers, while states have to rely on lawyers who are relatively badly paid and under-resourced and in some cases poorly motivated, disillusioned or even cowed as a result of threats to their personal safety.

These observations apply equally to attempts to enforce environmental law and labour law. Overall, both national environmental law and labour law tend to be based on internationally agreed principles or even on more precise internationally negotiated instruments.

In the case of labour law, for example, most producing countries are signatories to many or even all of the ILO Core Conventions and these are incorporated in principle into national legislation and enforced by national Ministries of Labour and Labour Inspectorates. It is fairly unusual for these inspectorates to be well enough resourced to enforce the law. However, even before it comes to enforcement, the precise way in which ILO Conventions are translated into national law may make their original intents unenforceable.

To cite a single example, Ecuador is formally, as a signatory to the relevant conventions (ILO Conventions 87 and 98), committed to protect the rights of workers to freedom of association (i.e. to form trade unions) and to undertake collective bargaining. With the recent change of government in Ecuador, a country whose politics until the last election had been dominated for decades by an oligarchy of 5 families including the Noboa family (the Ecuadorian owners of the world's 4th or 5th biggest banana company), a process of reform to the labour laws was undertaken. Until recently, Ecuadorian law allowed trade union formation only in work places which employed more than 29 people. Plantation owners were able to circumvent the intention of the ILO Conventions, by setting up sub-contracting arrangements so that no single unit ever attained the threshold necessary to trigger the rights enshrined in the Conventions and in national law. A vote in the country's Assemblea Nacional on Sept 28, 2007 removed this limit, while Mandato 08 adopted in May 2008 finally led to the new legislation being incorporated into the Constitution. The re-framing of national legislation will make the old evasion of the intention of the ILO Conventions unworkable in future.

Like labour law, environmental legislation also tends to be inspired by international agreements or instruments. Agreements drawn up under the auspices of the UN, such as the CITES agreement on endangered species may provide the basis for national legislation. In a great many countries, the small size of the national agronomic and scientific communities means that leads, as regards the safety of chemicals, tend to be taken from developed country agencies, most notably from the US Food and Drug Administration. If an agrochemical is permitted by the FDA, it is unlikely to be banned by relatively small and poorly resourced banana producing countries. Similarly, rules devised by developed country agencies for handling, application and disposing of chemicals are also likely to form the basis for whatever national legislation exists.

While agencies like the FDA are well-funded, well organised and can draw on the knowledge and experience of a range of acknowledged specialists and experts, they are far from being immune to error. There are three deep problems associated with attempts to assess the safety of agrochemicals.

Firstly, these have historically usually been assessed and tested largely in isolation and there have been few attempts to take into account the effect of complex interactions of the cocktails of chemicals employed in banana production on both human health and ecosystems. An agrochemical may appear to be safe when used in isolation but the effects of the use of multiple chemicals are often unknown or are only beginning to be understood.

Secondly, it is difficult to test for long-term and cumulative effects. Again chemicals may appear to be relatively harmless when tested, even over a period of one or two years, but may prove to be very harmful over prolonged periods, particularly when their concentrations build up progressively in human organs, in individual species or in soils and ecosystems.

Thirdly, there may be flaws in the design of testing procedures. Researchers may fail to notice effects which are unexpected in areas they are not actively monitoring.

Certainly, there have been major problems in the banana world in the past. One of the most notorious cases is that of DCBP, a nematicide, widely used in many banana exporting regions up to the end of the 80s. The chemical was used in huge amounts over a period of years. It was banned in the US in 1977 after it became apparent that the chemical caused skin problems, respiratory difficulties, tumour growth and infertility amongst banana workers who were exposed to the chemical.

It took several years before the chemical ceased to be used, with some producers continuing to use old stocks, even when it was clear that the chemical was dangerous.

Years of litigation have followed, with workers bringing class actions against plantation owners and manufacturers of the chemical. After years of struggle, there have been national court rulings in some Central and South American countries, which have entitled some groups of workers to compensation but typically damages have been awarded against US-based manufacturers, rather than against plantation owners and since the manufacturers lie outside the reach of national jurisprudence, they cannot be forced to pay the compensation awarded. Litigation has therefore moved on to US courts where corporate lawyers have successfully engineered endless delays.

Relatively few of the affected workers have received compensation and where it has been granted, this has mostly been at a very modest level. In actions of this nature, it is very difficult to prove beyond doubt that an ailment can be blamed specifically on exposure to a particular chemical. Furthermore a claim for compensation not only needs to establish the cause but also needs to show that real damage has been caused to the individual who is seeking it. In practice, therefore, it is often only when a worker shows symptoms of very serious illnesses like cancer that he or she can demonstrate damage to his or her health. In the absence of the availability of expensive medical intervention, the complainant is likely to die in a matter of two or three years. The defendant, taking advantage of any deficiencies in legal processes, is able to play a waiting game. Slowing down the legal process may be much cheaper than compensating litigants and it is not unusual for Corporations to fall back on this cost effective strategy, particularly where (as in an industry like bananas where vast numbers of workers are employed, almost all of whom are likely to have been exposed to the chemical) paying reasonable damages to so many people could well precipitate bankruptcy of the Company.

While national regulations may frequently be flaunted, governments vary in their capacity to and political will to enforce them. There are therefore good cases as well as bad. In the case of Costa Rica for example, a very poor environmental record has recently been slightly improved, following the establishment of a Comision Ambiental Bananera (Environmental Commission) set up by Corbana, the partially state funded National Banana Corporation. Costa Rica benefits from a having a functioning democracy which compares very favourably with almost all other countries in the region. It also has a well developed set of Civil Society Organisations, many of which are active in the area of environmental standards. Possibly even more importantly, it has a large and successful tourist industry (much helped by the country's reputation for political stability and relative personal safety). It has a number of famous national parks which provide the main focus for much of its tourism. Some of these parks, such as the Parque Nacional de Tortuguera are directly downstream from banana and pineapple growing areas and their sensitive ecologies are vulnerable to pollution from these sources. The interests of the tourism authorities and the tourism industry provide an important counterbalance to the interests of the banana industry and encourage a preparedness on the part of the latter to accept pressures to adopt more effective environmental management strategies.

By contrast, Ecuador also has an important tourist industry but its ability to affect the country's banana industry is much weaker. Not only is Ecuador's democracy less robust than Costa Rica's but its tourist industry is both smaller and concentrated in the high Andes and the capital on the one hand and on the remote Galapagos Islands on the other. The banana region located in the low-lying lands around the port of Guayaquil has little potential to impact on these two regions and is seldom visited by tourists.

In the case of labour law, its application is considerably dependent on local national culture. Ghana, for example, inherited from its colonial overlords, the British, a shared understanding that trade unions were both allowable and even essential components of economic life. When the fruit company, Dole, established its new banana plantations in the country in 2006, President Kufour made a statement at the inauguration ceremony (having been lobbied previously by the union, GAWU) to the effect that the Company would need to consult the Trade Union and respect local labour rights.

By contrast, in many Latin American countries, employers often associate trade unions with "the communist threat", national politics is often characterised by extreme swings from right wing dictators to liberationist and socialist parties, with which the unions tend to be associated and there is a history of strongly conflictual relationships between trade unions and employers. While national law in most cases acknowledges trade union rights, daily realities involve attempts by employers to suppress such rights and even in extreme cases to kill trade union leaders.

Where countries are signatories to international agreements and conventions, as is the case for most banana producers for many of the ILO Conventions for example, but where in practice corresponding national legislation is not enforced by governments, Inter-governmental Organisations, like the ILO itself, are seldom able to apply effective pressure so as to enforce compliance. The situation has not been helped perhaps in the

ILO's case by its tri-partite governance structure, involving governments, business interests and trade unions. Trade Unionists have sometimes faced difficulties arising from a tendency for the former two groups to be less than enthusiastic in supporting Trade Union rights.

In the case of Costa Rica, for example, national law guarantees workers rights to form trade unions and trade unions do indeed exist. However they are subject to a continuous process of harassment by many plantation owners, who also promote alternative workers' organisations, called the Solidarista Associations. These Associations are encouraged by many owners and receive ideological support from the Escuela Social Juan XXIII, a Catholic organisation, which stands accused of undertaking propaganda against trade unions, so as to stop workers from joining them.

These structures have been investigated no less than 7 times by various missions and expert committees, set up by the ILO, in 1991, 2001, 2003, 2005 and 2006. The most recent seventh investigation, undertaken as part of the ILO's system of expert committees, was completed a little over a year ago from the time of writing this paper. In every case the conclusions have been broadly the same and the conclusions have been that these institutions do not comply with ILO conventions.

