

## **Resistance to and in the Neoliberal Agri-Food Regime: A Case of Natural Bananas Trade Between the Philippines and Japan**

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### **Abstract:**

Bananas are, simultaneously, one of the most popular and disputed fruits in the world. Production and trade are largely controlled by a handful of transnational corporations that, however, are not immune from criticisms about the negative consequences of their production methods on the environment and labor. Efforts to establish alternative forms of production have engendered contradictions as well. Employing a case of natural bananas trade between the Philippines and Japan, this article addresses two items. First it illustrates the development and current conditions of grassroots movements seeking to promote alternative bananas trade. Second, it offers an examination of the possibilities and limits of these initiatives as a form of resistance to the neoliberal agri-food regime. The analysis developed in the paper is based on original field surveys conducted between 2014 and 2017 as well as the review of existing statistics and documents. The article concludes that, while the implementation of the natural banana trade has obviously positive outcomes on the local environmental, socio-economic conditions and labor, it is not immune from limits that diminish its effectiveness as a form of resistance to Neoliberal agri-food and ability to transcend the market economy.

### **Key Words:**

Resistance, Banana, Natural, Philippines, Transnational Corporations

新自由主義的食料・農業レジーム下における抵抗  
— 日比間における無農薬バナナ貿易を事例として —

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要旨

バナナは世界で最も多く消費されている果物のひとつであり、同時に最も多くの論争を巻き起こしている果物のひとつでもある。その生産と貿易は、少数の多国籍アグリビジネスが担っているが、生産過程における環境や労働者への負荷は市民社会からの批判の対象となってきた。しかし、既存のシステムに対するオルタナティブを確立する運動は、しばしば矛盾に直面している。本稿では、日比間の無農薬バナナ貿易を事例として、第一に、日比間におけるオルタナティブなバナナ貿易を求める草の根の運動の発展と現状について明らかにする。第二に、こうした運動が新自由主義的食料・農業レジームに対する抵抗の一形態として機能する可能性と限界について論じる。本稿の分析は、2014-17年に実施したフィールド調査、統計、および文献資料にもとづいている。結論として示唆されるのは、この無農薬バナナ貿易が、産地の環境条件、社会経済的条件、労働条件に肯定的な影響を与えているものの、新自由主義的農業・食料レジームに対する抵抗の一形態としては、現状では限界を有しているということである。

キーワード：抵抗、バナナ、無農薬、フィリピン、多国籍企業

## I. Introduction

In Japan banana began to be imported on commercial basis in the early Twentieth Century and since the 2000s has developed into the fruit with the highest volume of consumption. This tropical fruit has various varieties and strains which are embedded in the traditional diets and cuisines of tropical and subtropical countries and regions. In contrast, the bananas traded in the global market and commercialized in developed countries virtually belong to one variety: *Cavendish*. Beginning with the mid-Twentieth Century, a handful of transnational corporations (TNCs) such as Dole Food Company<sup>1</sup>, Chiquita Brands<sup>2</sup> and Del Monte invested in the creation of Cavendish banana plantations in developing countries for the growing markets in developed countries. In Asia, those TNCs and a former Japanese *Zaibatsu* corporation, Sumitomo Corporation,<sup>3</sup> are major traders of Philippine bananas for the largest banana market in Asia: Japan.

<sup>1</sup> It was formerly named Castle and Cook Inc. In this article, the current name of the company is employed.

<sup>2</sup> It was formerly named United Brands. In this article the current name of the company is employed.

<sup>3</sup> The banana trade division of Sumitomo Corporation is now operated by its subsidiary, Sumifru. In this article the current name of the company is employed.

As in the case of many other developed countries, banana is among one of Japan's most disputed imports. In 1982, a book titled *Bananas and the Japanese People: Between Philippine Plantations and Japanese Tables* written in Japanese by Yoshiyuki Tsurumi revealed a number of social concerns behind the banana trade between the Philippines and Japan. These concerns include the risks of the effects of pesticide residues both on producers and consumers' health and the environment, exploitative working conditions, the penetration of major TNCs in the Philippines and tension between TNCs and the Philippine society (Tsurumi 1982). As a consequence, this book engendered controversy and affected the behavior of Japanese consumers.

In the 1980s, similar occurrences emerged in other countries. In the following years and because of these social concerns, the banana sector continuously attracted the attention of international social scientists that investigated its plantation and contract production systems (Feral, Fischer, Nielsen and Smith 2006, Jenkins 2000, Nakamura 2005), its trade system under GATT and WTO rules (Josling and Taylor 2003), the reform of TNCs international regulation (Nakamura 2005) and greening business strategies of TNCs (Sekine 2007). While studies on the emergence of fair trade and organic bananas in Western countries developed, grassroots movements seeking the ethical production of bananas in Japan and its consequences remain less studied. This lack of production is particularly evident in the case of works published in languages other than Japanese. These grassroots movements could be recognized as forms of resistance to the global neoliberal agri-food regime. However, these groups are often insufficiently organized and focused, and therefore appear ill equipped to address existing concerns about the market economy (Bonanno and Constance 2008, Sekine and Bonanno 2016: 2017).

