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# JUST BANANAS? FAIR TRADE BANANA PRODUCTION IN THE DOMINICAN REPUBLIC

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## INTRODUCTION

The intensification of corporate-driven globalization and liberalization of trade in the agro-food system is creating an environment in which viable alternatives for marginalized producers in the South are becoming ever more important. In an effort to counter a “race to the bottom” in which corporations with the lowest social and environmental costs appear to fare best, Fair Trade is being adopted for a number of commodities such as coffee, tea, cacao, and bananas. Proposed as an alternative system of trade, Fair Trade initiatives seek to create positive social change by altering what happens at each end of the commodity chain while shortening the social distance between producers and consumers. For small-scale banana producers, the Fair Trade market represents a critical export outlet for their product, and perhaps the last hope for their future as independent banana producers.

Increasingly promoted as a strategy for rural development in the South, Fair Trade initiatives attempt to alter the ecologically and socially exploitative relations that characterize the conventional agro-food system. To do so, Fair Trade organizations have created a system of certification and labelling that provides consumers with a guarantee that products are grown by disadvantaged producers under healthy social and environmental conditions. In return, consumers are willing to pay a premium for this guarantee with an expectation that it will be returned to producers. Growing interest in alternative trade over the past few years is noted not only by its success in the market, with global sales estimated at \$400 million each year (Fair Trade Federation 2000), but also by the increasing support it is receiving from a wide range of actors including the FAO, European Parliament, various NGOs, and even corporations (FAO 1999; EFTA 2001a; TransFair USA 2000).

Nonetheless, a question which is frequently asked is; ‘do these efforts represent real alternatives capable of fostering positive change in international trade relations?’ Following Murray and Reynolds (2000), I also argue that a fundamental question to ask of Fair Trade is; ‘does it bring about progressive and transformative change in the global agro-food system, and if so, how?’ In other words, does Fair Trade represent something more than a label that permits wealthy, socially- and environmentally-conscious customers in the North to continue to consume commodities they have grown to enjoy and expect? Thus far, much of the analysis about alternative trade addresses the ways in which the Fair Trade movement is understood by activists and consumers, primarily in the North (Brown 1993; Whatmore and Thorne 1997; Renard 1999a; Murray and Reynolds 2000). It is also important to consider the impact Fair Trade initiatives have in the South, yet much of the available documentation is limited to anecdotal accounts published by alternative trading organizations (for exceptions, see Renard 1999b; Fisher 1997; Tallontire 2000).

In this paper, I draw on fieldwork conducted in the Dominican Republic with banana farmers currently exporting Fair Trade bananas, to examine the implications of their participation in a Fair Trade initiative. After discussing the Fair Trade movement and its relationship to other forms of opposition to the current agro-food system, attention is directed to a case study analysis of one Fair Trade producer group to discuss the potential and the limits of Fair Trade banana production as experienced at the local level. The analysis of this case supports observations that Fair Trade is “not a panacea for all the injustices in global exchange” (Nash 2000:179), but that it nonetheless represents a “promising, though not unproblematic avenue for molding a more environmentally sound and socially just world agro-food system” (Murray and Reynolds 2000:66).

## RESEARCH DESIGN

Sociologist Peter Evans has argued that a primary question to be asked of initiatives such as Fair Trade is “how they might affect the lives of the world’s most marginalized citizens?” (Evans 2000:231). For this reason, this research focuses on the implementation of Fair Trade at the level of production. Focusing on this level of analysis will not, of course, capture the complete story of Fair Trade. However, if we wish to understand the potentials of this promising movement, it may be the best level from which to start.

The case study presented here is part of a larger study of alternative banana production initiatives in the Azua Valley of the Dominican Republic. This site was chosen because of the Dominican Republic’s importance as a leading exporter of both Fair Trade and organic bananas. The province of Azua, is home to approximately 800 small-scale banana producers and

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roughly two-thirds of them belong to a certified, Fair Trade Producers Organization. I conducted the field research in two stages, between October 1999 and August 2000, using multiple methods to gain a rich understanding of how producers interact with each other, their associations, exporters, and the Fair Trade initiative. In particular, I relied on unstructured, in-depth interviews with key informants, semi-structured interviews with a random sample of producers (n=115), participant and non-participant observations, and document analysis.

In this paper, I focus on the experiences of producers from Finca 6, one of three groups included in the larger study. Data comes from observations in the community and packing stations, interviews with key informants (including representatives from Fair Trade organizations, the exporting company, and producers), and the semi-structured interviews (n=39) conducted in Finca 6.

### **THE FAIR TRADE MOVEMENT AND OPPOSITION TO THE AGRO-FOOD SYSTEM**

Trends towards increasing trade liberalization and the dominance of powerful transnational corporate actors that characterize the global economy are reproduced in the contemporary global agro-food system. Over the past several years, this system has been increasingly subject to private regulation as transnational corporations (TNCs) have become the key agents involved in the organization of production, distribution, and consumption of agriculture and food on a global scale (Friedmann 1993:52; McMichael 2000). Yet, as global demand and the internationalization of the agro-food industry continue to drive the production and distribution of food, we are witnessing a deepening polarization at the level of consumption in the North and South alike (Watts and Goodman 1997:2-3).

