THE PLIGHT OF PINEAPPLE AND BANANA WORKERS IN RETAIL SUPPLY CHAINS

Continuing evidence of rights violations in Costa Rica and Ecuador

Poverty is widespread among the small-scale farmers and workers who produce and process our food, in an industry worth billions of dollars. Oxfam’s new campaign highlights the systemic inequality and human suffering in food supply chains – and shows how action by supermarkets, governments, small-scale farmers and workers could lead to a decent and dignified standard of living for millions of people.

This paper is based on the *Sweet Fruit, Bitter Truth* report published by Oxfam Germany in May 2016, which revealed violations of human and labour rights on banana and pineapple plantations in Costa Rica and Ecuador that supply or have supplied fruit to major supermarket chains Aldi and Lidl. This summarized and updated version of the report has been launched to coincide with Oxfam’s new campaign. It is one of a series of case studies to supplement the global campaign report, *Ripe for Change*, drawing attention to the plight of specific groups of small-scale producers and/or promoting successful alternative approaches.

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METHODOLOGY

This case study is an update of the *Sweet Fruit, Bitter Truth* report published by Oxfam Germany in May 2016; it is based on additional investigations conducted in Costa Rica by the NGO ARCA (Asociación Regional Centroamérica para el Agua y el Ambiente – Central American Regional Association for Water and the Environment) in May 2017 and in Ecuador by the trade union ASTAC (Asociación Sindical de Trabajadores Agrícolas y Campesinos – Union of Agricultural Workers and Farmers) in March 2017.¹ Both of the two big German supermarket chains, Lidl and the Aldi group consisting of Aldi North and Aldi South, have answered questions submitted by Oxfam Germany in a questionnaire, and were given the opportunity to comment before the launch of the original study as well as this case study.

Originally called the ‘Albrecht chain’, Aldi was founded by the brothers Karl and Theo Albrecht in the 1950s. It split into two separate companies, Aldi North and Aldi South, in the 1960s. They operate in different markets, including within Germany, but have close connections. In the remaining text, the name ‘Aldi’ or ‘the Aldi group’ will be used when both companies are referred to, whereas ‘Aldi North’ or ‘Aldi South’ will be used when discussing only one of the two companies.

The original report is part of the Make Fruit Fair campaign,² conducted by 27 NGOs from across the EU and the Global South with the aim of supporting sustainable supermarket supply chains in the tropical fruit sector.

For the original *Sweet Fruit, Bitter Truth* study, 42 workers were interviewed in Costa Rica on plantations owned by Finca Once and Agricola Agromonte in spring 2016, two pineapple producers which supply the German supermarket chains Lidl and Aldi. In Ecuador, 165 workers were interviewed in 2015 and 2016 on several banana plantations which are among those owned by the Orodelti Group (Matías) and the Palmar group (Darwin Andres 2, San Javier, Santa Rita, Nueva Era, La Ponderosa), which also supply or have supplied Lidl and Aldi. In the recent investigation in Costa Rica in May 2017, 17 workers on plantations of Finca Once and Agricola Agromonte were interviewed. In Ecuador, 30 workers on the plantations La Palma, El Naranjo, San José de Pongarbel, San Juan and Matías were interviewed in March 2017. The farms are all suppliers or former suppliers of Lidl.

Additional comments were supplied by Tesco; the supplier Finca Once; the industry association of Ecuadorian banana producers, Agroban; Fairtrade; and the certification organization Rainforest Alliance, and taken into account.
1 INTRODUCTION

Bright yellow bananas and juicy pineapples are eye-catchers in the fruit and vegetable sections of supermarkets. People love bananas; in Germany, they are the most commonly bought tropical fruit. Pineapples have become popular too – this is no surprise, since German discounters such as Aldi and Lidl offer pineapples at prices which even low-income families can afford. But these sweet fruits have a bitter aftertaste: while we in Europe are happy about the low prices, workers in the pineapple and banana industries have to fight to survive, and risk their health when pesticides are applied to the crops.

