

In 2013, Guatemala climbed the ladder of global banana exporters, taking second spot for volume worldwide and overtaking Costa Rica and Colombia for the first time.

The Central American nation enjoys a naturally favorable climate for banana production, enriched by volcanic soils on the Pacific Coast. But beyond that, this coast has also proven profitable for U.S. supermarkets that enjoy the spoils of neglected labor policies and low wages.

An estimated 95% of Guatemala's exported bananas reach the North American country, where consumers now count on this fruit to remain one of the cheapest items in the produce section.

In exchange for high productivity, Guatemala's banana workers receive some of the lowest wages in the region, earning less than their fellow industry laborers in Ecuador, Costa Rica and Colombia, explained Banana Link's international coordinator, Alistair Smith, and International Labor Rights Forum's senior policy analyst, Eric Gottwald.



A Guatemalan banana worker ties a web of support string, Photo: Stephen Russell

To keep boxes cheap and exports sailing, many Pacific Coast workers in Guatemala have lived a bloody, fear-ridden reality that has kept the region totally un-unionized. To the north, the Union of Izabal Banana Workers, Sitrabi, has improved its position but its leader has received death threats.

### **The situation in the South**

In 2007, laborers from a farm in Escuintla moved to unionize under the Southern Banana Workers Syndicate, Sitrabansur. The history of the union is short but significant.

Less than a year after the organization's formation, union leader Miguel Ángel Ramirez was shot dead. A month later, the daughter of the union's general secretary was reportedly raped by armed men. Investigations into these cases have not been solved.

The union broke shortly thereafter and no other labor body has risen to take its place.

Although some independent employers in the south have indicated a lack of need for labor unions, Smith and Gottwald described a much more complex situation.

"It is simply not credible to conclude that there are no trade unions in the South because there are no injustices or improvements to be made," they said.

"The biggest factor in explaining why workers have not formed or joined unions is that employers discourage independent trade unions and workers fear reprisal if they were to decide to form or join an independent trade union."

The bitter experience of Sitrabansur has not been forgotten and has served as a serious deterrent to further union attempts, Smith and Gottwald said.

"One or two companies may have a more open attitude to trade unions and understand that they could be partners in developing a sustainable industry, but most continue to have a very hostile attitude. In practice, this means that workers are not free to associate independently of management, let alone bargain collective contracts," they said.

Although worker wages under a multinational company typically range from 250% to 300% that of the minimum wage - currently set at US\$9.69 for an 8-hour day - the rate does not include a guarantee to benefits such as health care or social security.

For 100 quetzales (US\$12.90) a day, a southern banana laborer may work 12 hours a day, leaving home at 4am and arriving again around 8-9pm.

"This cash wage does not include a broad range of other benefits to which almost no workers in the South have access. In the South, companies do not provide housing (with electricity and water included), nor do they provide healthcare or schooling," they said.

"At best, companies in the South are working with local communities to lobby the government to provide services that do not currently exist. They are not investing in these

basic services themselves."

Stephen Russell, policy officer at the U.K.'s Trade Union Congress (TUC), described additional problems with wage deductions from independent growers.

"The workers receive their salaries with deductions for health, pensions and social security but those payments are never passed on to the government. So when workers go to use health facilities or want to plan their retirement, they're told no money has been paid," Russell told *www.freshfruitportal.com*.

This means workers will not have the means to retire or visit a doctor, he explained. Additionally, legal action against companies may take several years, rendering worker complaints largely ineffective.

"They find that although they themselves [workers] believe they have been paying into the system for many years, they are left without any rights in the eyes of the government because the company hasn't made the correct payments," Russell said.

When workers do have the opportunity to cash in on benefits, Smith and Gottwald said the services they received may be inadequate.

"A growing proportion of workers in the South may now be affiliated to Social Security, but the problem is that the services are very poor or non-existent in the communities where workers live, so most have to pay for health care out of their already inadequate wages," they said.

### **The situation in the North**

In the northeastern region of Izabal, banana workers have had the opportunity to organize under Sitrabi, an enterprise union that has remained intact despite serious security concerns.

General secretary Noe Antonio Ramirez said the situation in the North has calmed down since the wave of violence that carried through 2012. This period was marked by the kidnapping of Sitrabi's executive committee in 1999 and the murders of 12 Sitrabi leaders.