While such ILO investigations generate very unwelcome publicity for the Costa Rican banana industry and government, its condemnations have not, at least to date, produced any tangible change. Costa Rica continues to claim that Solidarismo is a legitimate workers' movement and denies that trade union rights are suppressed. The Costa Rican government even continues to make efforts to get Solidarista Associations recognised by the ILO itself as being trade unions, in spite of the fact that genuine independent trade unions are bitterly opposed to such a move, which would, in their opinions legitimate a system of oppression, a system which stops workers from exercising their rights to collective bargaining.

From the discussion above, it is clear that there is considerable variety in the effectiveness of governance in different producing countries. Unfortunately, in a paper of this length, it is not feasible to present an exhaustive account of the precise details of governance in each individual country and an assessment of its effectiveness. Nevertheless, it has been possible to give an overview of the forces at work and to illustrate these forces with a few concrete examples.

When it comes to a consideration of global governance it is clear that international law and international institutions set a context for national governance structures but it is equally clear that international institutions do not have the right to control sovereign governments. International law and agreements, embodied in national laws and regulations should in principle be enforced but in practice they are often ignored or by-passed.

Whether or not national enforcement is effective depends on a range of factors which relate to local traditions, cultures and competing economic and social interests. In Costa

Rica, for example, there are other interests which add to the pressure for environmental controls. On the labour side however, deeply embedded cultural attitudes work against the application of formal national labour legislation, whereas in Ghana cultural attitudes support enforcement.

Seen overall, international and national legislation and systems of governance can provide a counterbalancing pressure to those induced by the market, with the effectiveness of such pressure varying enormously from one country to another and also varying between substantive areas to which such governance is applied (whether environmental or social, for example).

However, as failure to pay living wages, failures to protect labour rights and failures to uphold environmental standards allow banana producers to produce more cheaply than competitors who comply with higher standards and thus allows them to gain a competitive advantage in an oversupplied world market, it is clear that the public system of international and national governance structures are ineffectual in providing a countervailing system, capable of halting the "Race to the Bottom", a "race" which is fuelled by the more effective governance structures of the WTO and the logic of the market.

5.2.2 Private Governance

Negative publicity, regarding conditions in the banana industry, generated by NGO campaigns and media reports, has stimulated a plethora of private initiatives aimed at raising standards.

These initiatives may be divided into three broad categories:

Firstly there are initiatives which aim to improve the mainstream of the industry. These initiatives are mainly driven by brands i.e. banana companies or supermarket chains who fear reputational risk to their company names. Initiatives of this type include Company Codes, independent international standards which have been developed in close consultation with industry (like SA8000) and standards which have been devised by companies or brands working in collaboration with each other (such as the UK's Ethical Trading Initiative and the Global Social Compliance Programme, a programme recently launched by global retailers). In the banana world there is one additional standard which is slightly anomalous and which arguably falls somewhere between the first and second category. This is the Better Banana Project, a collaborative initiative between the environmental NGO, the Rainforest Alliance and the US banana company, Chiquita (who market Rainforest Alliance certified bananas under their Frog label).

Whereas Company Codes are decided independently by the Companies themselves, the other initiatives mostly have some kind of multi-stakeholder component. In the case of SA8000 this has included one or more trade union representatives being members of the boards or participating in the standard-setting and standard-reviewing processes or both. While this does mean that there is some union involvement, many critics believe that the presence of one or two representatives of international trade union federations at one or two meetings annually does not present an adequate opportunity for banana workers' interests to be represented.

In general NGOs and grassroots trade unions tend to regard all these initiatives with considerable disquiet and distrust. The general perception is that these initiatives are dominated by the interests of producers and/or retailers, that they are out of touch with realities on the ground and that their procedures for verification are inadequate and allow unsuitable plantations to gain certification (where this is offered).

Some of these initiatives, like SA8000, for example, invite both NGOs and Trade Unions either to become directly involved by training as auditors or to contribute by reporting violations of standards to Social Accountability International, who oversee the standard. However, they have broadly failed to gain the confidence of these two sets of stakeholders and NGOs and Trade Unions mostly stay outside the systems and criticise them for their alleged inadequacies (with the obvious exception of the Rainforest Alliance, which some NGO and union critics see, probably unfairly, as having "sold out" to Chiquita). These initiatives themselves run the risk of being subjected to critical media attacks. In many ways therefore they can end up occupying the same kind of ground as the banana companies themselves, in which (even if they set out genuinely to look for solutions) they come to be seen as part of the problem, rather than as part of the solution.

Secondly, there are initiatives which broadly reject the industry mainstream and which regard them as being so flawed as to require the establishment of an alternative, parallel industry, one which is based on sound environmental and/or ethical principles. Whereas many outsiders are critical of the Rainforest Alliance and, as observed, regard them as having "sold out to Chiquita", it is equally possible to interpret its efforts as an attempt to radically reform Chiquita's approach to environmental management. A defendant of the alliance would say that developing a close relationship with a single company was a strategic decision which allowed it to achieve real change in at least one part of the industry. As already stated, the Better Banana Project should probably be interpreted as falling somewhere between the first and second category. However, the only real contenders for inclusion into the second category are the Fair Trade movement and the Organic movement. Both of these movements are essentially vision-driven. They set out to make a better world and were founded by self-sacrificing enthusiasts who struggled against a cynical world to establish their visions. Both set out their own independent standards, which go well beyond those devised primarily in collaboration with mainstream industry interests, both have developed their own inspectorates to verify compliance with these standards and both have managed to establish thriving alternative, parallel or niche markets, by promoting their products and gaining consumer allegiance.

Clearly, the main focus of the Fair Trade Movement is on social justice, whereas the main focus of the Organic Movement is on the environment and human health. However, the Fair Trade standards also include environmental standards which exceed industry norms, while the Organic Movement also imposes some social standards. Some bananas also have dual certification and comply with both sets of standards.

While both movements started as small-scale groups of dedicated enthusiasts, both have moved from the very marginalised niche markets of One World Shops, “Whole-food shops” and local markets into the mainstream, having persuaded big supermarket chains to stock their products. In the process they have as organisations gone through a spectacular period of growth from the mid-90s to the present day (Fair Trade bananas have grown from 0% of the UK retail market in bananas to 25% since 2000 and sales continue to grow; in Switzerland 50% of bananas sold are already Fair Trade certified). This growth has meant that the movements themselves have had to transform themselves and to some extent have had to start to organise themselves in ways which mimic the structures extant in the very supply chains they originally criticised. Both movements have mostly escaped criticism from NGOs and the media. However, they may not remain immune to attack in the longer term. For both movements, the increase in demand for their products has meant that they have had to deal with much larger producers than they did at their outsets.

The Organic Movement started with groups of small farmers who were deeply committed to “organic principles”. As demand for organic products increased and as it became clear that producers could potentially make more money from organic farming than from conventional farming, the movement began to attract producers who either did not themselves subscribe to organic principles or who were even actively hostile to them and thought that organic production was “a load of nonsense”. As one very successful UK farmer (Lord Hanson of Northern Foods) put it “If people want whacky food, we’ll give it to them”. The system of inspection and certification hopefully ensures that such farmers comply with organic principles but, while the core of the Organic Movement may retain its vision, organic production increasingly relies on farmers who are prepared to obey the rules but who are focussed on the more mainstream goal of making money.

The Fair Trade movement has also had to make a transition and arguably a more fundamental one. At its outset the movement set out to enable poor farmers to gain access to international markets by offering higher and guaranteed prices and by providing them with support to develop production methods and organisational structure. It targeted groups of small farmers or cooperatives and in addition to the guaranteed prices, paid a “social premium” which was intended to be used for community development. It continues to this day to work with small farmers and cooperatives. However, the increase in demand has meant that it has also had to work with bigger producers, including in some cases quite substantial plantations. To cope with this it has devised special standards for plantations. However, in the case of bananas, plantations often employ significant quantities of migrant labourers (around 50%, mostly Nicaraguans, in the case of Costa Rican plantations and as much as 90%, mostly Haitians in the case of the Dominican Republic, an increasingly important supplier of Fair Trade bananas). The guaranteed price is paid to the plantation owners, while the Social Premium is under the control of workers. However, as workers frequently do not come from the areas in which plantations are located, any money spent on, for example, building community facilities in a remote plantation, while clearly providing some benefit to the workers who will use them, actually constitutes an investment in the plantation's infrastructure. Furthermore, although the standards require that trade unions should have full rights, in practice there are often no trade unions and in some cases these rights are actively denied. Wages frequently continue to be set at the levels which are extant in the areas where the plantations are located, throwing into question how far workers are really benefiting from Fair Trade. Attempts are currently being made to resolve these difficulties but increasing reliance on large scale plantations instead of small communities of independent farmers (which are increasingly difficult to find in the case of bananas) poses real challenges to the movement.