At the same time, supermarket chains increasingly claim that their products are sustainable. Lidl promotes its sustainability activities with the motto: ‘On the way to a better tomorrow.’ Aldi South claims: ‘We act responsibly.’ And Aldi North says that corporate social responsibility is rooted in its values and tradition. Almost all pineapples and bananas offered by these discounters carry the Rainforest Alliance’s green frog label, which claims to support environmental protection and good working conditions.

How does it all fit together? This case study reveals the working conditions on pineapple and banana plantations in Costa Rica and Ecuador, and the role played by the market power and sustainability initiatives of German supermarket chains Aldi and Lidl. Comparing the findings from 2016 with those of 2017, it also aims to identify changes and recent developments following the launch of the 2016 study and the Make Fruit Fair campaign.

‘The manager told us: “When you hear the aeroplane, run away from the plantation, but you need to come back within an hour.” As we do not manage to leave the hacienda, we take cover under a leaf.’

Worker at the La Palma banana plantation, Ecuador, Lidl supplier
SUPERMARKET POWER

The market power held by the large supermarket chains is vast. In 2012, the share of the five largest retailers in the modern grocery sector reached 83% on average in EU member states. Supermarkets are gatekeepers between millions of consumers and suppliers. Thanks to their market power, these large companies are able to squeeze suppliers through price pressure and offloading risks onto them. For example, from 2002 to 2014 the import price for pineapple to Germany fell by approximately 45% (adjusted for inflation), from €1.34 to €0.71 per kilo, despite increasing production costs in the countries of origin. And the price paid for a box of Ecuadorian bananas falls vastly short of the official legal minimum price of $6.26 (€5.01) set by the country’s government. Under such pricing and cost pressures, the producers often only see one way out: producing their goods as cheaply as possible and taking cost-saving measures – primarily when it comes to wages and other labour costs (such as protective clothing). Both measures are taken at the expense of workers and the environment.

Cheap consumer prices are the concept on which the German discounter Aldi and Lidl have built their success. The discounters’ market share in Germany amounts to 34% of the retail sales of foodstuffs. Their average market share in other EU countries is just 17%; however, the tide is turning, and Aldi and Lidl are currently conquering the European market too. The Schwarz Group, Lidl’s parent company, has taken over from the British supermarket chain Tesco as the largest European food retailer, and is represented in 26 European countries. Aldi is catching up, and is now the fifth largest European food retailer. Both supermarket chains are also heavily investing in the US market. Aldi South has been present since 1976 – and Aldi North, through its sister company Trader Joe’s, since 1979 – and announced in February 2017 its intention to spend $1.6bn to remodel and expand more than 1,300 stores in the US. Lidl opened its first US stores in summer 2016 and is planning to raise their number to 100 by 2018.

‘The supermarkets determine the price. If the goods don’t look good enough, they force the price down or refuse to accept them.’

Industry expert, Costa Rica
THE LABELLING FRENZY

While the big supermarket chains squeeze suppliers’ prices and reduce their costs, many talk of their sustainable methods with an increasing array of sustainability labels. In the banana and pineapple sector, the Rainforest Alliance’s green frog has been at the forefront of labelling initiatives. According to the company’s own statements, all of Lidl’s pineapples and almost all of its bananas are certified by this organization,15 and Aldi North and South aim to make all their pineapples and bananas carry this label. By contrast, none of their pineapples carry the Fairtrade label, which is the only initiative that requires a minimum price for producers and has a mandatory Trader Standard. The Trader Standard applies along the supply chains of Fairtrade-certified goods and requires compliance with labour law and ILO conventions, as well as the prohibition of unfair trading practices vis-à-vis suppliers.16 Lidl reported in 2016 that only 8% of its bananas were organic and Fairtrade, whereas Aldi North said that Fairtrade bananas constituted a fifth of its sales; this was in contrast to Aldi South, where organic Fairtrade bananas made up of a third of sales.17

All these initiatives promise better working conditions, and to some extent better environmental conditions. However, the question is whether they really bring about improvements in working conditions on the pineapple and banana plantations.
3 WORKING CONDITIONS IN THE PINEAPPLE SECTOR IN COSTA RICA

Costa Rica is the global market leader in the international fresh pineapple trade, covering 84% of the international trade, with 46% going to Europe and 53% going to the US.\(^\text{18}\) The government supports the pineapple industry by exempting pineapple companies from taxes, despite the disastrous repercussions of the ever-growing cultivation area for the environment, health and biodiversity.\(^\text{19}\) The two farms investigated – Finca Once, a supplier of Lidl, and Agricola Agromonte, a supplier of the Aldi group – are certified by, among others, the Rainforest Alliance organization. They are located in the northern cultivation area, near the border with Nicaragua.