The neoliberal economic policies that structure the agro-food system encourage free trade and favor the large-scale, high-input agriculture widely practiced by TNCs. Moreover, this industrial model of agriculture is kept profitable through the use of labor and environmental practices that are both exploitative and destructive. Thus, as the process of globalization in the agro-food system intensifies, agricultural producers all over the world are finding it ever more challenging to compete and survive doing what many have been doing for a long time past.

In response to these tendencies, the global agro-food system is increasingly identified as a critical target of contestation and opposition. Discontent with its present configuration is manifested in an impressive and diverse range of new initiatives, one of which is Fair Trade. This proliferation of alternatives to the industrial agriculture paradigm is being conceptualised, promoted and implemented at varying scales by a range of public, private and civil society actors (Magdoff, Foster and Buttel 2000). Implicit in these attempts to develop alternatives that are “more just” or “greener” is agreement that present conventional practices are *unsatisfactory* to at least some segments of the population. Though the alternatives vary in their scope and approach, the activity in this sector shows a growing public awareness of the contradictions perpetuated by the contemporary agro-food system.

These alternatives and the social movements supporting them are providing citizens with new and different choices regarding how food is grown, distributed, and traded. For instance, the organic agriculture sector offers an alternative form of production to the industrial model characteristic of the dominant agro-food system. It is one of the most dynamic sectors in the agro-food system, growing at a rate of twenty percent per year over the past decade (Klonsky 2000). The growth in community supported agriculture (Imhoff 1996; Cone and Myhre 2000) and farmers markets (Hinrichs, Gillespie and Feenstra 2001) are two examples of alternative approaches which favor local distribution of food, in preference to the thousands of miles that most conventional meals travel. In contrast to these local food systems approaches, there is also a range of alternative or fair trading efforts emerging to challenge further intensification of the present agro-food system (Renard 1999b; Murray and Reynolds 2000; Barrientos 2000).<sup>1</sup> Alternative trade approaches reject dominant trading patterns in favor of a model that is concerned with principles of equity and social justice. These initiatives are market-based options that take advantage of both the international market structure through which they operate, as well as the space alongside it in which a parallel network of trading partners committed to providing a more equitable form of global exchange, is being formed. Considered together, these alternatives reveal the growing dissatisfaction being expressed by a wide range of actors.

Numerous recent publications have reflected the attention that is being given to these emergent alternatives by social scientists who are engaged in debates about why, how, and where these alternatives are developing. Most importantly perhaps, researchers are considering what these alternatives mean and how they should be studied (see for instance, Goodman and Goodman 2001; Magdoff et al. 2000; Marsden 2000; McMichael 2000). This paper seeks to contribute to this discussion by focusing attention on the particular implications of Fair Trade.

Fair Trade labelling initiatives are promoted and coordinated by Fair Trade organizations and activists who together comprise an international Fair Trade movement. They are overseen by the Fairtrade Labelling Organizations International (FLO), an umbrella organization for national Fair Trade organizations from seventeen countries in Europe, North America, and Japan. FLO also coordinates the selection, monitoring and certification of the Southern producer groups whose products come to bear the Fair Trade label.

As an oppositional social movement (Raynolds 2000), the Fair Trade movement seeks to expose what William Tabb calls the greatest myth of all, that “the market has as its principal purpose the service of human needs rather than the aggrandizement of capitalists and their corporations” (Tabb 1999:2). Thus, Fair Trade initiatives attempt to reveal to consumers the journey their food takes before it arrives in the supermarket, by demystifying the relations of capitalist production of agriculture and food and shortening the chain along which these products travel. To do this, Fair Trade organizations rely on a strategy of working “in and against” the market (Brown 1993), thereby posing a fundamental contradiction as Fair Trade comes to be seen as an attempt to reform the same market in which it operates. This strategy has both advantages and disadvantages, as this and other studies demonstrate, yet it is clear that working within the same system that the movement seeks to change is a complicated task which poses challenges to both ends of the commodity chain (Murray and Raynolds 2000; Renard 1999a).

However, it is also perhaps the adoption of this very strategy that has enabled Fair Trade to achieve apparent success thus far. Until now, analysts have expressed cautious optimism about the potential of alternative trading initiatives. For instance, Nash (2000) notes that such initiatives can play an important role in sustaining producer groups in the South and may have the potential to overcome the fetishism of commodities. But Nash (2000) also cautions that Fair Trade will not alone solve all the inequities produced by conventional patterns of international trade. Moreover, these strategies are unlikely to radically transform the system, yet they can nonetheless be understood as oppositional since, as Evans suggests, “they constitute challenges to ‘business as usual’ both globally and locally” (Evans 2000:231).

