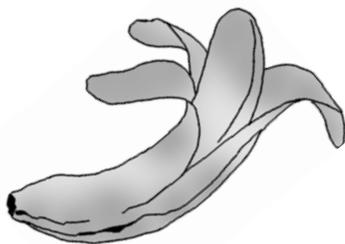
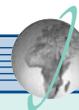


# INVESTIGATING GLOBALISATION

## GLOBALISATION AND THE BANANA TRADE



### BOOKMARKS



#### Banana companies:

[www.dole.com](http://www.dole.com)

[www.chiquita.com](http://www.chiquita.com)

[www.delmonte.com](http://www.delmonte.com)

[www.geest.co.uk](http://www.geest.co.uk)

[www.fyffes.com](http://www.fyffes.com)

#### Background:

The banana chain: [bananas.agoranet.be/MacroEconomics.htm](http://bananas.agoranet.be/MacroEconomics.htm)

CBEA: [www.cbea.org](http://www.cbea.org). *Go Bananas*, photostet and activities. Oxfam, 1990.

### ACTIVITIES

In 1999, 'Banana Wars' broke out. Under a European agreement, the Lomé Convention, producers in countries such as the Windward Islands, had been able to sell their bananas to Europe at a fairly high price. These were often small scale farmers, who relied on the trade for their living, and whose small island economies were also heavily dependent on this crop.

This arrangement was challenged by the United States government through the World Trade Organisation [see page 24]. The challenge followed a complaint by the large US-based corporation Chiquita, who are involved in the large scale production of cheaper 'dollar bananas' in Central and Southern American countries. The US argued that the Lomé Convention was unfair to Chiquita, whose cheaper bananas would otherwise have offered significant competition in Europe. Without the Lomé Convention, Chiquita would be able to sell their cheap bananas in Europe.

### Role Play

1. Read the information on the Lomé Convention [A]. Try to find out the meaning and significance of any words or ideas you are not clear about.
2. The class can then be divided up into six groups for a role play, each one of which uses one of the role cards [B].
3. Each group should read its role card carefully.
4. Each group should then, in turn, say who they are to the others.
5. A spokesperson from each group should then make its case to the WTO about what should happen in the banana trade.
6. The group chosen to be the WTO must listen carefully to these arguments. They then have five minutes to reach a decision and share it with the class.
7. Once a decision has been made, each group can decide what it thinks about it, and what action they might then take.
8. Using the press report [C], pupils can then review the actual WTO ruling.
9. Using sources on the bookmarks, they could review how different organisations responded to this ruling.
10. Pupils can then evaluate the effects of the ruling, using the 'winners and losers' chart
11. Pupils could use the globalisation cards to review ways in which the 'banana wars' have the characteristics of globalisation.

## A. The Lomé Convention

This is a trade agreement between the European Union and seventy African, Caribbean and Pacific countries [ACP countries]. It offers aid and preferential trading opportunities to promote the development of the Caribbean and other former European colonies. These countries account for 7% of world trade in bananas.

It limits the number of bananas imported to the EU to a quota of 2 million tonnes per year. There is a greatly increased tariff on imported bananas above this limit. Licenses are offered to countries which export bananas. Up to 30% of the quota goes to countries within the Lomé Convention.

This system helps Caribbean farmers receive a fair and sustainable price for their bananas. An 18 kg box of bananas will cost \$10, compared to \$5 for boxes from US companies.

## C.

### EU'VE LOST THE BANANA WAR U.S. fruit is set to flood Britain

**BRITAIN yesterday tasted defeat in the U.S. banana war - which could spark a Caribbean crisis.**

International trade watchdogs last night ordered us and our EU partners to stop slapping higher import tariffs on fruit from America. If we refuse we will be hit by crippling sanctions threatening thousands of jobs. But acceptance of the ruling from the Swiss-based World Trade Organisation means that banana growers in the Caribbean - our

traditional suppliers - face ruin.

The government will no longer be allowed to give preferential treatment to our ex-colonies like the West Indies - because U.S.-based banana firms claim it costs them £120 million a year in lost sales.

Last night EU trade commissioner Sir Leon Brittan was considering a possible appeal. Meanwhile, bananas from places like Central America will be free to flood in.

*The Sun, Thursday, April 8, 1999.*

## B. Role cards

### European Union

The Lomé Convention encourages affordable trade from Caribbean countries - by not charging full import duties on their bananas. Caribbean bananas are grown by small farmers in difficult terrain, and are therefore more expensive to produce than the 'dollar bananas' of US companies. Our action is vital to the economies of Caribbean countries - and helps farmers make improvements to their farms, protect the environment, and have a higher standard of living.

### United States Government

Chiquita came to us because it wished to benefit from an end to current unfair arrangements. Its president, Carl Lindner, is a close friend of the senior politician Bob Dole, and has made generous contributions to the ruling US Democratic Party. The current system is unfair because it means US companies only do half the business they could in Europe. We believe a simpler package of tariffs and aid to the Caribbean would work better - the aid could help producers diversify into other crops.

### Del Monte

Our corporation has been producing and trading in bananas since 1957 - especially with Cameroon, one of the 70 countries covered by Lomé. We do not wish to see the current arrangement changed, and believe this trade to be vitally important to producers in the ACP countries.

### The Commonwealth Banana Exporters Association [CBEA]

We support banana growers in Jamaica and the Windward islands, especially in the arrangements they make with the EU. We act jointly with three companies which market the bananas: Fyffes, Geest and Jamaica Producers. The banana industry is vital to people in these countries. If the industry collapsed, it would lead to unemployment, social unrest, loss of foreign exchange earnings [and growing inability to pay back debts], increased illegal immigration to the US, a growing drugs trade, and problems in the tourism industry.

### World Trade Organisation [WTO]

Our disputes panel is set up to hear all sides in a trade dispute. It is our task to investigate disputes to uncover any unfair trade. If we do, then we make a ruling about changes which should take place. In this dispute over bananas, we have to decide whether the current arrangements between the EU and Caribbean and African farmers are fair, or whether they discriminate unfairly against US banana companies.

### Windward Islands Banana Development Company [WIBDECO]

This company is jointly owned by the governments and banana producers of the Windward Islands. We believe that aid is no solution - the banana trade would be out of business long before a viable alternative for jobs and incomes was found. What is needed is more sales for our farmers, not greater dependency on the rich countries of The North. We also don't believe that Chiquita is suffering - in fact, recent profits for the company have been very high, and three companies - Chiquita, Dole and Del Monte - have 64% of the world market in bananas.

## Winners / losers grid

Winners / losers grid	
<i>Winners</i>	<i>Losers</i>
Person	Person
Reason	Reason
Person	Person
Reason	Reason

Globalisation involves global centralised control

- Of media, eg Sky TV
- Of manufacture and marketing, eg Nike
- Of leisure industry, eg football

Globalisation creates both winners and losers

- Everywhere and to varying degrees
- More winners among the rich

Globalisation increases the gap between rich and poor

- Rich world - poor world
- The rich get richer and the poor poorer