LOW SALARIES AND SUBCONTRACTED WORK

According to those interviewed, workers' wages are not enough to support a family. Since men are typically the sole breadwinners, families are faced with difficult choices to make ends meet. Workers directly employed by Finca Once and Agricola Agromonte earn 10,480 Costa Rican colones (€16.50) or 9,837 (€15.50) per day respectively, i.e. just a little bit above the statutory minimum wage of 9,822 colones (€14.70).\(^\text{20}\) In any event, in both cases the wages paid are below the poverty line, which is 273,000 colones (€409) per month. In contrast, the Finca Once monthly salary is approximately 251,520 colones (€377) and the Agricola Agromonte salary is approximately 236,108 colones (€354) per month.\(^\text{21}\)

Workers at Finca Once are able to earn wages above the poverty line if they work overtime and by adding the yearly bonus prescribed by Costa Rican law.

Both pineapple producers also work with subcontractors who demand additional payments from workers, or pay even less than the minimum wage. At Finca Once, according to the interviewees, as of May 2017 approximately 200 out of about 1,500 workers were employed by the subcontractor Bosque del Cóbano MyM S.A., which obliges the workers to pay it a monthly commission of 6,000 colones (€9.40). This number of subcontracted workers is much lower than in our original research from 2016, where over 90% of the workers were subcontracted according to the interviewees. In addition, our recent research suggests that when workers are transferred and directly employed with the farm, the subcontractor keeps half of the social benefits, such as severance pay or compensation for leave. However, it is a success that subcontracted workers now receive the minimum wage, which was not the case in 2016. They also have regular written contracts rather than the typical three-month oral contracts seen in the original study. In its comment on

‘Money is extremely tight. We must cut down on food to be able to pay our children’s school fees.’

Yensy, wife of a worker at Finca Once, Lidl supplier
In this case study, Finca Once stated that as of the end of 2017, there were only 76 subcontracted workers out of 581 workers in total and all with legal status.

According to those interviewed at Agricola Agromonte, where 25% of the total workforce is employed by four different subcontractors, workers are only paid 6,000 colones (€9.40) per day.

Most of the subcontracted workers are male migrants from Nicaragua. In contrast to the findings of the 2016 research, which revealed that over 60% of the workers at the investigated plantations were migrants without papers, most now have legal status. However, at Agricola Agromonte, according to the interviewees, there are still 50 migrants without papers, facing precarious working conditions.

In conclusion, it is a success that after the publication of Oxfam Germany’s report Sweet Fruit, Bitter Truth, according to the interviewees, the situation at Finca Once has improved, and subcontracted workers now have regular written contracts and earn the minimum wage. It is also laudable that the number of subcontracted workers is continuing to decrease.

TRADE UNIONS

‘Unfortunately, and this is a shame for Costa Rica, the rights of workers are not respected in the pineapple sector. The management does not allow us to go on plantations, and if we wait outside to talk to the workers, they call the police or make the workers take a different exit.’

Member of the UNT (Unión Nacional de los Trabajadores y Trabajadoras – National Union of Workers)

With regard to the right to organize, according to those interviewed, the situation is the same as it was in 2016: workers who want to organize themselves are sanctioned. This means that workers have to constantly change their work team, making it difficult to organize, while some are dismissed for attempting to do so (see Box 1). In March 2017, according to information from the UNT, Finca Once dismissed José Aragón Vargas because he was a member of the UNT. At Finca Once, only five workers (out of approximately 1,500) are members of a trade union. In Agricola Agromonte, the situation is a little better, with 50 out of approximately 600 workers being organized, according to the interviewees. However, according to recent information from the UNT, there have been dismissals of trade union members.
HEALTH AND PESTICIDES

‘I spent one month in hospital due to poisoning. When I returned to work, I had to work again with pesticides and without protective clothing.’
Former worker at Agricola Agromonte, Aldi supplier