## BACKGROUND

Consistent with its history as a colonial commodity produced for the North by the South, the contemporary export banana industry continues to extract profit for transnational corporations while returning little to the communities producing the fruit (Raynolds and Murray 1998). The sector epitomizes all that is being denounced by oppositional movements as unfair, unsustainable and pursued for the sake of corporate profit at the expense of people and the environment. Moreover, the entire banana industry is in a state of crisis resulting from overproduction (Banana Link 2000).

As the crisis intensifies, small-scale producers and plantation workers are the most seriously affected. During the mid-1990s, roughly 15,000 small farmers were forced out of the banana sector in the Windward Islands and in the latter half of 2000, approximately 10,000 plantation workers were laid off in Costa Rica alone (Banana Link 2000). While the large scale plantations, on which bananas destined for export markets are typically grown, have never been ecologically sustainable, agrochemical abuse has intensified, especially in the past fifty years. Intensive production methods and pesticide overuse in the banana industry has proven devastating to both communities and ecosystems (Bourgeois 1989; Henriques et al. 1997).

The international banana trade is oligopolistic in structure, with two vertically integrated corporations (Dole Food and Chiquita Brands) controlling over 50 percent of the world market (Banana Link 2001). Production for export is concentrated in Central and Latin America and international trade is valued at roughly five billion dollars (FAO 2000). Between 1988 and 1998, world exports doubled to 12 million tons (Liddell 2000). Only twelve percent of revenues from this market, however, remain in producing countries and small farmers receive a small fraction of the profits (Chambron 2000).

Alternative production and marketing in the banana sector has taken off dramatically since the mid-1990s, in part as a response to falling profit margins in the conventional trade. More than simple marketing strategies, the FAO concludes that these initiatives attempt to improve the exploitative conditions of production (FAO 2000). Currently, there are at least five different certification schemes in operation, each of which makes claims about improving the social and/or environmental soundness of banana production.<sup>2</sup> The diversity of these efforts and the participation of industry giants in these schemes, suggest that we may be witnessing the transformation of the alternative trade market from a niche activity operating at the margins, to a mainstream operation.

The FLO Fair Trade banana initiative is one of the more widely known efforts. Bananas from both independent small-scale producers and plantations can be certified to carry the Fair Trade label, though each group must meet a different set of criteria. The first Fair Trade bananas arrived in the Netherlands from a plantation in Ghana in 1996. They were an instant success, gaining ten percent of the market within a few months of going on sale (Banana Link 1997). Five years later, Fair Trade bananas from seven registered producer groups were available in eight European countries. By April 2002, FLO reported banana sales from 2001 reaching 29,065 tonnes, signalling the third year in which growth of 25 percent was recorded (FLO 2002).

The following analysis is based primarily on a detailed case study of one community’s experience producing and exporting Fair Trade certified bananas (see Table 1). The Dominican government established this community as an agrarian reform district in 1993. Its name, ‘Finca 6,’ refers to both a community and the area of land on which its residents farm. Just a few miles outside the city of Azua, Finca 6 hosts about 275 banana producing households (representing approximately one-third of the banana exporting households in the region). Most members of this community were relocated from a very poor, mountainous region close to the Haitian border where they burned wood to sell charcoal. When the government moved the

community to Azua, each family was provided with a house and a provisional title to a section of 400 ha of irrigated farmland (about 1.6 ha per household).

**Table 1: Profile Of Finca 6 Growers (N=39)**

percent male	100.0
mean age in years	46.0
mean years of formal education	2.5
mean household size	5.1
mean size of land (in tareas; 1 ha=15.9 tas)	25.9
mean percent of land planted with bananas	85.8
percent relocated to Azua with establishment of Finca 6	74.4
percent who rely on additional hired labor	66.7
percent currently exporting (during month of interview)	46.2
mean price per 40-pound box in RD\$*	51.8
percent reporting price does not cover costs of production*	78.8

\*for producers currently exporting only, n=33 source: author's interviews

The community is still young and relatively inexperienced with respect to agricultural commodity production. When asked about Finca 6, agronomists and exporters quickly respond that the Finca 6 growers are not traditionally agriculturists. After moving, many of the families began their foray into agriculture by cultivating crops for household consumption and sale on the local market.

Soon after Finca 6 was settled, an exporter approached the new producers with a proposal for them to cultivate and sell organic bananas to the company. Guarantees of a contract, high prices and promises of a rapidly expanding market for a new specialty product spurred initial excitement about this proposal. As a result, many producers signed up, and formed the Association of Banana Producers of Finca 6 so that they could better negotiate with the company. Today, the Association is governed by a seven-person *junta directiva*, which is democratically elected every two years. In 1997, the Association was certified to export Fair Trade bananas. At that time, they were the only Fair Trade producers growing organic bananas.<sup>3</sup>

After just a few years, banana production had become a way of life for members of the Finca 6 community, with most households having some connection to the industry. The commitment of members of the Finca 6 community to banana production is strong. On average, these producers have only about 1.6 ha of land, with 86 percent of it dedicated to banana production. Roughly 70 percent of the farmers dedicate all of their land to bananas. Bananas are favored especially because of the relatively high price they can receive *when they are able to sell for export* and because they can be harvested every two to three weeks, providing year-round income.