While Fair Trade embraces both small producers and plantations, the movement's publicity is almost entirely focussed on the former, giving a misleading impression of its changing nature. Senior people in the movement talk about the Fair Trade Brand, just like Chiquita or Dole talk about their brands. For grass-roots trade unionists who have visited the Fairtrade Labelling Organisation's headquarters in Bonn to negotiate issues of trade union rights with senior personnel who are dressed in expensive business suits and furnished with comfortable offices, an impression is created, in spite of strenuous attempts on the part of the movement to retain links with the movement's grassroots, that there is not much difference between dealing with Fair Trade organisations and major corporations like Dole and Del Monte.

With the growth of these two movements, pressure has grown from government structures to accept controls from outside. The movements decide their own standards, inspect producers themselves and have their own governance structures which are decided by members. As their power in the market place grows and as they have the potential to exercise the same kind of clout as major Corporations, the dangers of fraud and malpractice become more evident. Governments have therefore moved to impose their own governance on the movements by setting up registers of approved operators. This occurred as early as 1991 in the case of organic producers, so that it is, for example, illegal under EU law to market products as being "organic" unless the provider of the label is registered and approved by the EU itself. Currently, there are moves towards applying the same kind of controls over Fairtrade labelling.

The third major category is the trade unions themselves. These also are effectively private organisations although their manner of operation is controlled and limited by national legislation and by international agreements. Trade unions can have a strong role, in setting and maintaining health and safety standards and in ensuring that local legal standards are respected.

The International Confederation of Free Trade Unions (ICFTU) played a key role in the development of social standards, when it adopted a text for a "Basic Code of Conduct covering Labour Practices" in December 1997.

"The code aims to establish a minimum list of standards that ought to be included in all codes of conduct covering labour practices."

“The purpose of this basic code is to promote the primacy of international labour standards and the inclusion of trade union rights in codes of conduct covering labour practices. A central idea of this code is that labour exploitation and abuse cannot be separated from the repression of workers and that therefore codes of conduct must incorporate freedom of association and the right to collective bargaining.”

“The basic code is meant to assist any trade union organisation in negotiations with companies and working with NGOs in campaigns involving codes of conduct. It can also be used as a benchmark for evaluating any unilaterally-adopted codes of labour practice.”

When company codes, SA8000 and indeed almost every other social standard were developed from the mid-1990s, the ICFTU Base Code formed the central core for them, often with very little in the way of addition or modification. In particular most codes explicitly refer to the ILO Core Conventions which provided the foundations for the Base Code. The Core Conventions covered the following areas:

1. Child Labour
2. Forced Labour
3. Health and Safety
4. Freedom of Association and right to Collective Bargaining
5. Discrimination
6. Disciplinary Practices
7. Working Hours
8. Compensation

Although the rights enshrined in the Core Conventions are very basic and although the considerable number of private or voluntary initiatives almost invariably refer to them, these rights continue to be violated. This reflects real difficulties in verification or auditing. In the case of the second category referred to above (including the Rainforest Alliance, if it can be included in this category) and also in the case of most Company Codes, systems of verification are carried out by the institution which sets the standards (or by two institutions which are umbilically linked as in the case of “FLO e.V.”, which sets the standards and “FLO Cert.”, which certifies producers). There is no independent verification. By contrast, SA8000 (which it should be noted is not specific to the Banana Industry but which aims to cover a range of industries) certifies plantations only if an independent auditor confirms that they are adhering to the standards. Independent auditing is mostly carried out by auditing companies like BVQI or SGS.

However, auditing is expensive and is usually carried out in a single day or at best in a couple of days. There is a limit as to how effective such auditing processes can be. Banana workers report that they are frequently told what to say to auditors, should they be called to participate in interviews. They also report that much of the work on plantations is contracted out to small groups of workers, who are paid and treated even worse than the permanent workers. When auditing occurs, the contractors are invariably told not to come to work. Unsurprisingly plantations which are very poorly managed but which have achieved certification make huge efforts to make everything look good when the auditor turns up. Where trade union rights are violated, it is very unusual for auditors to detect such violations as workers, threatened with job losses or told that there is a danger that the whole plantation may have to close if they fail to cooperate, can be relied on to testify that unions are allowed to operate (but that no-one want to join, because the plantation is so good anyway!)

Reports of this nature throw into question the whole process of verification, auditing and certifying of private standards. Reflecting these doubts, initiatives like the UK government-funded Ethical Trading Initiative and also supermarkets which try to monitor their own supply chains have largely become disillusioned with auditing and certification.

In addition to the social standards mentioned, and in addition to those which cover both environmental and social components (the Rainforest Alliance, Fair Trade and Organic), a brief mention should be made of two further standards which focus primarily on environmental and quality issues. EurepGAP standards were set up as a result of a collaboration between retailers and cover these issues as well as some Health and Safety issues. An international voluntary standard ISO14001 covers aspects of environmental management, handling of chemicals and disposal of waste and effluent. It does this however not by setting absolute standards but rather by engaging producers in a process of monitoring and on-going improvement. In general, it is easier to establish verification procedures for standards which deal with environmental matters (although it may be more difficult to agree what those standards should be in the first place). If the environmental standards require that dangerous chemicals should be stored in secured and locked buildings, for example, it is fairly easy for an inspector to check whether or not there is such a building and whether it has a lock (although there is still a problem with verifying whether or not the building is locked on a regular basis). By contrast, there is broad agreement on at least a certain, rather low level of social standard, but it is much more difficult to check whether or not the standards are respected. Checking these standards to a large extent depends on workers' testimonies and workers can easily be intimidated and silenced in an industry which has a long history of exploitation and social injustice.

It has clearly not been possible to provide all the details of the private standards and their various inadequacies in such a short account. Interested readers can refer to "Voluntary Social Standards in the Banana Sector" (Iain Farquhar, Banana Link, August 2001) for further detail. Although that paper is, at the time of writing, 7 years old, and some standards have been modified since then, nevertheless the overall position has changed very little in the intervening period.

In spite of the brevity of the above account, it should now be clear that private standards and systems of private governance do not provide a reliable counterbalance to the pressures of the market and of the liberalisation agenda. The existence of a range of competing standards and the uptake of these standards by some producers (SA8000 by Dole and Chiquita, for example; the Rainforest Alliance standards by Chiquita etc.) and their keenness to gain credibility and to protect their brand reputation by signing up to them, does provide NGOs and trade unions with helpful tools to put pressure on producers, when standards are not met, in spite of plantations being certified. However, in practice, such organisations as Social Accountability International (SA8000) are often slow to respond and may even ignore completely complaints made by trade unions. Furthermore Companies faced with complaints are often loathe to act, when the independent (or other) auditors they have paid have already given them clean bills of health.

Voluntary standards and private systems of governance have not yet halted the "Race to the Bottom". There is still a need for a system of global governance which actually delivers results. How this is to be achieved is, at present, by no means clear.

6. Key Stakeholders needed for Global Governance

What *is* clear, however, is that achieving such an effective system must depend on a high level of participation by all stakeholders, or rather, for practical logistical reasons, at least by representatives of all stakeholder types.

If standards are to be raised then the key actors who could achieve this would be the banana producers themselves. Only they have the power to implement changes on plantations. However, given that their primary interest is in remaining as profitable as possible, they have no great interest in making such changes. Their self-interest lies in, on the one hand, getting the highest possible prices for their product and, on the other hand, reducing their costs to a minimum. Overproduction of bananas for the world market, combined with the buyer power of large supermarket chains make it very difficult for them to negotiate higher prices. Their primary opportunity for retaining or even increasing profitability therefore lies in reducing costs. In principle, this can be achieved through improving efficiency. However producers have been under very strong pressure to maximise efficiency over a prolonged period of time and there are very few opportunities left which might improve efficiency even further. Minimising costs remains the only real route to retaining or gaining a competitive edge and minimising costs tends to accelerate further the race to the bottom.