The objectives of this article is twofold. First, it illustrates the development and current conditions of a grassroots movement seeking alternative forms of production and trade of bananas in the Philippines and Japan. Second, it examines the possibilities and limits of this initiative as a form of resistance to the neoliberal agri-food regime. To address these objectives, original information collected through field work in the Philippines and Japan from 2014 to 2017 are employed<sup>4</sup> along with secondary data from statistical analyses, existing studies and documents.

The paper is divided into six sections. Following this introduction, in the second section, an overview on the evolution of the Japanese banana sector is provided underscoring the primary factors characterizing its restructuring. In the third section,

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<sup>4</sup> Field work carried out in 2014 and 2015 was sponsored by Alter Trade Japan Inc. and the Research Institute on Industries, Aichi Gakuin University, respectively. Many thanks go to these sponsors that made this study possible through their generosity.

attention is paid to the growth of a citizen-based Japanese grassroots movement that struggle to allow the import of natural bananas from the Philippines. This section also highlights the transformation of this grassroots movement and the reasons behind it. In the fourth section, the case of a production site for natural bananas for the Japanese market in the municipality of Makilala in the Philippines is illustrated. This section is followed by discussions of the potentials and contradictions of this alternative initiative as a form of resistance to and in neoliberal agri-food regime. A concluding section ends the article.

## **II. The Restructuring of the Japanese Banana Sector**

The evolution of the banana sector in Japan can be analyzed through a periodization that consists of four distinct periods.

### **1) Prewar and Postwar Periods (from the early 1900s)**

In 1903, bananas from Taiwan, then a Japanese colony, began to be imported for domestic consumption (The Japan Banana Importers Association 2016, Takagi 1967). However, throughout the pre-World War Two decades, because the volume of imports was limited, bananas remained an exotic and quite expensive fruit for a niche market. While during the Second World War the trade of fresh bananas decreased significantly, beginning in 1950 this trend was reversed as Japan officially resumed commercial banana imports from Taiwan.

### **2) Emergence of Transnational Corporations Beginning in the 1960s**

As Japan entered the Rapid Economic Growth Period, initiated membership in GATT in 1955, IMF in 1962, OECD in 1964, accelerated processes of market liberalization and responded to requests from international trade and economic organizations such as the IMF, it liberalized banana imports in 1963 (The Japan Banana Importers Association 2016, Sekine and Bonanno 2016; Takagi 1967). In its aftermath but to some extent also prior to it, major American and Japanese TNCs such as Dole Food, Chiquita, Del Monte and Sumifru began to develop their banana plantations in the Philippines. Their intention was to create adequate production for the expanding Japanese market (Tsurumi 1982). Under direct management of the above mentioned TNCs, all these plantations, along with those of local Philippine sub-contractors were, located in the island of Mindanao, the second largest island in the country. Due to its tolerance to plagues and in particular to the Panama disease, the Cavendish variety was the production of choice.

As illustrated in Figure 1, the volume of imported bananas skyrocketed in the

aftermath of the Japanese market liberalization and the per capita consumption peaked at 9.88 kg/year/capita in 1972. However, this growth paused following the first Oil Shock of 1973 and the dawning of the Low Economic Growth Period. This decline of banana imports and consumption continued throughout the 1970s. Growth was revived in the 1980s following the Plaza Accord of 1985 that ushered a revaluation of the Japanese yen and the further introduction of market liberalization policies. Since the late 1970s the Philippines have remained the primary provider of bananas for the Japanese market. In 2015, this country enjoyed an 86% market share.