### **Fair Trade Banana Production**

*Without Fair Trade, the small producers would not be able survive.- Fair Trade banana exporter*

*They talk about Fair Trade, but there is nothing fair about the price we get. - Fair Trade banana producer*

A central objective of Fair Trade initiatives is to offer increased protection to Southern producers against price fluctuations and other unfavorable conditions that prevail in the conventional agro-food system. As noted above, the global banana industry has been in a state of crisis since the summer of 1999, when producers witnessed an unprecedented decline in farmgate prices. During a period of just nine months (December 1999 - August 2000), the net price to producers for a 40 pound box of bananas in Azua fell by 33 percent, from RD\$60 to RD\$40. This crisis, compounded by overproduction and efforts to further liberalize the global banana trade, makes the benefits promised by Fair Trade, particularly market security and guaranteed prices, very attractive to growers.

As recipients of the benefits, how have the Finca 6 banana producers and their community fared? Does Fair Trade make a difference? As the above remarks suggest, the implications of Fair Trade are not necessarily straightforward. The apparent paradox about the effect of Fair Trade reflects a number of factors that characterize banana production in the Azua Valley, but perhaps more importantly, results from a tension within the Fair Trade model. As already suggested, since the strategy relies on working both "in and against" the market, Fair Trade organizations must constantly seek a balance between demands which are in opposition: demands of the global agro-food system which relies on impersonal capitalist relations and exploitative practices on the one hand, and demands of an alternative model of trade based on social and environmental justice on the other. Within

this framework, a central question is whether Fair Trade organizations are able to successfully address their objective of supporting disadvantaged producers while complying with strict expectations of powerful importers and distributors upon whose cooperation the success of Fair Trade depends.

This analysis of Fair Trade at the level of production provides new insights into the complexity of producing and exporting a Fair Trade banana, suggesting that the successes of Fair Trade organizations are being realised but are limited. During the spring of 2000, the Finca 6 Association began a process of change as they started to recognize some of the benefits from their Fair Trade certification, making their case particularly instructive for enhancing our limited understanding of the impact of Fair Trade at the local level. In the remainder of this paper, I consider the potential the Fair Trade banana initiative holds for fostering positive social change and the limitations it faces. In terms of specific examples, this discussion is framed around three important and interrelated aspects of Fair Trade production; material benefits, organizational capacity building, and the Fair Trade export market.

### **MATERIAL BENEFITS**

To explain the benefits Fair Trade brings to producers, advocates typically emphasize the guaranteed minimum prices and social premium promised to Southern partners. These two forms of material returns are promoted as key components of what makes Fair Trade a promising alternative to conventional trade relations. Each of these, however, is distinct with unique implications for producers.

The Fair Trade social premium is set by FLO at \$1.75 per 40-pound box and is paid by certified traders (in the North) to registered Fair Trade producer groups (in the South). It is intended to finance projects that will benefit growers and their communities. When producers from the Association of Finca 6 export an average of 2,000-2,500 boxes of Fair Trade bananas each week (as they were at the time of this research), the premium can bring significant and consistent economic returns which can reach upwards of \$4,000 per week.<sup>4</sup>

Initially, the exporter managed the social premium for the Association. In doing so, the company pre-financed several projects (including road preparation and the purchase of irrigation equipment) with the understanding that these loans would eventually be repaid with funds from its Fair Trade social premium. In 1998, when Hurricane George destroyed much of the banana production in the region, the company also pre-financed recovery efforts in the *parcelas* in Finca 6, permitting the producers to replant their fields quickly. Altogether, this financing proved crucial for Finca 6 in the longer term, but created a substantial debt the Association would need years to repay. In addition, because of the way the premium was managed, the reality of a Fair Trade premium tended to elude some producers who charged that the exporter was stealing their premium.

During the spring of 2000, the Association finished paying its debt to the exporter and received its first direct payment of the premium. The initial installments were used to make much needed improvements in the Association office and later invested in the maintenance of the infrastructure on the farm and for projects to improve fruit quality. These projects allowed producers to finally observe first hand that the Fair Trade premium in fact existed and that it could have a positive impact on their production. Together with other efforts by FLO and local organizations to educate members about Fair Trade, this has helped producers gain a better understanding about their participation in an alternative trade system.

FLO also requires importers to pay a guaranteed minimum price. At the time, prices were defined as minimum FOB prices and varied according to country of origin. In the Dominican Republic, the price was \$11.00 for a 40-pound box of organically grown Fair Trade bananas. Guaranteed prices serve as a buffer against unfavorable price fluctuations and can thus provide direct income to producer households. For growers though, the benefits from a minimum price guarantee are not always obvious.