The situation with regard to the use of highly toxic pesticides remains a health risk for workers; it is also highly detrimental to the environment, polluting rivers and groundwater and reducing biodiversity (see Box 1). Costa Rica is the country with the longest list of permitted agrochemicals. These include Oxamyl, which is classified by the World Health Organization (WHO) as ‘acutely toxic’ and which is lethal if inhaled, and Diuron, Mancozeb and Oxylfluorfen, which are classified by the WHO as ‘probably carcinogenic’. However, in May 2017, the government prohibited the use of Bromacil, which is highly toxic and not licenced in the EU. This is a major step forward on the road to a more sustainable pineapple industry.23

Regrettably, pesticides are still being sprayed while workers are in the field, although the interviewees stated that this happens less often now at Finca Once. In any event, workers have to go back to the fields soon after the application of chemicals, when the leaves are still wet. The workers mostly complain about dizziness, fainting spells, vomiting and allergic skin reactions. They also report that the health tests required by law are not carried out at either of the two companies, Finca Once or Agricola Agromonte.
Box 1: The use of pesticides – groundwater pollution and health risks for residents

‘We cannot scientifically prove that the problems are caused by agrochemicals. We do know, however, that people have been diagnosed with cancer, that they have skin problems.’

Xinia Briceño, who lives near a Del Monte plantation and is in charge of the local water cooperative, Milano

In 2007, the heavy use of pesticides caused groundwater contamination in the Caribbean cultivation area (a different area to that where Finca Once and Agricola Agromonte are located). Since then, the towns El Cairo, Milano and Francia in this cultivation area have been supplied with drinking water via a water tanker, which comes every other day. In 2016, residues of Bromacil were found in the groundwater in the northern cultivation area, where Finca Once and Agricola Agromonte are located. The waterworks of Veracruz, which is close to the nature conversation area Refugio de Vida Silvestre de Caño Negro, has been closed as a result.

Despite these obvious negative impacts on people and the environment, it is difficult prove that companies are responsible because there is a lack of official studies on the relationship between the use of pesticides and impacts on the environment and human health, and companies are resistant to making this connection and paying compensation. Moreover, judicial enforcement is difficult; there are 44 cases pending with the environmental tribunal, the oldest of which dates back to 2001.

Smallholder farmers in the growing regions also suffer from the impact of the pineapple industry: according to interviewees, the plantations contribute to the spread of the biting housefly, which irritates cows and goats. As a consequence, they produce less milk and meat, so farmers are forced to sell their emaciated animals.
4 WORKING CONDITIONS IN THE BANANA SECTOR IN ECUADOR

Ecuador is the largest banana exporter worldwide.

WAGES, WORKING TIME AND CONTRACTS

While the situation of workers has improved over recent years thanks to the enforcement of the minimum wage law, recent studies have shown that a significant proportion of worker households do not achieve a living income. In 2016, the minimum wage was $366 per month – still below the cost of a family shopping basket, which is calculated by the government. In May 2016 this cost amounted to approximately $687 (€583). According to the interviewees, most workers live a hand-to-mouth existence. People have no savings to resort to in the event of illness or a natural disaster, such as the earthquake of 2016. Additionally, the method of remuneration is not transparent to many workers because they neither receive a detailed payslip nor is it clear how piece work, the dominant form of work, relates to their working hours, so they cannot tell whether overtime has been correctly paid. The majority of the respondents interviewed in 2016 do not possess a copy of their work contract. In January 2018, the Ecuadorian Minister of Labour announced a new set of work contracts, for the banana industry among others, which will complicate the situation for workers: they will have to work under more flexible conditions, the legally obligatory 48 free hours will be suspended, and overtime pay during weekends will be reduced by 75%.

DISCRIMINATION AGAINST WOMEN

Women usually work in the packing department. According to the respondents, they receive lower wages than the field workers. For example, in 2016, the Lidl supplier Matías reportedly reduced the wages of all female workers to one-third of the men’s wage. In addition, women stated that they had to take a pregnancy test prior to being hired. At Matías, according to interviewees, there has been also a case in which the rights of a nursing mother were violated.