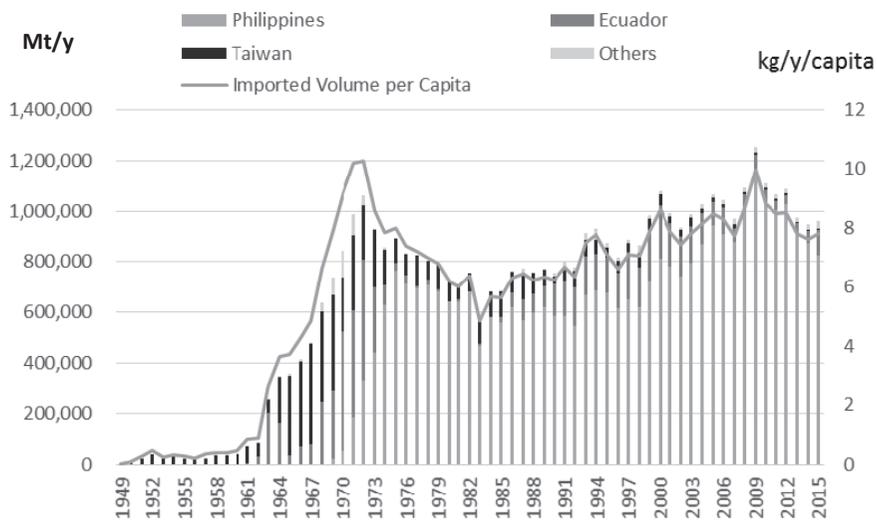


Figure 1. Evolution of Banana Import in Japan  
Source: The Japan Banana Importers Association (2016).

### 3) Grassroots Movements Beginning in the late 1980s

As banana imports and consumption continued to grow, Japanese consumers began to question the production methods of this tropical fruit. Highly influenced by the publication of Yoshiyuki Tsurumi's 1982 book, *Bananas and the Japanese People: Between Philippine Plantations and Japanese Tables*, the safety of this commodity, the environmental impact of its production, the exploitative nature of the labor employed, the significant level of poverty of these workers, and the extreme economic and political power of TNCs operating in the sectors emerged as serious consumer concerns. Following a history of environmental pollution in the 1960s and the 1970s and, particularly, exposure to the risks associated with the extensive use of agro-chemicals, such as pesticides,

fungicides, herbicides and chemical fertilizers, Japanese consumers initiated to boycott bananas produced with the use of chemicals and traded by TNCs.

Responding to claims emerging from the Japanese civil society, some consumer cooperatives and organic food trading companies invested to establish a new trading company, Alter Trade Japan Inc. (ATJ). Located in Tokyo, in 1989 it began to import natural<sup>5</sup> bananas from the Philippines<sup>6</sup>. Formerly, ATJ existed as Japan Committee for Negros Campaign (JCNC), an NGO that, established in 1986, worked to improve the socio-economic conditions of impoverished sugar cane producers in the Negros Island, Philippines. This charity-based organization supplied emergency food and medicines to the local population. In 1987 and with the support of JCNC, local NGOs, and community-based organizations, the Alter Trade Corporation (ATC) was established in Negros with the objective to develop alternative modes of sugar trade and to achieve the long term reduction of poverty and hunger. To further support these producers and sustain their cash income, its Japanese partner ATJ, was established and began to import bananas from ATC. ATJ has since offered financial supports to ATC when needed and since 2011 its CEO has served as one of executive directors of ATC.

These imported bananas were grown in the backyards of sugar cane producers all without the use of chemicals and special plant care such as de-leafing and bagging the fruits. This amateurishly grown bananas were of the Balangon variety, a local variety that provides smaller<sup>7</sup> but sweeter bananas than the Cavendish variety. This cultivar was selected because of its biological compatibility with the local environment, relative lack of required care, and limited infringement with locally grown staple food. However, as Balangon bananas are not well suited for shipping, once exported, they reached destination displaying unflattering scratches and discoloration. Furthermore, sometimes it became unavailable due to weather events such as typhoons. These problems notwithstanding, the volume of the Balangon bananas traded increased steadily throughout 1990s<sup>8</sup>.

The trade of natural Balangon bananas between ATJ and ATC was called “Trade from People to People” or “P to P trade.” This P to P trade was neither certified by a third party certification body as fair trade nor was it certified as organic. However, the product of this people-driven grassroots movement was recognized by Japanese consumers as an alternative to the TNC dominated banana production and distribution system.

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<sup>5</sup> The concept of natural indicates that production is carried out without the use of chemical products.

<sup>6</sup> Interview to Alter Trade Japan conducted on February 27, 2014.

<sup>7</sup> Balangon bananas usually bare smaller fruits in Negros while they bare larger fruits in humid areas such as in Mindanao Island.

<sup>8</sup> Interview to Alter Trade Japan conducted on February 27, 2014.

#### 4) New Trends Emerged in the 1990s

In the 1990s and as the demand for P to P, fair trade and/or organic bananas rapidly expanded, TNCs began to show interest in this growing market and restructured part of their business to produce natural, organic and/or fair trade bananas. In this effort they relied on third party certification scheme (Sekine 2007). Yet, this shift remained questionable. Feral and his associates (2006), for instance, show that in 2003 and 2005, Dole Food ISO 14001<sup>9</sup>certified banana plantations in Costa-Rica generated chemical spills that contaminated the environment and resulted in the death of fish in adjacent bodies of water. While the local trade union accused Dole Food of violating this environmental code, Dole Food denied any wrongdoing and threatened the union with legal actions. Additionally, union members working in banana plantations under contract with Dole Food in Costa Rica were personally threatened with actions such as dismissal, reduction of pay, blackmail, and discriminatory treatment. Based on local testimonies of trade union members of Dole Food's plantations, as of 2006 there were no improvement in workers' rights following certification under SA8000<sup>10</sup> (Feral *et al.* 2006).

