

WG02 on the Distribution of Value

Working Group Coordinators:

- **Patricia Bresciani, Dole Latina America**
- **Alistair Smith, Euroban, France/UK**
- **Gilbert Bermúdez Umaña, COLSIBA, Costa Rica/Ecuador**
- **Denis Loeillet, CIRAD Observatoire des Marchés des Fruits Tropicaux , France**
- **Will Stephens, Tesco Stores, UK**
- **Carolina Valarezo, Copempbal, Ecuador**
- **Helge Fischer, Banafair e.V., Nicaragua/Germany**
- **Silvia Campos, Fairtrade International e.V.**
- **Bernardo Roehrs, Agroamérica, Guatemala**
- **Jhon Jairo Gallego, Augura, Colombia**
- **Marcelo Ortega, Ministerio de la Coordinación Política, Ecuador**
- **Eduardo Ledesma, AEBE, Ecuador**
- **Jesper Nielsen, 3F, Denmark**



Types of participants

PRODUCERS	PRODUCER AND EXPORTER ASSOCIATIONS	RETAILERS AND SUPERMARKETS
WORKER'S UNIONS	BIG FRUIT COMPANIES	FAIR TRADE
NGO'S	SECTOR ANALYSTS	GOVERNMENTS

WG02 Objectives

- Identification of key actors along the value chain;
- Agreements **on different types of value chains** in the global industry;
- **Identify the type of information** that needs to be identified to work towards fair distribution;
- **A map on the distribution** of value in key supply chains;
- **Evaluation of prices and costs** throughout the value chain;
- **Agree on a practical methodology to calculate** decent plantation wages;
- **Implement methodology** in at least 3 countries;
- **Explore viability of several redistribution formulas** throughout the value chain.

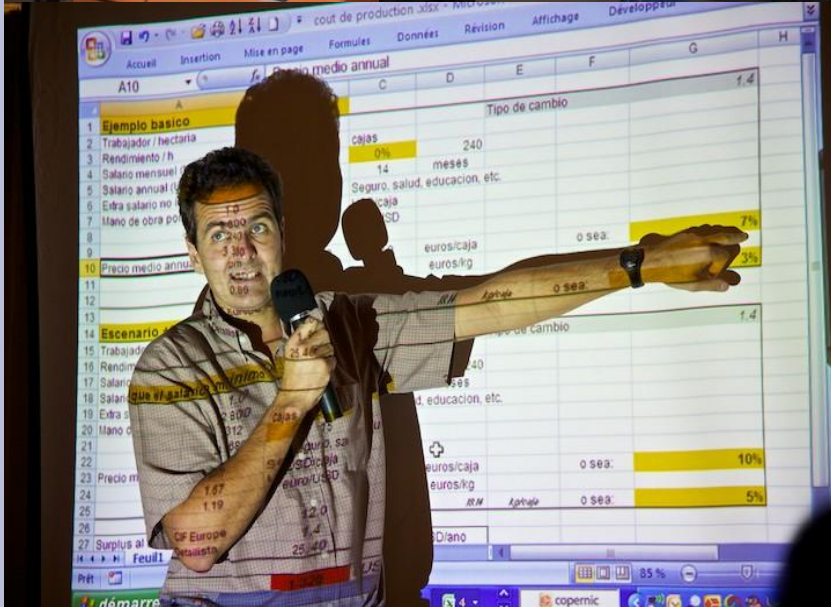
Work accomplished in 2012

A. Study on wage scales



Five established indicators for 8 exporter countries: **poverty level; minimum legal wage ; median salary ; a wage a result of collective bargaining; cost of a basic basket of goods and services**

- Ecuador, Costa Rica, Colombia, Guatemala, Honduras, Dominican Republic, Ghana, Cameroon
- **Significant gap for the majority of workers on the minimum wage and the cost of a basic family basket in almost all countries; big gap in Africa, Dominican Republic, Honduras and Guatemala**
- *By Ergon Associates (London)*

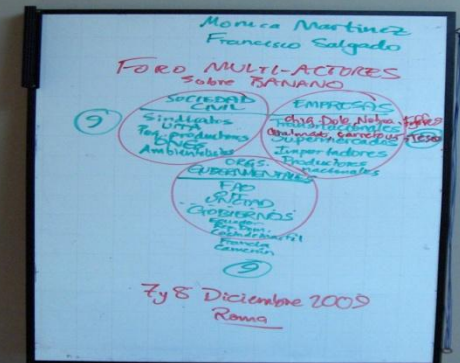


Co-funded by Tesco, Dole, Agroamerica, Fairtrade International, Co-op (UK), Marks & Spencer, J Sainsbury, Banafair and Banana

Work accomplished in 2012

B. Study on real wages

- A team of 5 INCAE (Costa Rica) students carried out a study on salaries and current benefits in 6 types of farms in Ecuador with the support of various local and national players.
- They compared total earnings with the cost of two family baskets for a typical rural household.
- The Uraba (Augura) banana union compiled data on wages, legal and extra legal benefits of more than 20,000 workers and 300 farms; data was validated by the Sintrainagro union. For most permanent workers a typical salary is approximately the cost of a basic wage basket.
- Working group members carried out own studies within their companies (Guatemala and Ghana) or with independent researchers (Banana Link/Universidad de Anglia del este (Cameroon))



Work accomplished in 2012

C. Analysis of global market, perspectives and the shipping revolution

Denis Loeillet from the Market Observatory in CIRAD and Richard Bright of Reefertrends.com collaborated with Banana Link, funded by AEBE to produce a global analysis on market trends. Underlining the strong tendency towards destruction of value in the European market and the potential for significant impact in plantation wages through a small increase in price paid by retailers in the North;

The rapid containerization of bananas in maritime transport over the past two years could end the specialized freight phenomenon. This demonstrates the increasing importance of maritime companies in the fruit value-chain. Especially against the tendency of building new direct supply chains by large retailers.