‘Even the minimum wage would not be enough [to live on], let alone the wages of misery that they pay us.’
Worker at a packing station at El Naranjo, a Lidl supplier
TRADE UNIONS

When talking to workers on Ecuadorian banana plantations, there is an atmosphere of fear. Open criticism, internal complaints and, in particular, attempts to establish a trade union often lead to dismissals. ‘Black lists’ of the names of union members are thought to circulate among plantation owners. All the respondents interviewed randomly on the plantations certified by Rainforest Alliance said no when asked whether the company they worked for (including Lidl supplier, Matías) would allow the establishment of a trade union. It comes as no surprise that there was not a single independent worker organization in any of the 20 companies examined in 2016. The same goes for the plantations investigated in 2017: according to the respondents, none of the plantations would allow workers to be members of a trade union. In addition, in Ecuador it is difficult for trade unions to become officially registered: the law only allows for worker organizations with more than 30 workers, who are all working for the same employer. ASTAC has therefore been denied legal status as a trade union, as it is a sectoral organization. By the end of 2017, at least 10 union members had reportedly been dismissed at Matías. Lidl refused to take a public stand in favour of freedom of association in its value chain. The Rainforest Alliance certification body for this farm performed an extensive investigation audit at Matías and discovered a labour related non-conformity with the Rainforest Alliance Agriculture Standard, hence the certificate of Matías was suspended at the end of 2017 and has now been cancelled.

HEALTH AND PESTICIDES

In the Ecuadorian banana industry, aeroplanes are used to spray the huge cultivation areas with pesticides. According to 65% of the respondents interviewed in 2016, this happens while workers are in the field or with the requirement to re-enter the fields up to only two hours later, even though government re-entry times require waiting periods of at least 12 hours. Among the pesticides used are the highly toxic Oxamyl and Paraquat, which is not licensed for use in the EU, and Mancozeb and Glyphosate, which are suspected to cause cancer.28 Workers suffer from dizziness, vomiting and diarrhoea, skin irritations, insomnia and irregular heartbeat. According to a study by Austrian physicians and medical scientists, workers on conventional banana plantations suffer from gastrointestinal illnesses six to eight times more often than those working in the organic farming sector.29 Indicators for the risk of being affected by cancer were dramatically higher among workers in conventional farms. People who live in banana regions are also affected:

‘Almost all the parents of the children with disabilities at our school work on plantations or live nearby.’

Beatriz García Pluas, Director of the Nuestra Señora del Carmen school, a church institution for children with disabilities in Rícaurte

‘We are worried because we have to work in a rain of pesticides. We have skin rashes. But if you complain, you risk being fired.’

Worker at Matías, Lidl supplier
According to investigations at Lidl supplier plantations conducted in March 2017, the situation for workers has remained almost the same since Oxfam’s initial research. However, re-entry times on the Matias plantation were observed to have improved shortly after the publication of the Oxfam report *Sweet Fruit, Bitter Truth* in May 2016, and workers received protective clothing.
5 POSITIVE DEVELOPMENTS SINCE 2016

Although working conditions on pineapple and banana plantations in Costa Rica and Ecuador remain miserable, and environmental impacts have become more severe, there have been some positive developments since the launch of the Oxfam study in 2016 and the Make Fruit Fair campaign. In addition to improvements within some Lidl suppliers, governments in both countries have started to act. In Costa Rica, the Ministry of Labour has investigated 103 pineapple and banana plantations, revealing severe labour rights violations. Fifty-one plantations have begun to improve the situation, with direct benefits for 10,197 workers, while 12 companies have been brought before the courts. In Ecuador, the local authority has begun to investigate 15 banana plantations, including those of Lidl supplier Matías. As in Costa Rica, grave violations of labour rights have been found. Most importantly, the Costa Rican government finally prohibited the use of Bromacil in May 2017.