The producers' contract specified a base price of \$5.00 per box to be paid by the exporter. This price was then subject to various reductions to cover costs of production materials supplied by the exporter and, sometimes, individual loans. Since the net price per box sometimes varied and was falling over time, it was not difficult for producers to wonder to whom the supposedly "fair price" was being paid. A lack of transparency about this process prevented producers from knowing when their fruit was being sold as Fair Trade, since the base price per box was always the same and not all of the bananas were sold on the Fair Trade market. Thus, since an FOB price refers to the price paid to an exporter, the producers are not the direct beneficiaries of the guarantee.<sup>5</sup> In Azua then, the primary material benefits come from the social premium at this time. This is in contrast to findings from research on other Fair Trade commodities like coffee, where minimum prices can be of critical importance to growers, especially during times of crisis (Renard 1999b; Oxfam 2001).

### **ORGANIZATIONAL CAPACITY**

Producer associations are central to Fair Trade initiatives and consequently an understanding of the role they play can help determine the implications of and challenges to the initiatives. According to FLO's certification criteria, small-scale producers can participate in Fair Trade through collective organizations (i.e., democratically-controlled cooperatives and/or associations) (FLO 2000b). The relative strength or weakness of such organizations however can affect the potential of Fair Trade. Below I discuss some examples from the experiences of the Finca 6 Association.

The contractual agreement between the Finca 6 Association and the exporter marked the start of a close relationship between the company and the community. According to the exporter, working with inexperienced growers has been quite challenging. Yet, even though the head of this company suggests exporting bananas from Finca 6 may be an unwise business decision, she renewed a contract with the growers for another five years at the end of 1998 and insists the Fair Trade market will be critical for the small farmers as competition intensifies (personal communication, J. van den Berg, 4/26/00).

The close contact between the producers and the company is unusual when compared with the relationship between other exporters and growers in the region, notably because none of the other exporters offer contracts to producers. On any given day, the Production Manager for Finca 6's exporter can be found making the rounds to the packing stations and throughout the community. Whether to spot check the quality of the fruit being selected or to respond to questions that inevitably arise, these trips also ensure close contact between the company and the producers. This relationship, however, has fostered a situation of dependency for Finca 6 that prompted one observer to remark: "So pervasive is the influence of [the company] that I wonder whether it doesn't sometimes feel like their employer" (Ransom 1999:22).

At the same time, many producers blame the exporter for their problems, particularly when they are unable to sell their harvest. Nevertheless, some recognize that "the company can withdraw from us whenever it wants to ...[so] we have to remain organized" (Association member, quoted in Ransom 1999:22). Though they are formally organized, like many of the other producers' associations in the regions, the organization is relatively weak. Just over half (51.3 percent) of the Association's producers perceived benefits from their membership. This may reflect the fact that one of the major reasons for forming an association, according to the President of the Association, was external, namely, the exporter insisting that they organize so she could negotiate with producers collectively.

Over the course of several months, however, the Association began to take on greater responsibilities, which has resulted in an overall strengthening of the organization and a lessening of their reliance on the company. For example, the Association took over the duty of selecting and packing the bananas and financial disbursements to members. A great deal of what is being accomplished coincides with the arrival of a Fair Trade organization representative to the community. Sent by FLO with the daunting task of "organizing the producers of Finca 6," this representative was originally scheduled to spend three months in Finca 6. More than a year later, her contract had been renewed twice and she was still there. Her commitment to working with the Association proved to be critical. Without guidance, the Association may not have been able to realize many of its recent accomplishments, nor would the company have felt it could shift the control over important tasks to the Association without the assistance of the Fair Trade representative.

As the Association takes on more of the tasks that the company had previously done, it is beginning to learn about the difficulties of satisfying both growers and the market. During the period of my research, the Association was experimenting with several projects aimed at raising overall and individual quality to increase the volume of their sales. One involved forming collective worker brigades to improve conditions in the farm so that fruit quality would be both better and more consistent. Establishment of these worker brigades was part of a larger collaboration between FLO, the Association and the company to institute a "Plan for Quality Control." Under this plan, the Association agreed to oversee elements of production most critical to quality. Producers who did not sign on were taken out of the pool of those eligible to sell to the Fair Trade market, on the grounds that their fruit would fail to meet required quality standards, thereby jeopardizing the group's future market share. This Plan represents one of the first efforts of the Association to take on a major project.

### **THE FAIR TRADE EXPORT MARKET**

Small-scale production of a highly perishable fruit like bananas for a market dominated by a few multinational corporations is challenging, and is one of the reasons Fair Trade is being adopted in this sector. It is difficult for small farmers to compete with plantations in the conventional market, and exporters in Azua believe the Fair Trade market may represent the only viable option for these growers to continue cultivating bananas. The reasons for this are closely related to difficulties that small farmers have meeting the export market's quality expectations. In general, smaller producers lacking the resources of larger plantations are unable to benefit from expensive technologies like cable systems for transporting stems or from a permanent and trained labor force to care for the trees prior to harvest. A shortage of capital may also prevent growers from applying the optimal amounts of inputs or irrigating regularly. Each of these factors contributes to a consistent harvest of acceptable quality.

