The Philippine banana industry has called on the government to establish exit price caps on the crop, as is the case in countries like Ecuador.

The move comes amid industry challenges including the present situation in China as well as the emerging competition from other Asian countries.

In a press conference Friday, Alberto F. Bacani, chair of the Pilipino Banana Growers and Exporters Association (PBGEA), said the exit price cap - or the price imposed on the crop before it is shipped to its destination - will allow the companies to become flexible in terms of drafting their programs for sustainability.

In Ecuador, one of the biggest exporters of the crop, “the government heavily intervenes in terms of pricing,” BAcani said, pointing out that the Ecuadorean government implements both a minimum and a maximum pricing caps to ensure the growers earns and the commodity remains competitive when it reaches the market.

“What I would ask the government to do is to follow the model of Ecuador,” he said, adding that open pricing is better only when the market price is high, but that exporters face huge problems when the market price goes down.

He said the government should study the proposal as the local industry must be competitive so that “we should not (become) an expensive banana.”

At present, exporting companies signed up agribusiness venture agreements with the growers they buy from, particularly agrarian reform beneficiaries, to ensure that the produce is bought and that these same companies provide financial and technical assistance to the growers.

By doing so, Bacani explained, exporting companies do not have that flexibility especially if the prices in the markets go down.

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