AGROEXPORTACIÓN SIN EXPLOTACIÓN

AUDIENCIA PÚBLICA

Negociación colectiva y derechos laborales: Caso Agrícola Virú S.A.
Genaro Quispe, Secretario General del Sindicato

Agroexportación, libertad sindical y negociación colectiva:
¿Se cumplen las obligaciones del TLC con EE.UU.?
Javier Mujica, Asesor de Aurora Vivar y Secretario Ejecutivo Perú EQUIDAD

El boom del Espárrago: competitividad, dumping social y cláusulas sociales
Julio Gamero, Profesor de la UNI

Representante Sindical Estados Unidos
Erik Kyle Nicholson, Unión de Trabajadores Agrícolas, California.

Congresistas de la República
Gloria Ramos Prudencio, Congresista de la República
Juan Pari Choquicota, Presidente Comisión de Trabajo*

Clausura - Brindis de Honor

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de la República. Plaza Bolívar, Av. Abancay s/n - Lima, Perú

FECHA Viernes 29 de octubre de 2010 **HORA** 9.00 a.m.

Peru confirmar

Work accomplished in 2012

D. Value chain studies

- **3 studies analyzing costs, prices, and margins in different chains and strategies.** (funded by FAO and coordinated by Banana Link):

Ecuador – EU (published March 13),

Colombia - US/UK (published February 13)

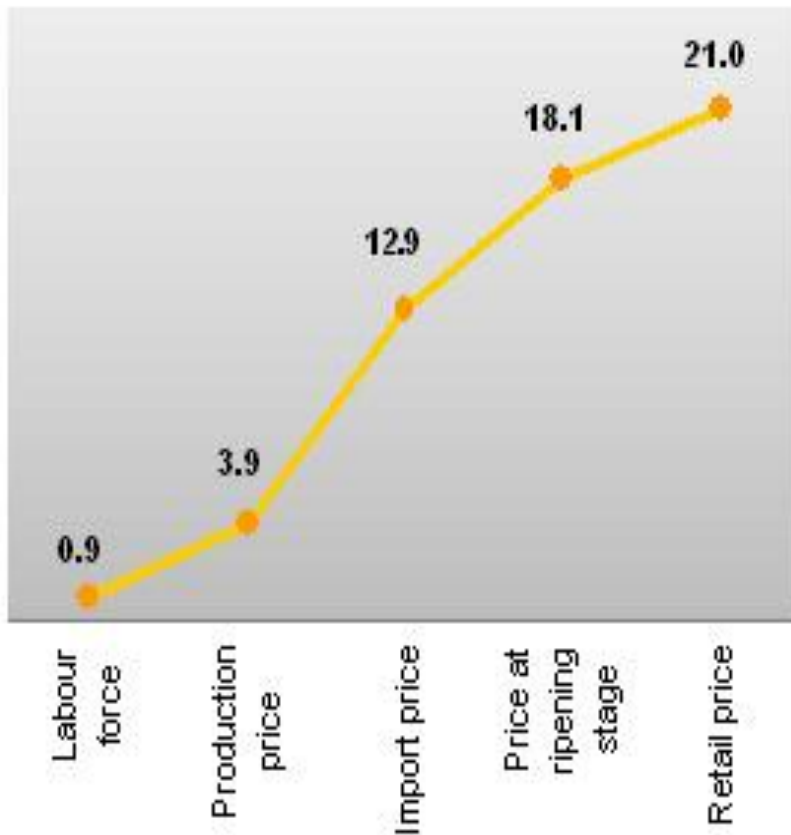
Windward Islands - UK (published September 12)

- Evaluation of distribution models, government, commercial and production policies, and forms of intervention. The information obtained supports renegotiation of prices upwards



Work accomplished in 2012

Banana - Distribution of value - Example
German market 2010-2011 (euro/box)



Note: mixing of cost and price / Various sources
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E. Exploration of the mechanisms for the creation of value and/or the redistribution of value for workers

Discussion on an initiative to raise distribution prices to invert non-sustainable price tendencies.

The proposal aims to create a mechanism that guarantees the direct transfer of additional created value to workers salaries within the WBF framework.

Work activities for 2013

Achieving a fair distribution of value along the chain

Action-research and analysis of the consultations made with large distributors, governments and consumer organizations on a price increase to improve wages on farms and packers

Plenary Meeting of WG02, Changuinola, Week 12

Consultations with other actors on key issues: shipping companies, companies providing agricultural inputs, etc