Following a complaint submitted by ASTAC, the International Labour Organization (ILO) recommended that the Ecuadorian government take all necessary measures to register ASTAC officially as a trade union and protect its members from reprisals, and to change the law so as to cover sectoral trade unions. The certification organization Rainforest Alliance has de-certified several plantations in Ecuador and Costa Rica, including the major pineapple producer Grupo Acón, which supplies Tesco and Aldi. In both countries, Rainforest Alliance renewed its contact with trade unions. In Costa Rica, as of autumn 2017, there were still discussions on organizing a round table, which would include trade unions and companies, to find solutions. Furthermore, Rainforest Alliance has strengthened its audit requirements regarding freedom of association – a vital step. New measures include more unannounced audits and the requirement for auditors to consult trade unions before the audit takes place. Local organizations felt supported by the international public pressure in their dialogue with governmental and certification bodies.

Finally, it is to be welcomed that in 2017 the supermarket chains Aldi and Lidl joined the World Banana Forum, a platform that brings together all actors – including fruit companies, supermarket chains, trade unions, small producer organizations, NGOs and politicians – to foster dialogue and improve the social and environmental conditions in the banana industry.
6 CONCLUSIONS AND RECOMMENDATIONS

While the situation of workers in Ecuador has slightly improved in recent years with regard to wages, working conditions in pineapple and banana production in both Costa Rica and Ecuador are still untenable. Workers risk their own health and that of their families, union rights are neglected and poverty wages are the norm. The low wages not only impact on the workers themselves, they also negatively influence living conditions of whole families and communities. Certification has not helped so far: most of the farms investigated were certified by the Rainforest Alliance. However, slight improvements following the launch of Oxfam Germany’s Sweet Fruit, Bitter Truth report – with regard to wages, subcontracted work and the use of pesticides on Lidl supplier plantations – show that change is possible. Recent initiatives by governments of both countries and by the Rainforest Alliance also give rise to hope.

Growing inequality and the economic exploitation of women and men are hardwired into supermarket supply chains. There is no quick fix. But sustained efforts to rebalance the power in food supply chains, with action from governments, small-scale farmers and workers, and from supermarkets and other industry actors, can make a difference to millions of lives. Oxfam highlights four areas that require immediate attention.

Governments, supermarkets, and investors should:

• Radically improve transparency in the sourcing of food;
• Know, show and act on the risks of human rights violations faced by women and men in supermarket supply chains;
• Guarantee safe working conditions and equal opportunities for women;
• Fairly share the significant revenues in the food industry with the women and men who produce our food.

Through its new campaign, Oxfam is calling for an end to human suffering in food supply chains, and promoting alternative business models that give the people behind the products a fair share of the value. To find out more about the campaign, and to read the full set of recommendations, see Ripe for Change.
A banana worker in Ecuador stands next to an ASTAC poster. Photo: M. Hägele/Oxfam.
NOTES


2 Make Fruit Fair. http://makefruitfair.org/


4 See www.lidl.de/de/verantwortung/s841

5 See https://unternehmen.aldi-sued.de/de/verantwortung/

6 See www.aldi-nord.de/verantwortung/unser-verstaendnis.html


15 Information provided in the Oxfam questionnaire, February 2016, on file with the author.


17 Information provided in the Oxfam questionnaire, February 2016, on file with the author.


20 In Costa Rica, there is a statutory wage set by the government. For 2017, see Decreto N°40022-MTSS: www.mtss.go.cr/temas-laborales/salarios/decretos/Decreto_Salarios_2017.pdf

21 Instituto Nacional de Estatisticas y Censos, data from October 2017: www.inec.go.cr

22 Letter from UNT from March 2017, on file with the author.

utilizacion-herbicida-Costa-Rica_0_1633836654.html?utm_source=Facebook&utm_medium=Social&utm_term=A utofeed&utm_campaign=Echobox#link_time=1494925387


25 Ibid.


28 This is according to the US Environmental Protection Agency: https://www.federalregister.gov/documents/2011/04/06/2011-7461/mancozeb-pesticide-tolerances


33 M. Maxwell (2017, 6 June). Rainforest Alliance suspends Grupo Acón. Retrieved from: http://www.fruitnet.com/americafruit/article/172418/rainforest-alliance-suspends-grupo-acn. However, after strong criticism from the trade union SITRAP, individual plantations were re-certified shortly afterwards so that Tesco and Aldi could still buy from certified plantations.

34 RAS (Red de Agricultura Sostenible – Sustainable Agriculture Network). Document SAN-P-SP-2-V1.