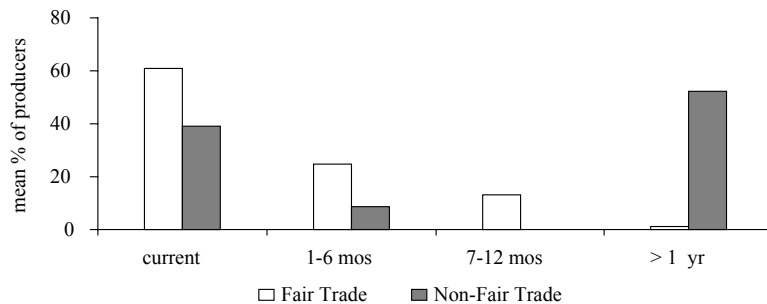
The market's quality requirements refer largely to the cosmetic quality of the bananas. In Azua, the selection process is a rigorous one that frequently results in the rejection of more than 50 percent because "fingers" (the individual bananas) are cosmetically defective. Banana stems must also be cut at a precise time: late enough so that the fruit is large enough to meet the size requirement (e.g., 8-10 inches long) but early enough so that the fruit will arrive at the port still green. Once received by an importer, the bananas can still be rejected for numerous reasons.

Though bananas are the preferred crop for these growers, many voiced complaints about the insecurity of the export market. Indeed, 80 percent of producers in Finca 6 recalled market-related concerns as among their greatest problems (including quality, price, the market, and rejection rates). This suggests the market access the Fair Trade initiative provides may be the most critical advantage producers receive from their certification.

Moreover, since they first began exporting, Finca 6 producers have seen both the demand and price for their bananas fall. This is partially a result of the entrance of new, larger competitors (especially from Mexico and Ecuador) in the organic market. It is also a reflection of the “exportable quality” stipulation specified in growers’ contracts, which releases the exporter from its commitment to purchase any bananas which fail to meet the high quality demanded for export. As a result, quality requirements effectively limit the volume of supply available for export, particularly from small-scale growers, while increasing competition simultaneously pushes prices down.

Nonetheless, bananas are preferred over other commodities, for as one grower stated, “when bananas are good, there is nothing better.” That is, when the fruit can be sold for export, there is no alternative in the region that will bring the kind of consistent and high returns that bananas can. In light of the current conditions in the region, which one producer described as a “*situación calamitosa*,” this support is crucial. A comparison of export data from interviews with Fair Trade and non-Fair Trade producers is telling. As illustrated in Figure 1, producers who have access to the Fair Trade market are 21 percent more likely to report having sold bananas (to an exporter) within the month previous to the interview (described here as “currently exporting”). These findings, based on the entire sample (all 115 producers interviewed), show an inverse relationship in which Fair Trade certified producers are more likely to be exporting consistently while non-Fair Trade producers are more likely to have not exported recently. Perhaps even more striking is the fact that over half (52.2 percent) of the non-Fair Trade producers had not exported in over a year. Significantly, many of the growers in this situation come from communities whose land never quite recovered from the hurricane in 1998, and which did not receive the assistance provided to the Finca 6 producers. As a result, even though they still have bananas growing, the quality of their fruit is unacceptable for exporting.

**Figure 1: Months Since Last Exported, Fair Trade And Non-Fair Trade Producers (N=115)**



Source: Author’s Interviews With Producers

This analysis suggests the market access provided by Fair Trade certification is a significant and positive benefit to the growers, even though, when asked about the benefits of Fair Trade, many responded, “not very large.” In terms of economic support for individual households, the increased market security is most important, for even when farmgate prices are high, if producers are unable to export then they must settle for whatever they can capture on the local market. Yet, this price oftentimes fails to even cover the cost of harvesting, let alone production.

### LIMITS AND POTENTIALS

The Finca 6 case is helpful in providing insight into the implications of Fair Trade initiatives for participating producers. It suggests that such initiatives have great potential and can have a positive impact in several different ways. At the same time however, a close look at the producers’ experiences also reveals some limitations in terms of the ability of the Fair Trade initiative to alter trade relations.

During the period of this study, the Finca 6 growers were only just starting to recognize their role as Fair Trade partners. For instance, one of the most surprising findings from initial interviews was how very limited the growers’ understanding of the Fair Trade initiative was. Only half of the growers interviewed from Finca 6 expressed knowledge of what Fair Trade was, and few seemed to understand how it worked, or that there were criteria to which they were supposed to comply. In addition, those who spoke of Fair Trade described it as a form of aid, rather than something in which they were actively participating. While this may not prevent other positive impacts of Fair Trade from reaching the community, until a more comprehensive understanding of their role is developed, equitable partnership may remain elusive.