"The situation in Guatemala has not been very good but it has been improving with regard to violence. It has improved because the wave of violence against unionists, like Sitrabi members, has stopped," he told *www.freshfruitportal.com*.

When asked why Sitrabi had been targeted for such attacks, Ramirez said he did not know the cause or who was behind the actions. Since his brother and Sitrabi cultural secretary, Marco Tulio Ramirez, was shot dead in front of his home in 2007, Ramirez has also had significant problems with personal security, including anonymous death threats.

"The government has placed a bodyguard, an individual from the national police that protects us. He protects me. He is a civil, national police officer that is with me at all times," Ramirez said.

With pressure from bodies such as the International Labor Organization (ILO), Guatemala's attorney general has given greater attention to Sitrabi's cases.

Russell said much of the investigative interest has stemmed from fear of an ILO-led commission of inquiry that could bring greater grievances to light.

On a recent visit to the attorney general's office, Russell said representatives were quick to highlight their progress on cases emphasized by the ILO.

"For as long as that pressure is there, we think that's a potential engine for influencing change. Unfortunately it's still on the table. It will be discussed by the ILO governing body in November. It's a hanging threat that the government there is aware of," Russell said.

"They realize if there were a commission of inquiry, a lot of things would be uncovered that they are currently managing to keep hidden. This might have a knock on effect to their free trade relationships with the States and the EU."

In particular, Guatemala's union situation has been flagged under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).

Under pressure from the ILO, the validity of the U.S. free trade agreement with Guatemala was put into doubt in 2008. The labor body has questioned Guatemala's perceived lack of labor policy enforcement, which could violate certain articles of CAFTA-DR.

In its first labor claim using a free trade agreement, the U.S. challenged Guatemalan practices in 2011 by requesting a panel to improve enforcement.

Last week, the U.S. executive branch called out Guatemala's lack of progress on labor law reforms and stalled a final settlement on the case.

In April 2013, the U.S. and Guatemala signed an 18-point enforcement plan to improve labor

policy with the stipulation that changes be implemented within six months. Requests under the plan included better labor inspections, an expedited process for sanctioning employers and receiving compensation for violations, and increased labor law compliance by exporting companies.

A year out, however, United States Trade Representative Michael Froman said the Central American country had failed to make strides.

To date, the dispute has not been settled and this week, the U.S. Trade Office suspended the case for an additional four months.

"Today's action recognizes the progress made in Guatemala to adopt reforms to improve labor law enforcement, but also recognizes that significant work remains," Froman said last week.

"We will continue to work closely with the Guatemalan Government in these next four months to review the steps taken and assess whether the reforms are leading to concrete improvements in Guatemalan workers' rights."

### **A step back?**

Even as investigations appear to move forward, Russell was hesitant to get his hopes up on a definitive solution.

"Nothing can [sic] assumed to be fixed," he said.

He pointed specifically to the case of Claudia Paz y Paz, the current attorney general of Guatemala. She has been well received by unionists, who view her as a positive step forward in resolving Sitrabi's numerous legal cases.

Under her term, Paz y Paz established a special unit directed at investigating violence against union workers.

"They send their representative to work with the local police force so they can actually ascertain if there is evidence of trade union activity as the motive. Currently that is not being explored by the police, so the government finds it very easy to say there is no evidence of trade union links to this crime because they haven't looked for any," Russell said.

Beyond trade unions, Paz y Paz has also received global recognition for her human rights

work. In 2013, she was a leading candidate for the Nobel Peace Prize and in 2012, *Forbes* named her one of the five most powerful women changing the world.

Despite her international recognition, however, Paz y Paz has not received the favor of Guatemala's government and has not been nominated for an additional term.

"It is important to note that the attorney general who had been doing some good work both on the trade union issue and wider issues of impunity is being ousted by the constitutional court on a technicality," Russell said.

"It is a very tenuous technicality that she's going on so it looks very much like she's being forced out because she ruffled feathers."

The future of Paz y Paz's investigative unit will now depend on her successor's willingness to maintain it.

### **Steps forward**

Not all hope is lost for Guatemala's unions, however. Russell pointed out that Sitrabi has made strides in terms of working wages and conditions. He also noted the willingness of one of the banana companies in the area, Fresh Del Monte, to establish a collective bargaining agreement with Sitrabi three years ago.