When it comes to environmental standards, there may still be some "win-win" opportunities (but these are likely to be fairly limited for reasons already discussed above). There are at least two major ways in which environmental impacts can be improved. Firstly, any reduction in the use of inputs, both in terms of direct use of fossil fuels and also in terms of their "indirect" use in the manufacture of agrochemicals will have a positive environmental benefit. This is probably the only area where there are real "win-win" opportunities. Secondly reductions in off-farm effluent and pollution will reduce down-stream contamination. Reductions in use will in themselves reduce down-stream effects. However further improvements, by improving buffering and filtration systems cost money and while they may be of long-term benefit to the environment and to the surrounding society, these are not in the immediate self-interest of producers (unless they can use environmental responsibility to improve brand image and consumer loyalty).

When it comes to labour standards, again the immediate short term interest of producers is to keep wages as low as possible and to deny workers rights, providing they are able through repressive measures to control social discontent. In theory, when workers are treated better by employers, they are apt to be better motivated. However, in the banana world, the replacement of hourly wages by payments by results ("piece-work") means that producers do not need to treat their workers well, in order to ensure productivity and quality. If workers fail to meet the required quality and quantity standards, they don't get paid or they get paid even more inadequately. If they consistently fail, they can easily be dismissed and replaced.

While it is not therefore directly in the interests of producers to improve standards, nevertheless most producers would almost certainly be happy to improve them if it were financially possible. There are probably very few producers in the world who actively rejoice in polluting the environment and, even when it comes to social standards, most would almost certainly prefer to have a reasonably happy workforce, rather than a sullen and resentful one. If prices were sufficiently high, they would be able to make changes which would allow them to feel better about their environmental impacts and enjoy less conflictual relations with their workers and still make more money for themselves. They would also in the case of the big 5 producers reduce the risk of attacks being made on their brands by NGOs and the media (3 of the 5 have been subjected to campaigns in recent years). From the point of view of the producers themselves, of the workers and of environmental interests, this could potentially represent another "win-win" opportunity. However there is clearly a loser. Someone has to pay and while retailers could reduce their margins, they may be unwilling to accept this solution. In practice, since raising standards in almost all cases implies raising costs, the consumer would have to pay more.

It is possible to construct an argument which would allow even the raising of retail prices to be seen to be part of a "win-win" situation. In brief, such an argument would point out that the world's environment is clearly part of a complex whole and tropical regions are a particularly sensitive part of this whole. Reducing the negative impacts of banana production in these regions has a knock-on effect on neighbouring environments and other climatic belts and on the oceans which potentially distribute toxins worldwide and ultimately affect us all. Although the centres of pollution are very remote from major importing countries, nevertheless in a globally interlinked system, everyone potentially suffers their consequences, particularly future generations, our children and their off-spring. Paying a little more to finance better environmental protection is an investment in all our futures, both individual and collective. The social argument is perhaps slightly less convincing but is nevertheless real. If consumers are not prepared to pay enough to ensure that workers earn living wages, this encourages social and political repression in banana producing countries, as poverty and discontent often needs to be contained by brutal means. As no country is completely isolated from geo-politics, and indeed as most countries participate in international institutions, encouraging repressive regimes effects the capacity of more open and democratic governments to achieve positive change at the global level and this in turn feeds back into the political dynamics of even the least repressive governments.

While such arguments may be reasonably persuasive (and indeed contribute towards the success of such movements as the Fair Trade and Organic Movements, which are directly financed by consumers who actively choose to pay more for their food), they are in practice undermined by the stark reality of most consumers' everyday choices. Faced with two apparently identical bunches of bananas in a supermarket, one of which is priced at $1.00 and the other at $1.10, the consumers will almost invariably choose the cheaper bunch. What is more, consumer protection organisations have, since their inception (while also lobbying on issues like quality, reliability and safety), developed as their principal preoccupation the alleged consumers' "right" to benefit from low prices. Neither consumers on their own nor consumers' organisations constitute an effective force for ensuring that environmental or social standards are adequate to protect our collective future. Raising standards requires that consumer movements are involved in a multi-stakeholder process but they themselves cannot provide the motor for change. In fact far from pushing for change, some consumer movements may even, as champions of cheap prices, resist it. The value of their involvement in any multi-stakeholder process may lie less in their active contribution than in their exposure to arguments in favour of more long-term visions of consumer interests, embracing not simply cheap prices now, but rather long-term sustainability for future generations.

Consumers need to be continuously reminded of the consequences of their own choices and recent historical experience has demonstrated that they do respond to such reminders. Current rises in the cost of living in relatively wealthy consumer countries however underline the need for pressure to be kept up to stop consumers from fuelling the race to the bottom by always looking for the best bargains.

We have seen that producers' short-term interests lie in minimising costs but that if the so called "level playing field" in which everyone competes on equal terms was raised, they would also gain in more diffuse ways (better worker relations, improvements to producers' environmental images and reductions in the risks to their brands). The difficulty of defining and policing new standards for this new, higher level playing field, however, combined with the lack of short-term incentives to take a pioneering role, makes them unlikely to be the motors for any such change.

We have also seen that though it would be in the long-term interests of consumers to raise standards, they, on their own, particularly in the context of a "financial downturn" cannot be relied upon to drive a process of change. So this invites the question: "Who can be the motors of change?"

There are three groups of stakeholders who have the potential to drive forward an attempt to "reverse the race to the bottom" and these are trade unions, groups of small farmers and NGOs, working on environmental and/or social issues.

Trade unions have the greatest direct interest in raising standards as this corresponds to their very “raison d’etre”. Clearly they need to be able to act in solidarity across nations and regions through international federations, rather than focussing exclusively on the immediate interests of their own individual membership. Nevertheless by acting in concert to raise standards, they could potentially realise their collective aspirations to improve standards across the industry (although some individual union members might suffer if they worked on plantations which were so poorly managed as to be unable to adapt to a new higher “level playing field”).

Small farmers again suffer directly from the lowering of standards in major industrial production as their prices (and hence incomes) get driven down to unacceptable levels by ultra-cheap competitors. They also have a very strong interest in maintaining environmental standards in their own farms and their immediate communities and cannot treat their land and local ecologies as expendable resources, as potentially can multinationals, which always have the option of relocating, once land has been degraded.

NGOs express many of the collective, positive aspirations of consumers and citizens and provide information which the latter know they can’t afford to ignore, even if for financial reasons they might often prefer to do so. When these three constituencies work together, they have the potential to put pressure on more powerful actors to undertake change, even though they themselves are often largely powerless to act. They may not be able to make changes themselves, nor do they have the means to force change (as do the retailers and national governments) but they alone are able to offer the motivating force, arguing in favour of the collective interest, while being largely immune to the diluting effect of individual self-interest.

While the primary motive force will probably have to come from these 3 groups of stakeholders, retailers could provide an additional impetus which can potentially be targeted more precisely (on producers) to lever change. Again, retailers on their own are unlikely to act. They are involved in a highly competitive market in which low prices are a key element in securing customer loyalty.

While it is true that some supermarket chains, like M & S and Waitrose in the UK, deliberately target the “high end” of the market, emphasising high quality and ethical shopping as their strategy for attracting the wealthier (or simply more discerning) consumers, these supermarkets usually capture only a small (though nevertheless significant) part of national retail markets. The real giants, and hence the ones which influence global food markets more strongly, like Tesco or Asda (a subsidiary of Wal-Mart) emphasise strongly the cheapness of their prices.

While the big chains emphasise low prices, they are very keen to avoid the suggestion that low prices imply either poor quality or unfair exploitation of farmers and workers, particularly workers from “developing countries”. They are very sensitive to attacks on their brand names in which NGOs or the media suggest that the products they sell are cheap precisely because the workers who produce them are abused, exploited, paid wages which are too low to allow them to feed themselves and their families or are treated as modern day slaves. They therefore potentially have a very strong interest in ensuring that standards are adequate both socially and environmentally within their supply chains.

They continue to push for the cheapest possible deals so as to out-compete their rivals, but they may prefer to achieve this in the context of a universal set of standards which ensure that they themselves are invulnerable to attacks on the reputations of their brands. Without NGOs and the media, they would probably focus entirely on price and product quality. With the former representing an ever-present threat of attack however, it is in their direct interest to support any reliable system of governance which would allow them to source supplies freely, without endlessly having to check that suppliers are meeting minimum standards. As such, they potentially represent an important though secondary motivating force. While these observations apply for big successful brands like Tesco, Carrefour and Auchan, they do not apply so strongly to the so-called “hard discounters” like Lidl and Aldi. The presence and rapid growth of the latter present a major challenge to the ethical commitments of the big supermarket brands.

