

Germany-headquartered discount retail chain Aldi is facing widespread condemnation from Latin American banana-producing countries over its plans to lower pricing by around a dollar in 2019.



Industry associations from Colombia, Costa Rica, Ecuador and Guatemala have all expressed anger, saying the move could cause serious issues.

Earlier this month the Ecuadorian banana industry wrote [a letter signed by 31 organizations](#) slamming the retailer's plans, following which Costa Rican's Corbana, Colombia's Augura and Guatemala's APIB also made their complaints heard.

They say that further lowering the price of an already-inexpensive fruit would hurt the banana industry economically and socially.

Eduardo Ledesma, of the Association of Banana Exporters of Ecuador (AEBE), said that this "unilateral and unfair" decision cannot be allowed as it will affect the entire banana supply chain.

"We must organize a front of all producing countries in the region to stop Aldi from applying this unfair measure," he said.

Alistair Smith, international coordinator at U.K.-based non-profit Banana Link, told Fresh Fruit Portal that these plans don't consider "the true costs of production and don't take into account the internalization of costs, such as paying decent wages in countries where the gap is huge, or investments in environmental improvements."

"There is a coordinated effort of goodwill [from Latin American countries] to take measures in all senses of sustainability. It does not make any sense to lower prices for a product that is already extremely cheap," he said.

On Friday (Oct. 26), Ecuador's Agriculture Ministry set the minimum prices for 2019 of

US\$6.30 per box of between 41.5-43 pounds. The move was part of a protracted negotiation over a base price for growers selling their fruit to exporters.

For Richard Salazar, executive director at the Banana Marketing and Export Association of Ecuador (ACORBANEC), the minimum pricing is going to make it hard to comply with Aldi's request.

"It will definitely have a negative impact by making our product more expensive when the tendency, for example, in Europe, is to want to pay less for the fruit," he said.

## **A marked contrast from Lidl**

Latin American banana growers are now concerned that other retailers could follow Aldi's lead in cutting prices.

"Historically, Aldi's price ... has always been the reference price, even in contracts of other supermarkets," said Smith.

However, Lidl, another Germany-based discount retail chain which also has around 10,000 stores worldwide, seems to be taking a different approach. Just days before Aldi's plans came to light, Lidl announced it would soon start selling only Fairtrade bananas in its German and Swiss stores.

"They have spent 40 years following each other's actions with a one-day difference", until now, said Smith.

He said that Lidl is taking a route that is in line with what consumers and producers want, while Aldi is using its purchasing power to push down prices.

"We are facing a bifurcation of the great historical competitors of the German and European markets," he said.

## **Further support**

The latest association to voice its opposition to Aldi's price cuts was Action Alliance for Sustainability in Bananas (ABNB), a German organization that brings together representatives from trade, retail and politics as well as from consumer protection, civil society, and trade unions in the banana industry.

"The ABNB supports this appeal [responsibility throughout the whole supply chain] because

sustainable production also requires coverage for the costs of social and environmental standards, and this means that banana producers must have sufficient economic leeway for sustainable production," it said in a Monday statement.

It went on to say that its members watch "price dumping in the banana sector in Germany and Europe" with great concern.

"The ABNB stresses the absolute need to improve the incomes of small-scale farmers and wages of producers and plantation workers, to raise social standards and to invest in environmental protection and biodiversity conservation," it said.

The statement highlights one of the banana industry's main concerns - the impacts that Aldi's policy could have on the industry's sustainability and therefore the people who depend on it.

Jorge Sauma, general manager at Costa Rica's Corbana, said that for many families the industry is their entire livelihood.

"This could bring an economic destabilization and then a social destabilization and then a political destabilization," he emphasized.

The industry is now seeking to open negotiations with the retailer.

"We believe that we have to sit down and talk, and we are totally open, but we have not seen any reaction from them [Aldi]. We are deeply concerned, and I'm talking about all the Latin American exporting countries," he said.

When contacted by Fresh Fruit Portal, Aldi said it could not provide comment on the matter.