

9-19-2002

Crises of the Central American Banana

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/noticen>

Recommended Citation

LADB Staff. "Crises of the Central American Banana." (2002). <https://digitalrepository.unm.edu/noticen/9007>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Crises of the Central American Banana

by LADB Staff

Category/Department: Panama Guatemala

Published: 2002-09-19

In what is now being called a crisis in Panama, banana exports fell 10.8% from January 2002 to July, according to a report from that country's Ministry of Commerce. Panama exported 13.2 million 18-kg boxes, compared to 14.8 million boxes for the same period last year. For July, sales totaled 1.8 million boxes, a decline of 8.5%. For the first 6 months of the year, income was US\$55 million.

These figures, said the report, add up to this: "For more than ten decades, [the banana industry] has been one of the pillars of the agricultural sector of the country. Now it finds itself submerged in the most serious crisis in its history." In recent years, production and exportation have suffered the effects of weather and strikes.

In August, the Puerto Armuelles Fruit Company (Pafco), a Chiquita Brands subsidiary, went to its workers asking them to resign in order to renegotiate their contract. A new contract would represent a significant rollback of hard-won labor gains, but the company offered as pressure the possibility of shutting down operations in Puerto Armuelles. The company cited low productivity as the justification for the action. The existing contract was signed last year after a strike and contains an agreement by workers to raise productivity.

The company now says productivity has not risen sufficiently to allow it to compete. The transnational says that its costs to produce a single box are between US\$6 and US\$7, while current market prices are in the US\$5 to US\$6 range. The company announced its intentions just as unions met collectively with government officials to demand a raise in the minimum wage to US\$671 a month, in order to meet basic needs. Chiquita Brands has banana operations elsewhere in Panama, which were not affected by the Puerto Armuelles action. The figures from the ministry represent the country as a whole, but banana exports throughout Panama vary.

In Chiriqui province, for example, where Puerto Armuelles is located, the decrease was 31.7%, but Bocas del Toro saw an increase of 8%. The problem as stated by the company is that Puerto Armuelles is not competitive with banana-export operations in other countries of Latin America because of production costs.

Vice president of legal affairs Manuel Aizpurua explained that the area used to support 7,200 workers in the banana industry, but now fewer than 3,000 are working, and confrontations between the company and workers continue. Aizpurua argued that costs per box were high because they included US\$0.35 for transportation, US\$0.33 in irrigation costs because of lower rainfall on the Pacific side of Panama, US\$0.12 for rental of land from the state, together with the living costs of workers, who are provided with free electricity, water, and school transportation. "These are costs that other countries that compete with Puerto Armuelles don't have," said Aizpurua.

During the succeeding days, the company ratcheted up the rhetoric about the inefficiencies of the Puerto Armuelles operation to the point of announcing a possible shutdown. But on Sept. 17, Aizpurua offered a glimmer of hope. He told the press that Chiquita Brands was disposed to dialogue with the workers and the government "in search of a solution." He cautioned, "Despite certain improvements observed in productivity, we are far from being competitive."

Just days before this turn of events, company executives in Ohio had met with the Panamanian ministers of labor and commerce and had told them that Chiquita would indeed shut down Pafco if there were no improvement. Aizpurua amplified the warning: "The company was emphatic in saying that we will not be able to continue subsidizing losses, operations that have been in the red for years. In the last five years we have lost US\$90 million." He then turned up the heat further by setting a deadline of December to arrive at an agreement. He suggested one possibility would be for the workers to set up "one or several cooperatives" that would then contract with the company. That would allow Pafco to wiggle out from under its obligations as direct employer.

At the other end

Meanwhile, at the other end of the isthmus, in Guatemala, the situation is far from the competitive ideal Aizpurua projected from Panama. On Sept. 5, banana workers struck plantations in the Izabal region, blocked major highways, and invaded plantations to bring attention to their demands. The action effectively brought production and transport to a halt. The workers called the strike after collective- bargaining sessions at the Real and El Atlantico plantations failed. The problem snowballed when negotiations elsewhere in the department of Izabal broke down as independent producers decided there was nothing to be gained.

"The growers said they suspended [the negotiations] because there is no point in harvesting and packing if they can't transport the product because of the blocked roads," explained director Carlos Mansilla of the Central General de Trabajadores de Guatemala (CGTG). Estimating the effect of the protest, Juan Carlos Alvarez, general manager of Bananera del Atlantico, calculated losses to independent producers at about US\$1 million. This in turn, said Alvarez, affected the giant Compania Bananera de Guatemala, Bandegua, to which the independents provide about 80,000 boxes, or about 40% of the company's weekly exports. The affected producers generate about 20,000 jobs in the department jobs that will be lost if the conflicts continue, said Alvarez. But the snowball rolled on; trucks lay idle.

"The truckers haven't been able to work because of the blockade of the roads," said Mario Rodas, owner of Transportes Campeche. "Until now, they've been paid normally, but if the situation keeps on like this, we won't be able to support them."

By Sept. 11, Bandegua, a subsidiary of the US firm Del Monte Fresh, was reported to have threatened to shut down operations in Guatemala because of what they described as "constant problems."

A spokesperson said that the strike had resulted in contract defaults and payment of penalties for the big international firm. "By decreasing our exports we have lost clients, who have decided to

supply themselves in other countries, like Ecuador," said Marco Antonio Garcia, general manager of Bandegua.

Back in Panama, Labor Minister Juaquin Vallarino said of the banana crisis there, "I've come to the conclusion that this is serious, that they're going, and that we have to find formulas to see how, between workers, government, and the company, we can sit down to see what can be done." He might well have been speaking for both countries.

-- End --