Independent importer/ripeners occupy a slightly complicated intermediary position. Many importer/ripeners are divisions or subsidiaries of multinational fruit producers and are unlikely therefore to take independent positions from their parent companies. Others are independent and these frequently have developed close relations with supermarkets, on whom they are often completely dependent to get access to consumers. When supermarkets respond to NGO or media denunciations, their first point of call is the importer/ripeners, who are their direct suppliers. Primary producers are in turn the suppliers to the importers (unless both are part of an vertically integrated multinational company). The importers therefore are immediately implicated in any threat to the brand reputation of the supermarket, who potentially could source from a different importer if problems cannot be resolved (and loss of a single major supermarket contract could mean instant bankruptcy for many small importers). Furthermore the cost of any investigation or auditing of the actual producer is almost invariably paid for, not by the supermarket, but rather by the importer. The importers then also potentially have a strong interest in a system which works and which therefore takes away their direct responsibility for maintaining standards within their own supply chains. On the other hand, independent importers are often defensive about their own sources of supply and if the latter are resistant to external controls may side with them. Nevertheless importer/ripeners also represent a potential tertiary source of motive power for change.

National producer governments occupy ambivalent positions. While it is only the producers who can actually implement change on the plantation level, voluntary undertakings, as discussed above are potentially unreliable. National governments are in the best position to police commitments to reach agreed standards. As already discussed, governments want foreign revenue and tax revenue and also tend to be strongly influenced by commercial interests. They are on the whole unlikely to want to impose standards and policing on banana producers, unless the latter themselves become convinced that higher standards are in their own collective interest.

If a majority of producers commit to higher standards, then they may become important forces in persuading national governments to improve labour and environmental inspectorates. Producers which do commit to raising standards, will not want to be undercut by other producers in the same country (or for that matter elsewhere) who fail to adhere to them. In the final analysis, only governments have the power to impose legally binding systems of governance, either directly or through ratifying an independent agency.

In the light of this, the participation of national governments is also essential to a multi-stakeholder process but initially most governments are likely to act more as observers than as motivators. While it may be possible to persuade producers that raising standards would be preferable, and they in turn could pressurise governments to play a key role in implementing them, it should not be forgotten that business interests tend to be strongly opposed on principle to any kind of regulation. They almost invariably prefer voluntary self-regulation and governments are often only too happy to concur with this approach, as it means that governments themselves don't have to do anything, except for to reap whatever tax and foreign exchange benefits they can get from successful industries exporting from their territories.

The final key stakeholder group is that of the international institutions, most importantly, in the case of bananas, the FAO, UNCTAD and the ILO. These institutions were set up explicitly to work for global collective interests and their cultures and the expertise of their staff reflects this preoccupation. These institutions have a direct interest in facilitating any multi-stakeholder process which might improve global governance of a commodity like bananas. Success would mean both that they would realise their own institutional goals and at the same time enhance their reputations (and therefore possibly improve their capacity to seek increases in their funding from donor governments). However, it is difficult for them to provide the motive force for such an effort unless they are specifically instructed to do so by participating or funding governments.

Where the primary motive force is provided by other stakeholders however, they can play a key role in facilitating the process, providing facilities (including venues and interpretation) and technical expertise and experience. Their involvement is also a very significant source of legitimacy. When it comes to certain specific instruments, such as an International Banana Agreement, for example, involvement of International Institutions is essential to confer legitimacy on the instrument (in this case UNCTAD has the authority to handle and coordinate inter-governmental negotiations which impact on trade).

While involvement of these UN institutions is therefore highly advisable, their participation would become an absolute necessity if a multi-stakeholder forum agreed that certain particular policy instruments should be put in place.

While the above represent the key stakeholders, there are a number of other stakeholder groups which could be included. Although the FAO can offer technical expertise, it may be desirable to invite independent agronomists to participate. Existing standard-setting bodies might be invited, although there is a danger that their primary interest might be to protect their current practices, even though these may be judged by other stakeholders to be ineffective or even counter-productive.

In summary, a multi-stakeholder process potentially capable of constructing an effective system of global governance would need to embrace a number of stakeholder groups. The primary motive power must come from those who advocate change: the trade unions, small farmer groups and interested NGOs. A secondary and tertiary motive power (highly important in persuading the producers themselves to act) can be provided by retailers and importer/ripeners. The actors who need to implement change are the primary producers but they will be divided between an urge to protect their freedom of operation and their desire to act competitively within a controlled context which eliminates the danger of fuelling the race to the bottom (thereby improving the collective profile of the whole industry and in the case of big companies, providing protection to their brand images). National governments can enforce standards but are unlikely to want to do this unless pressed by commercial interests. International institutions can provide the lubricant for the process, facilities, expertise and confer legitimacy on it. Individual institutions may become key actors if certain international policy instruments need to be put in place. Consumer interests might benefit from the educational opportunities afforded by involvement in the process and could potentially, if they were prepared to take the long-term view, add enormously to the impetus for change (as they have already done in the case of Fairtrade consumers).

7. An Emerging Stakeholder Process

A Stakeholder Process is already under way in the banana world, although it is really, at present, only in its infancy. The process has indeed up until now been largely driven by the three groups of stakeholders described in section 5 as providing the motive force for change.

A consortium of actors, comprising Latin American plantation workers unions (COLSIBA) and the International Union of Food Workers (IUF), Windward Islands small farmers (WINFA) and an alliance of European NGOs (Euroban) and the US NGO (US/LEAP) convened two International Banana Conferences (IBC1) and IBC2) “Towards a Sustainable Banana Economy”, 1998 and “Reversing the Race to the Bottom, 2005, both of which were held in Brussels. These conferences brought together all the major stakeholder types, excluding retailers in the case of the first conference and including them in the second.

These conferences established a broad consensus that there were real problems in the Banana Economy and that there was a need for action on both social and environmental issues. The preparatory papers for the second conference noted that far from the situation having improved between the two conferences, there had been further worsening of conditions. The second conference came up with a number of recommendations and observations which were endorsed in the final plenary session. Three of these are particularly pertinent to the current discussion.

Firstly, it was observed that the most tangible hope for the banana world in the immediate short term was represented by Fairtrade. This was something which was particularly strongly felt by the small producers.

Secondly, it was noted that the growth of supermarket power had changed the dynamics of the whole banana supply chain and that supermarkets therefore needed to be seen as important players in the future.

Thirdly, it was agreed that a permanent Multi-Stakeholder Forum (MSF) should be established to carry on the work which had begun at the two conferences. It was also suggested that this MSF should be established within three years of the second IBC.

An Inter-Agency Workshop was held accordingly on 30th October 2007 at UNCTAD in Geneva, which discussed further substantive policy areas which had previously been examined at IBC2 (of which more later) and also practical ways of taking the initiative forward.

Since then there have been a number of small meetings which have focussed primarily on what form the forum should take, who should be invited to participate, and how its governance should be organised.

Initially these meetings involved members of the original consortium which had convened the IBCs, along with representatives of two or three international institutions. These groups comprised those major stakeholders which were essentially focussed on the fundamental values involved (those relating to sustainability) but which had no real self-interest, which might distort the initial process. However, all acknowledged that industry representatives and governments, both of which are driven at least in part by self-interest, will be key players in the forum, and that they needed to be involved very early in the proceedings and enabled to feel ownership of the process. At the same time, while it was essential that potentially self-interested parties should be encouraged to feel such a sense of ownership, at the same time, it was even more essential that the concerns of those who suffered the consequences of low standards in the banana industry, the plantation workers and small farmers, should be expressed so as to ensure that the forum continued to keep at the heart of its deliberations issues relating to the collective good.

At the most recent meeting, an industry representative was invited to contribute ideas for how to present the forum to the business community and to governments. The next step, at the time of writing, will be to hold an “Industry Workshop” for some 15 corporate participants (in October 2008), as part of the process which will lead to the creation of a formal Preparatory Committee in early 2009. This “Industry Workshop” and much of these early stages of preparation for formally launching the forum are being partially financed by the Charles Léopold Mayer Foundation (FPH).

In terms of the overall dynamics of the process so far, a number of things seem to be fairly clear. First, the original consortium of trade unionists, small farmers and NGOs are highly committed to the forum and its further development and want it to be effective as a means of raising overall standards in the industry. Secondly, the representatives of the 3 UN Institutions involved so far are also personally committed and would also like to see the forum as part of a process which will ultimately lead to a better system of world governance. However they are also constrained by complex procedural arrangements, relating to their institutions' constitutions and they need to follow precise protocols before they can officially "buy in" to the MSF.