Finally receiving direct payments of the social premium was a significant event and it now provides the Association with visible economic benefits from the Fair Trade market. The promise of a future Fair Trade premium is what encouraged the group’s exporter to pre-finance recovery efforts on the farm after Hurricane George, thereby permitting producers to begin exporting sooner. This use of the premium provided critical support needed by the growers and enabled them to recover from the effects of the hurricane far more easily than did other producers in the valley. Whereas the Fair Trade market was boosting



the optimism of those in Finca 6, growers in other communities were starting to convert land to other crops, explaining that with bananas, “*estamos comiendo la tierra*” (we are eating the soil).

Meanwhile, in Finca 6, the premium had repaid a large debt and was being earmarked for projects targeting the production process and for strengthening the Association. The urgency of responding to importers’ costly quality complaints and threats to cancel orders from the small farmers prompted both FLO and the Association to prioritize such projects.

Again, the size of the Fair Trade social premium is substantial. However, it is intended to be distributed in such a way that its benefits reach the community as a whole. To offer a viable alternative to conventional practices and provide long-term support, Fair Trade organizations may not wish to rely on the ‘trickle down’ of benefits from the *junta directiva* to the rest of the community, or from the male producer to the rest of the household. During the period of fieldwork, there were no overt attempts to increase the larger community’s participation in discussions about how to allocate the premium. A lack of the women’s input in the Association and in other decision-making processes was particularly noticeable. Unless the benefits are better distributed to a broader range of households (a challenge that has thus far been impossible to meet given the demands of the market), Fair Trade has the potential to increase inequality at the local level, a phenomenon not uncommon to other non-traditional export agriculture schemes targeting small-scale producers (Glover and Kusterer 1990; Conroy et al. 1996).

Determining how to best support capacity building in producer associations and organizing communities may be the greatest challenges facing Fair Trade organizations. As a community, Finca 6 at times seems to accept its ties to the exporter as it allows them to blame their problems on a common enemy, “*la compañía*.” However, autonomy and independence demand an organization capable of taking on responsibilities which would otherwise be performed by some other body. In a relatively short time, the Finca 6 Association was able to marginally reduce its close ties with the exporter, but even this limited move seemed to depend on the full-time residence of a FLO representative in the community. This person provides invaluable support, yet there is a concern that the growers might have simply shifted their dependence on the company to FLO. The presence of this representative however, also underscores FLO’s commitment to working with the weaker organizations which are in greatest need of the support and guidance, rather than limiting Fair Trade partnership to more capable groups.

Despite the growers’ increasing level of knowledge about Fair Trade, their sense of entitlement to its benefits was limited to an expectation that high-quality bananas can provide access to higher-paying export markets which favor fruit coming from small-scale producers. This limited understanding of the Fair Trade program is not unique to this case (see for instance Renard 1999b; Fisher 1997), but as elsewhere, it may inhibit the growers’ role as partners in an alternative trade relationship. It also prevents the realization of the broader potential of Fair Trade participation promised to growers. More attention could be given to educating participants about Fair Trade (for which a range of efforts are currently underway), so that they might eventually fill their role as equal partners, rather than as beneficiaries of an aid package and suppliers of a specialty market.

As suggested above, access to the alternative banana market is one of the most immediate benefits of Fair Trade. The downside of this form of support is found in impact of the quality requirements described above. Conforming to the dictates of the market means that growers with the highest quality benefit most, even in the Fair Trade market, and even if these growers are not the most vulnerable. To put this into perspective, consider that during the summer of 2000, an average of two containers (about 2,000 boxes) of Fair Trade bananas were purchased each week from the Association of Finca 6, whose membership totals around 275 members. Of these, only the best fifty or so were selling their bananas, since they were the only ones producing bananas that would meet the quality standards. When Fair Trade criteria concerning the social and environmental relations of production and the goal of providing an alternative to the conventional system are subordinated to quality, it seems that working “in the market” takes precedence over “against the market.”

Thus, the case study highlights some of the specific ways in which the constraints of working within the present agro-food system remains an important barrier to alternative forms of production and trade, which could transform international trade relations and provide a significantly different option to producers. The banana industry is structured in a way that precludes a real shortening of the commodity chain by circumventing conventional intermediaries, as is done with other Fair Trade products. The chain along which a Fair Trade banana travels may not vary radically from the journey taken by conventional bananas, thereby posing a challenge to a strategy that calls for trading directly with the certified producer groups. Further, it means that the locus of differentiation between conventional and alternative bananas should occur at the level of production if there is to be a real distinction between the products. Yet, the amount of attention placed on “quality” in Finca 6 suggests that, in some respects, production for the Fair Trade market mirrors production for the conventional market. That is, quality requirements placed on exporters by distributors farther along the chain have become an unofficial gatekeeper, permitting only the “best” of the small-scale producers to access the lucrative, specialty market. It can also have the effect of subordinating the autonomy of individual producers to the demands of the market, as in the example of the Quality Control Plan described above.