"It was quite positive...I think there was an element from Del Monte realizing this couldn't go on. So they made quite a positive agreement with them, almost as a demonstration of, 'Look, this isn't us. We're not doing this'," Russell said.

Sitrabi also participated in a historic roundtable discussion in November that brought together government representatives, including the labor minister, fellow unions such as the Latin American Coordinator of Banana and Agricultural Unions, Colsiba, and members of all major banana companies operating in Izaban.

To get the conversation going, union members have agreed to hold off on industrial action, including strikes and protests, which would imply a blockage of transportation routes.

Russell said unions are now crossing their fingers that the government and employers will take their claims seriously.

"The unions are doing its [sic] bit but as of yet there have been no rewards from the employers' side. There have been no concessions other than turning up to the roundtable

and talking about the issues," Russell said.

Trades Union Congress (TUC) Aid and Banana Link have entered into a joint agreement under British-Irish trade union Unite to support Sitrabi and other unions in its round table discussions. The idea is to educate workers and encourage the best possible outcome for their representatives. The program comes with £10,000 (US\$16,800) in funding.

Smith and Gottwald said the roundtable discussions offer a glimmer of hope that certain companies have opened their eyes.

"We welcome the increasing openness of the industry to discuss issues that have been of great concern to civil society organizations in consumer countries for several years. If the taboo is broken, this can only be good news for workers and concerned consumers," they said.

"We welcome the creation of the first-ever tripartite dialogue forum in the banana industry in Izabal and hope that this effort can be extended soon to the South.

"It is clear that *some* companies have made considerable efforts to improve what were some of the harshest working conditions in the banana world. However, there are other companies where very harsh conditions are still the norm."

They called on the Association of Independent Banana Producers to throw its support behind efforts by the World Banana Forum to create a fairer, more sustainable supply chain.

### **Responsibility of U.S. and European retailers**

No discussion of supply chain ethics can go without the mention of major retailers and consumer markets.

In the past decade, buyers have turned increasingly to [independent producers, rather than multinationals, to supply bananas](#). Although this shift has diversified the origins of global exports, it has also meant a greater reliance on small companies that, in many cases, do not welcome union activity.

In Guatemala's case specifically, these independent producers comprise a great majority of the non-unionized Pacific Coast. These bananas may arrive to the U.S. through multinational distributors or by direct sourcing from supermarkets.

"The U.S. buys 95% of Guatemala's banana exports, so U.S. consumers can have a major



impact on promoting better wages and working conditions in Guatemala's banana industry. The first step is getting consumers and other organizations motivated to demand greater transparency from the supermarkets on working conditions in their banana supply chains," Smith and Gottwald said.

"If a supermarket is sourcing responsibly from plantations where workers have decent wages and the right to organize that should be known and praised. If they are simply buying the cheapest bananas available, regardless of working conditions, then they should be challenged to do better."

Currently, Russell noted a general lack of accountability from retailers that benefit from low pricing.

"Suppliers do have a genuine complaint that when they sell to supermarkets, they try to keep the price down, particularly in Europe. But also in America, they are using bananas as a loss leader because they've worked out that it's one of the items shoppers use to determine which shop to go to. That means none of the supermarkets are selling bananas at the genuine market price," Russell said.

"That feeds back down the chain. If you have the workers demanding their fair share, the profitability of the supply is obviously squeezed, so they have a motive for the unions not to argue so vociferously about wages."

Even when Guatemalan bananas come with certifications such as the Rainforest Alliance, Smith and Gottwald said shoppers should not take this as an ethical guarantee.

"Unfortunately, consumers can't assume that a Rainforest Alliance sticker means that the workers who produced that banana were paid a decent wage or have the right to organize a union. In Guatemala, Rainforest has certified many plantations on the South coast where it is widely known that workers will be fired, or worse, if they try to organize an independent union," they said.

"To date, Rainforest simply has not made enforcing the workers' rights sections of their sustainability standard a priority or we'd see more plantations being decertified for anti-union activities."

As the situation stands, Russell said consumers can make an impact by lobbying their governments to send representatives to the ILO, which can implement greater pressure for serious investigation and hasten reform.



"If the governments could be persuaded that their own populations were watching their actions and would judge them if they didn't back a commission of inquiry, that would be a step forward," he said.

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