While these two sets of players want the process to work, it is clear to them that the key to success lies in the attitudes of industry participants. Some potential industry participants are keen to carry the process forward, while others are not particularly keen but, if it is going to happen, they do not want to be left out! Even amongst those who are keen there is ambivalence.

On the one hand, they do not want to be involved in a mere "talking shop". They want results and the continued commitment of industry participants, some of them predict, will depend not on the frequency of forums, but rather on the feeling that something tangible is being achieved.

On the other hand, they do not want to be constrained or made subject to regulation. A feeling has even been expressed that certain issues need to be resolved in the initial stages of the forum before governments are included as active participants rather than as observers.

Some caution in this respect is likely to be characteristic of many industry participants who are involved as growers and producers. Retailers, on the other hand are less likely to show this kind of reticence as their best interests would lie in having effective systems of regulation, which would free them from their current needs to monitor their own supply chains. In other words, if supermarkets could buy fruit anywhere in the world, knowing that it had been produced in a sustainable way, with minimum negative impacts on the environment and without labour abuses of any kind, they would become more or less immune to attacks on their brands. The presence of large retailers in the Industry Workshop and the subsequent Forum has the potential to encourage producers and growers to ultimately accept an effective regulatory framework. However in the short term, any hint of future regulation is likely to scare them away.

Similarly, any process of governance of the forum itself needs initially to be left very open, so that industry participants do not feel that they are being cornered by other actors.

In the light of the above, the current plan for the Industry Workshop will probably need to entail three elements:

1. There needs to be some kind of statement by Industry Participants that they believe that there is a need to improve standards across the industry and that the forum should be a means to achieve this.

2. The workshop should identify issues which are of interest to all producers and proposals should be made for issues to be explored at the forum with a view to setting up ways of achieving tangible changes. This will need to be framed in an exploratory and open way, with no suggestion of external constraints. In other words, these explorations should be undertaken in a voluntary and cooperative way. Issues might include: how to deal with the genetic uniformity (and hence vulnerability) of banana production; how to respond to climate change; how to develop more sustainable systems for managing natural resources (notably water and energy). The focus on exploring opportunities and sharing best practice in technical areas has the advantage that industry participants can see opportunities, without any obvious threats. Slightly more contentious, but nevertheless feasible might be explorations for how the totally un-contentious and universally accepted ILO Core Conventions can be finally implemented reliably (as failures represent a long-standing wound in the side of the industry, while the content and intentions of the Conventions is not really challenged by any actors).
3. Finally there needs to be some discussion about future governance of the forum itself (clearly this is not the same as governance of the global banana trade). Again the emphasis initially needs to be on a very light, voluntary and participatory structure, which facilitates the holding of future forums and possibly their financing, without as yet implying constraints on the participants.

Engaging the enthusiasm and commitment of industry participants will be the absolute key to the success of this initiative.

8. Can a Forum lead to an effective system of Global Governance?

Clearly, an MSF could in principle lead to a more effective system of global governance but whether it will or not will depend entirely on how the forum develops and this in turn will depend on the attitudes and actions of the various participants. We have already noted that voluntary systems of self-regulation have, while achieving some individual successes, largely failed to provide a counterbalance to the destructive side of globalisation. In an open world market, disregarding social and environmental standards gives competitive advantage and so far all the individual private governance initiatives have failed to stop the race to the bottom across the whole industry (although Fairtrade and possibly the Organic Movement may have achieved this for a very small proportion of the global industry).

Open and voluntary discussions at the Multi-Stakeholder Forum are unlikely to generate the necessary countervailing forces, unless participants are at some time in future, prepared to move from voluntary cooperation to regulation, whether that regulation is overseen by a universally recognised private standard setting and accrediting agency or by governments and/or international institutions.

It is possible to visualise how open discussions could lead to a desire to embrace universal regulations. However, it has taken over 10 years for the CSO Consortium to get this far and it will no doubt take at least another 5 years for the forum to move from being a kind of “talking shop” to being the source of effective global governance.

If discussions on technical matters led to a shared understanding between the multi-nationals that specific management changes could lead to a dramatically enhanced environmental impact profile for the industry, for example, and if they wanted to implement such changes but found that this would require expenditure which would put them at a competitive disadvantage, then in these circumstances, they may (reluctant though they are to be regulated themselves) see regulation as the only way of stopping independent producers from undercutting their prices by failing to introduce the necessary changes. If technical changes identified would actually lower short-term costs or even long-term costs over a limited number of years (hence justifying initial capital outlay), then there would be no need for regulation. In such a case, it would be in the immediate self-interest of the producer to institute such changes, providing they had the capital (or could access loans) to cover the initial outlay. If however the technical changes identified would actually cost them money overall, while at the same time having important positive implications for the environment and for impacts on local communities, then in this case they might favour regulation, so that they themselves would not be financially penalised for introducing socially responsible innovations. For such a situation to arise, it would probably be necessary for only three of the biggest companies (Dole, Del Monte and Chiquita) to themselves arrive at this conclusion. Fyffes would probably embrace any such changes and, if Noboa failed to fall into line (which it might want to do anyway) it would be left in a very difficult position.

On the social front, again there may be scope for agreement on finding a really effective way of implementing the ILO Core Conventions. In this case pressure from the retailers would probably provide the most effective leverage.

While it is possible to envisage long term success, it is unfortunately not possible to say how this should be done. The development of the forum will be shaped by the participants themselves and any attempt to dictate its manner of operation or indeed the governance structure for the forum itself would be counterproductive. The participants need to feel ownership of the process. They need to feel that it is their own forum and not something which is being imposed on them by CSOs or International Institutions and while these former groups may encourage the developments which they consider to be appropriate, they cannot force anything on other participants. Only the participants themselves can decide whether or not it is in their long-term interests to use the forum to simply discuss shared problems and explore solutions cooperatively or to use it to gradually develop an effective system of global governance, to which they would themselves willingly subscribe. Any such system could be achieved only if a consensus emerged between the key actors, the major multinationals themselves, or at least if a consensus emerged between a sufficiently large majority of them to persuade more reticent actors to fall into line.

9. What Instruments Might be Available in the Long Term?

Three major instruments have been discussed in the course of the lead-up to the Multi-Stakeholder Forum. They cannot be described in detail here but, as with some of the other material discussed in this paper, interested readers can find authoritative descriptions of the instruments in the preparatory papers for IBC2 on its website.

Very briefly indeed:

i. **Differentiated or DifferentiatingTariffs.** This is an instrument which has the potential to get to the heart of the problems created by liberalisation and globalisation. Under this instrument an importing country would be allowed to impose different tariffs on importers according to the sustainability of their production systems. This is disallowed under WTO rules, although some of its articles allow exemptions and there have been exceptions in the past, which could be taken to constitute precedents. The rationale of this instrument is that a producer which polluted the environment and underpaid its workers and which was as a consequence able to produce bananas very cheaply would have a high import tariff imposed on it. This tariff would mean that when it competed on an importing market (such as the EU Single Market), the financial advantage it had gained from adopting low standards would effectively be wiped out and it would then be competing on a level playing field with another importer which adopted higher and more expensive standards of production. Clearly there could be a range of tariff levels adapted to a range of potential social and environmental standards. A system like this could only be applied by an importing country and in practice the EU is the only big enough bloc with the appropriate attitude which might want to introduce such a system. Such a proposal would be opposed by many countries, who would interpret it as being protectionist or would see it as a way for a foreign country to impose standards on other countries. China would be likely to be a bitter opponent initially, as it has relied heavily on cheap labour and questionable labour rights to keep costs down and to achieve rapid growth. (However, as internal pressure for better wages and conditions develops in China, it may see such a mechanism as potentially advantageous, as it begins to lose competitiveness relative to other potentially cheaper producers). If such an approach could gain acceptance at the WTO it would be the most direct way of counteracting the tendency for global competition to lead to a race to the bottom.