## **CONCLUSION**

From the perspective of these producers, Fair Trade hardly resembles a strategy that confronts the “injustices inherent in the world economy and tries to transform North/South trade” (Raynolds 2000:301), much less one that “alleviate[s] poverty in the

South” (EFTA 2001b:5) or helps producers “get back on their feet and trade their way out of poverty with a renewed sense of pride” (FLO 2000a). By contrast, many banana producers who are certified by FLO do not know what this certification implies, nor do they differentiate Fair Trade from other forms of international development aid. Furthermore, the top-down/Northern-driven approach taken by the Fair Trade organizations raises concerns about why the monitoring is focused on the relations of production in the South while Northerners’ over-consumption is not challenged. It would be irresponsible, however, to draw from this a conclusion that Fair Trade initiatives have nothing significant to offer its registered producers. Disadvantaged, small-scale farmers who are marginalized in the global agro-food system do not suddenly become primary beneficiaries of the international banana industry when they become Fair Trade producers. Nonetheless, the experiences of Finca 6 provide evidence that participation in Fair Trade initiatives provides a number of different forms of support to producers.

A few final cautionary lessons can also be taken from this case. Compared with non-Fair Trade producers, those certified by FLO devote, on average, about 20 percent more of their total land into bananas and are 25 percent more likely to have converted all of their land to banana production. In Finca 6 this translates into a dangerously high level of dependence on a single export commodity, making the livelihood of the community vulnerable to the whims of consumption trends in the North. From the point of view of the growers, increasing production of the crop that brings most benefits is not unreasonable. However, paradoxically, this pattern also increases the growers’ exposure to the instabilities they face in the global economy and raises concern about whether Fair Trade participation could be displacing efforts to diversify production or compromising production for household consumption.<sup>6</sup>

The study also highlights FLO’s commitment to supporting small-scale producers and developing a viable alternative to conventional forms of production and trade. Even though the strategy chosen by FLO – to attach a high priority to marketing – clearly reflects the difficulties that accompany working “in and against” the conventional agro-food system, nevertheless the organization maintains an interest in identifying and strengthening less effective aspects of its initiatives.

Finally, Finca 6 represents only about one third of the small-scale banana production in Azua and their experiences cannot be generalized to all banana producers there, or even to all the Fair Trade banana producers in the region. The story of Finca 6 was chosen because it helps to demonstrate how, in spite of limitations, Fair Trade efforts represent a controversial alternative to what typically characterizes small-scale export agriculture in the South. The Fair Trade initiative in the Dominican Republic is dynamic and should not be ignored as an alternative mode of production or form of trade. Instead, a better understanding of the implications of Fair Trade at the level of production can be used to strengthen the model to ensure it will be more than a superficial scheme that permits Northerners to feel good about consuming commodities grown in the tropics.

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#### ENDNOTES

<sup>1</sup> Alternative trade is a more general term than Fair Trade and typically refers to initiatives trying to link socially and environmentally conscious consumers in the North with producers in the South who engage in more socially and/or environmentally sound practices of agricultural or artesanal craft production. Here, “Fair Trade” refers to a formalized system of alternative trade that involves monitoring, certification, and labeling.

<sup>2</sup> These include organic production, ISO 14001, Social Accountability International’s SA 8000 standard, Rainforest Alliance’s Better Banana Program in addition to Fair Trade labeling. The UK’s Ethical Trade Initiative is also conducting one of its pilot programs on banana production in Costa Rica.

<sup>3</sup> This paper concentrates on the implications of Fair Trade production. There are some differences between the organic banana industry and the Fair Trade banana market. Most significantly, the criteria required for organic and Fair Trade certification differ; currently, organic criteria are more environmentally rigorous, while the Fair Trade criteria are more rigorous in terms of social, labor, and trade criteria. In some cases, such as in the Dominican Republic, production meets both sets of criteria. This means the Finca 6 bananas are organically grown and can also be sold on the Fair Trade market, giving the fruit a chance to be sold in multiple specialty markets.

<sup>4</sup> A significant caveat of this system is that the premium is based on the number of boxes accepted at the port (which depends on the quality of the fruit once it arrives), not the number of boxes sold at the farmgate.

<sup>5</sup> It is important to note that FLO recently revised how it defines minimum prices for bananas. Today, the Fair Trade price is usually set as a farmgate price when producers export via an exporter and as an FOB price when they export directly.

<sup>6</sup> Like many small-scale commodity producers in the South, those in Azua have historically been made dependent on export agriculture. I recognize that a critique of export dependency in this region can appear as naïve. However, most Finca 6 growers were actually not incorporated into export agriculture schemes prior to their initiation into banana production. Moreover, we should also realize that stimulating reliance on a single cash crop whose sales depend upon wealthy consumers with often rapidly changing consumption habits might be seen by some as irresponsible. Perhaps alternatively, increased income and security provided by the bananas could be invested in other crops so that any future (and not unlikely) disadvantageous changes in the banana sector would not be totally devastating for these growers.

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