ii. **An International Banana Agreement.** The argument in favour of an International Banana Agreement rests on the observation that world prices have been depressed for decades due to global overproduction and oversupply on the world market. As the demand for bananas is broadly price inelastic, oversupply disproportionately depresses prices and this forces producers to reduce costs to the point where decent standards tend to be disregarded. An agreement of this nature could take many different forms (and again interested readers will have to refer to the IBC2 paper relating to this topic) but essentially involves producer countries limiting their production so that supply and demand come back into a reasonable balance. The result will be that prices increase to levels which allow producers to pay decent wages and adopt more environmentally sustainable practices. Such an agreement, following models for other existing or previous commodity agreements, can be WTO compatible. The main weaknesses of such approach would be: difficulties in reaching agreements between participating producer countries as to the quotas they are allowed to sell on the world market; dealing with so-called "free-riders" (if prices rise, then countries like India which do not export much at present may decide that it would now be worth exporting); and ensuring that increases in prices benefited not only producers but also workers and the environment (higher prices would make banana production more profitable but would not ensure that producers took advantage of them to improve either environmental or social performance, unless the system was complemented with some kind of agreed standards). Any such agreement would require ratification by participating governments and would need to be overseen by UNCTAD. At present, there does seem to be a certain amount of enthusiasm for pursuing this route.

iii. **The Development of Universal Standards.** In principle universally accepted and properly policed standards appear attractive. There may be difficulties in agreeing such environmental standards however, as local ecologies differ and the same standards may not be appropriate everywhere. When it comes to labour standards, private organisations like SA8000 have attempted to develop a universal standard but, as we have discussed, there are difficulties in verification. Furthermore the SA8000 standard is really not much more than the ILO Core Conventions and these are pre-existing, already accepted universal standards, to which most banana producing countries have already agreed to comply. The development of the SA8000 standard arguably was a reaction to the failure of the international system to police them effectively, for the many reasons we have already discussed. It may be that the MSF may end up concluding that it is time for the already existing international system to be finally made to work and that it would be in all producers' interests to ensure that this was the case, by strengthening labour inspectorates (or developing them where they hardly exist) and ensuring that the ILO has some sort of teeth, which could stop back-sliding. A simple mechanism to ensure this might be to agree a levy on all banana exports from all countries at a flat rate of, for example, $1.00 per box. This would have very little impact on consumer prices (providing importers and retailers do not then add their percentage mark-ups to this additional dollar). The ILO could undertake the responsibility to check that all the revenue raised in this manner was used to increase the budgets of national labour inspectorates (that is to say, it would be additional to previous average budgets) and that it was used specifically for labour inspection in the banana sector and not siphoned off by corrupt officials. Such a flat rate would not distort the world market but would merely ensure that more adequate funds were available for enforcing standards which have already been agreed for decades. If such an approach yielded tangible results, it might be extended gradually to environmental standards, subject to appropriate international negotiation and agreement. If it were possible to persuade the WTO to allow tariffs to be imposed on imports which failed to participate in such a programme, this could also provide a very weak form of differentiated tariffs, which would lay the foundations for a more thorough long-term rethink of WTO rules, so that the aspirations for achieving sustainability contained in the preamble to the Marrakesh Agreement became realisable, instead of being undermined by the current articles and disputes procedures.

It remains to be seen whether any of these possible instruments will be pursued by the MSF. If either of the first two is followed up, this is likely to be not in the main forum, but rather in an expert committee appointed by and reporting back to the forum. The third kind of instrument may arise naturally out of discussions in the main forum in the manner outlined earlier or it could also be referred to an expert committee.

Whichever (if any) of these instruments are pursued, negotiation of universal standards would appear to be an essential component of the work necessary (as the basis for a differentiated system of tariffs; as an adjunct to an IBA, to ensure that benefits reach the weakest members of the supply chain; or as a stand alone system of global governance).

10. What are the general lessons to be learned from an examination of the Banana Sector?

While every sector is unique, nevertheless there are similar forces at work in many supply chains, both in agriculture and in other product areas. In spite of the uniqueness of the case of bananas therefore, the industry can be seen as an exemplar, and general conclusions can be drawn for global production systems involving commodities and also to some extent manufactured goods. Where bananas do differ from some other commodities is in the absence of a futures market which has become the target for speculation. Current distortions of commodity markets, which bear no relationship to conditions of supply and demand have not spread to fresh fruit. This removes from our discussion an additional level of complication.

As we have seen liberalisation of the global market under the influence of the WTO and the prevailing dominant ideology has tended to encourage a global lowering of social and environmental standards.

The WTO has real sanctions available to it (in the form of allowing participants to undertake retaliatory action), whereas the UN institutions do not. Although there are a range of global governance institutions, the regulations they have devised depend on voluntary agreement by national governments and UN institutions do not have effective sanctions which they can impose to counterbalance the effects of the WTO’s power to enforce rules. The official international governance structure is ineffective in halting the 'race to the bottom'.

A range of voluntary initiatives have been set up by interested parties, from NGOs to corporate actors, to try to limit the damaging effects of this decline of standards. However, these initiatives, even though they may have been effective in niche markets, such as the Fairtrade market, have not been effective in providing a counterbalancing force for the global trade in bananas.

There is therefore a need for a system of global governance which can set new 'rules for the game', within which entrepreneurs and business interests can continue to compete on equal terms, but without this leading to a decline in labour and environmental conditions.

A system of global governance needs to be universal as, if it fails to cover the whole trade, those who evade accepted standards will gain unfair competitive advantage and grow at the expense of enterprises which conform to them. However such a system cannot be imposed on the key actors, those who own and manage the large industrial banana enterprises. On their own these actors will not make changes. They need to be pushed but they themselves have to help to devise ways forward which are acceptable to them and practically workable.

There is therefore a need for a multi-stakeholder forum which can bring all actors together to acknowledge shared problems and find practical solutions to them. Those who are at the bottom of the social and economic hierarchy (workers, small farmers and representatives of Civil Society Organisations, expressing the collective interests of citizens) are the only actors who can really provide the motive force to make such a forum work. However International Institutions have been established precisely in order to protect collective interests and they can provide support and legitimacy to a well-conceived process which has the potential to help them to achieve their own institutional goals.

Retailers and importers can provide support to the core motivating group described in the previous paragraph. Their brand names are at risk from adverse publicity and it is in their interests to find universal and reliable solutions which will reduce the need for them to police their own supply chains independently.

The key actors are however the companies which produce the product. They cannot be bullied into commitments and are highly resistant to external regulation, even though such regulation is the only really effective way of ensuring that standards are met. A stakeholder process needs to start with investigating opportunities for positive change with business interests taking a lead role. Other actors will need to encourage them to see that in the long run, a shared international set of standards, legitimised by international institutions and properly regulated and enforced by national governments is in their own long-term interest, as it represents no block to competitive practices but keeps in check unscrupulous operators. If Companies do eventually come to see this as desirable (and there is no guarantee they will do this), then there is a real possibility of establishing an effective system capable of counterbalancing the effects of liberalisation and globalisation. Companies will need to be the actors who persuade national governments to sign up to, apply and enforce such standards, reversing the role which they have typically played for years, in which they have consistently lobbied governments in an effort to avoid regulation, in the believe that it would limit their entrepreneurial freedoms. A boxer might similarly argue against the modern requirement to wear gloves in boxing matches, but when such legislation was introduced it did not kill boxing. It simply meant that boxers killed each other less frequently!

11. Proposals for multi-stakeholder processes in the governance of supply chains

In the light of all of the above discussions, it may be possible to tentatively identify some broad principles which might be helpful to social actors who are trying to transform a supply chain so that it becomes more environmentally sustainable and more socially just.

11.1. It is almost certainly necessary for Civil Society Organisations to take the lead role. When it comes to supply chains which involve export from “developing” to “developed” countries, CSOs which are based in developed countries tend to have the easiest access to influential centres of power, whether these be the increasingly powerful retail chains, corporate headquarters of major traders or international institutions (although all this may change in future if financial and political power moves to “emerging nations”, like China, India and Brazil). They also have access to important consumer markets, whose behaviour they can influence by campaigning and media work (and thus gain leverage over corporate players if necessary). However CSOs based in the exporting “developing countries”, whether (in the case of the agricultural sector) these are small farmers associations or agricultural trade unions, possess both the grass-roots knowledge of social and environmental conditions in producer areas and also the strongest motivation to improve them, where such conditions are unacceptable. It is these CSOs which need ideally to take the strongest leadership role in alliances which embrace both exporting and importing country CSOs. **Very close alliances between CSOs operating at both ends of the supply chain (and if possible at every intermediate stage) potentially provide a potent force for change.** Whereas business interests and governments (through trade disputes or trade rivalries) are frequently divided and in competition or conflict with each other, CSOs can usually establish a shared appreciation of what needs to be done to realise collective interests. Furthermore, technological developments in the last couple of decades have made daily communication easy and affordable and has allowed CSOs to achieve levels of global coordination which used to be available only to developed country military intelligence agencies (and a little later global businesses).

Those members of CSO alliances who operate in developed countries as advocates for change need to remain firmly grounded in an appreciation of what is happening to those who live at the bottom of the social and economic piles. They need to develop strong and personal relations with small producers (small farmers in the case of the agricultural sector) and with trade unions where these are able to operate. They need to meet directly with the weakest members of supply chains and to hear their stories and preoccupations.

Where possible they should arrange meetings between the most powerful and the weakest members of the chain, so that the former can gain a better understanding of the realities of the lives of the people over whom their companies or governments hold such sway than is normally available to them. CSOs working at the international level need to ensure that representatives of small producers and workers' organisations are included in multi-stakeholder meetings and that they are always enabled to have a voice.

11.2. International (UN) Institutions are potentially natural allies. They may share an interest in achieving collective goals but their freedom of movement is severely limited by their own institutional structures and rules. As International Institutions are dependent on governments for finance, their capacity to act can be blocked by individual governments who fear that change might threaten their self-interest. Those who work for International Institutions may start with high aspirations but they are also involved in well-paid career paths. Experience may make them disillusioned about the possibilities of achieving real change and they can end up becoming "time servers", more concerned with moving up the career hierarchy than getting results. It is therefore helpful to look for individual allies within them who have managed to retain a sense of enthusiasm and personal engagement with the work, in spite of the frustrations of working within a large bureaucracy.

11.3. CSOs have very little, if any, direct power over supply chains (although they can have considerable indirect power through influencing public and consumer opinion). Their only way of achieving change is therefore to influence and mobilise those actors involved in the supply chain who do have real power, notably industry players (e.g. producers, importers and retailers) and governments (of importing and exporting countries). CSOs have to persuade these more powerful players to get involved in some kind of multi-stakeholder process.

11.4. Business and governments will tend to follow or revert to self-interest if there are no external pressures acting on them. CSOs may need to mount campaigns against them in order to encourage them to come to the table in the first place or to prevent serious back-sliding at a later stage. These need to be based on solid evidence and to be well-justified. Allies within business or government may be unable to achieve change because of pressures within their institutions to, for example, maintain or increase profit levels and satisfy shareholders (in the case of businesses) or to protect the financial or political interests of ruling elites (in the case of governments). Allies within these institutions may in some cases actually be grateful for public campaigns as these can strengthen their own capacities to shift attitudes within their own business or government.

11.5. If CSOs are to gain the interest of other stakeholders they need to establish a high level of credibility. They need to obtain accurate and detailed information about the whole supply chain. This needs to be obtained from a variety of sources (e.g. statistics which are in the public domain, such as FAO statistics; field studies done by academics or NGOs; informal, especially industry, sources). Although information which is in the public domain is essential for analysing long term trends, most such information is already out of date by the time it is published and is presented mostly as aggregated data, which makes it appear relatively crude for those who are intimately involved in the everyday management of supply chains. Such data needs therefore to be supplemented by up to date in-country research by NGOs (which need not be methodologically sophisticated but which needs nevertheless to accurately reflect realities on the ground) and by information gathered from informal sources. Such information provides a more intimate knowledge of who is doing what in the supply chain and may include sensitive commercial information which is unavailable through public channels. It is surprising how much people involved in industry and government like to chat "off the record" about what is happening in their professional worlds. However CSOs need to be careful how they use information gained from personal contacts. If information is used unwisely, it could jeopardise the careers of personal contacts. Mistakes can easily lead to sources of information drying up. If used wisely however, industry and government actors can end up looking to the CSO for a degree of leadership if they end up feeling that the CSOs have a more complete knowledge and a clearer understanding of what is going on (sometimes even in their own companies or governments!) than they do themselves. **CSOs need to do more than gather and order information; they also need to be able to generate concrete proposals for change which take into account the various interests involved in the supply chain.**

11.6. Businesses and governments are complex structures and usually involve a range of individuals who have different professional responsibilities and sometimes also widely differing attitudes. **Within almost every institution there are individuals who fully appreciate the seriousness of our current collective plight and who would like to contribute to positive change.** These individuals may themselves feel blocked and caught up in structural arrangements which stop them from acting in the ways they would like. It is easy to feel compassion for the poor, the dispossessed, the exploited and the abused. It is however less obviously easy to feel compassion for the well-paid and powerful, who at first sight appear to be, if not responsible for, at least complicit in the ills of the world. Nevertheless **CSO actors need to find compassion for all the actors in the chain, to listen to them, to understand their difficulties and to help them to find ways out of their dilemmas.** They need to understand profoundly how the logics of social and economic structures bind and constrain all the individuals who are caught up in them.

11.7. In a world where economic life plays such an important role, **consumers potentially have great power.** While in many countries individuals appear to have lost much of their power to influence events politically as citizens, increasing openness and flexibility of markets has often increased their power as consumers (and, in fact, as investors). Consumers need to be educated to understand the implications of their economic choices and encouraged to consume in ways which protect rather than destroy "Our Common Future". Consumer Associations have traditionally tended to represent consumers' short-term interests (lobbying, for example, for quality assurance and in particular for low prices). Such old-style **Consumer Associations need to be influenced**

so that they fully understand that while low prices are beneficial for consumers in the short term, the consequences of pushing prices down to minimal levels may in the long-term prove to be extremely dangerous for the very consumers whose interests they seek to represent. The Fair Trade and Organic Movements clearly already make considerable efforts to educate consumers and to influence their patterns of consumption.

11.8. Trade Unions in importing countries have an important role to play in CSO alliances, encouraging solidarity between fellow workers from different parts of the world, helping to spread consumer awareness (particularly within the union movement) and potentially facilitating the alliance's access to governmental and inter-governmental institutions.

11.9. Investors also potentially have considerable power, particularly collectively through mutual funds, pensions and insurance policies. Financial services which invest other people's money on their behalf have tended to favour high yielding, short-term investments which put pressures on businesses to emphasise immediate profit rather than long-term returns. **Investors need to be influenced to take a long-term view** (fully embracing notions of sustainability and social justice), **particularly when it comes to pension funds,** which will clearly only have any ultimate value if the social and economic system proves to be sustainable. The current widespread public disenchantment with short-term, high yield approaches to investment, could provide greater opportunities for "ethical investment".

11.10. When CSOs are successful in persuading other stakeholders to participate in a multi-stakeholder process, they need to ensure that this process has a strong and clear sense of purpose while also remaining highly flexible. At the outset there is a need to include all the most powerful stakeholders but also a fair representation of those stakeholders who normally have the least power and influence. All need to be accorded equal rights and opportunities to express their points of view. A forum such as that being established for bananas needs to provide a very fluid creative space in which social, environmental, technical and economic issues can be explored without constraints. While openness, a frank exchange of views and mutual respect are essential elements, **a forum needs to make tangible progress as quickly as possible.** Representatives of powerful groups are unlikely to be allowed to spend time and money on participating in such a multi-stakeholder initiative if their senior management cannot see results flowing from their participation. While retaining its openness, a forum therefore needs to focus on a few short-term issues which can achieve tangible results as well as retaining a focus on more difficult long-term issues. CSOs need to ensure that any positive achievements are well publicised and that the contribution of all stakeholders to these achievements are acknowledged, in order to reinforce stakeholders' sense of commitment.

11.11. A multi-stakeholder process needs to be organised in such a way as to ensure that all stakeholders feel a sense of ownership of the process. Inevitably this will mean that the CSOs, who may have initiated the process, relinquish their direct control over it. As the CSOs direct control is replaced by collective ownership, CSOs may need to become more active “in the wings”, smoothing over difficulties and ensuring that the original intention of developing more environmentally sustainable and more socially just production systems is not lost. Non-CSO stakeholder representatives may themselves have positive aspirations and act as spokespersons for the genuine positive aspirations of the organisations they represent, while nevertheless facing serious opposition from elements within their company or government which have very different views. A Company Representative working as part of an ethical or CSR division, for example, may be enthusiastic for environmental and social change, while his or her colleague in purchasing might regard ethical considerations as adding unwelcome complications to a financial world which is already difficult enough. Similarly a Government Representative might see cooperation with other countries as being an essential element in finding ways of raising standards internationally across the whole of an industry while a colleague might see low standards as the key to national survival in a competitive struggle. Where representatives face such opposition within the organisations they represent, CSOs may be able to mobilise external support through a variety of channels to strengthen the position of reformers within their own institutions.