At the turn of the century and these problems notwithstanding, TNCs' attempts to greening their business activities improved their social image and enhanced their market visibility. Simultaneously, Japanese consumers began to enjoy the availability of a wide range of bananas. They could select from a multiplicity of varieties (i.e., Cavendish, Balangon, Tall Williams, Morado, Seno Rita), places of origin (i.e., The Philippines, Ecuador, Taiwan, Thailand), and quality schemes (i.e., natural, organic, P to P, fair trade). As this change affected consumption, ordinary Japanese consumers could hardly differentiate among these choices, let alone evaluate them, and alternative grassroots movements encountered difficulties in mobilizing consumers (Sekine 2007).

In the 1990s, the rapid growth of banana consumption in China and South Korea as well as Singapore further changed the landscape of the Asian banana sector. Accordingly, while Japan is still the biggest trader of bananas in the region, it is no longer the only buyer. This expansion of consumption and the concomitant growth of cold chain and information technology, allowed TNCs to augment their control of the sector in terms of distribution, pricing and, ultimately, profit (Sekine 2007).

Also in the 1990s, Cavendish bananas plantations were infected with a new strain of the Panama Disease. Technically known as *Fusarium Wilt* and caused by the soil

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<sup>9</sup> ISO 14001 is a third party certification standard for the managements of environmental standards established by the International Organization for Standardization (ISO) in 1996.

<sup>10</sup> SA 8000 (Social Accountability 8000) is a third party certification standard for fair treatment of workers established by the Social Accountability International (SAI) in 1997. It indicates that working conditions meet the UN Declaration of Human Rights and ILO conventions.

Fusarium fungus, this disease wiped out the *Gros Michel* banana variety in the early Twentieth Century. At the time, that was the most common banana variety for international trade. Tolerant to Panama Disease, the Cavendish banana replaced the Gros Michel. However, it could not tolerate this new strain of the disease that infected plantations around the world including the Philippines. The FAO (2016) reports that in 2015 the new Panama Disease and extreme weather caused by El Nino, wiped out 2,000 ha of banana plantations in the Mindanao Island, which represented 5.1% of total banana cultivates area in the Island. The decline in production caused by the disease in tandem with the expansion of the demand led to an increase of the price of bananas at the farm and in local, national and international markets<sup>11</sup>.

### III. Growth and Transformation of the Natural Banana Trade

The structural changes illustrated above negatively affected the trade of the natural Balangon banana that lost its original appeal among Japanese consumers. Two reasons can be employed to explain this occurrence. First, the contemporary market is characterized by the presence of a number of varieties of bananas that are commercialized and/or appear as ethical choices and alternative options to the industrialized banana production offered by TNCs. Second, broader neoliberal economic reforms negatively affected the Japanese economy and employment whereby many segments of the Japanese labor force can no longer afford to buy more expensive food, such as natural bananas. For instances, labor market deregulation policies increased the number of low paid, temporary workers particularly among younger generations. These workers now tend to buy less expensive industrially produced bananas offered by large supermarket chains. Deregulations augmented the power of supermarket chains and the problems of consumer cooperatives that face difficulties in maintaining their market share. The strong competition by supermarket chains eroded the ability of many consumer cooperatives to maintain one of the most important activities for them, educational programs for its members<sup>12</sup>. This situation contributed to the stagnated demand on the natural Balangon bananas in Japanese market.

In 2000 and in order to overcome the above mentioned problems, ATJ and ATC restructured their original Balangon bananas trade program through the implementation of the new “Balangon Renewal Project” (BRP)<sup>13</sup>. Its primary objective was to develop new production sites in Mindanao Island, the Philippines. By the time, ATJ and ATC had

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<sup>11</sup> Interview to Don Bosco Foundation for Sustainable Development in September 2, 2014.

<sup>12</sup> Interview to Alter Trade Japan conducted on February 27, 2014.

<sup>13</sup> Interview to Alter Trade Japan conducted on February 27, 2014.

already added new production sites in the Philippines to include Panay, Bohol and Luzon Island. These production sites were managed through direct contracts with smallholders and cooperation with local partners such as NGOs and producer cooperatives. However, as typhoons regularly affected these islands and the quality and volume of Balangon bananas production, ATJ and ATC complemented the existing production with bananas from Mindanao Island.

Mindanao Island has a special status and history in the Philippines. Some factors make it particularly suited for banana production, such as its mild climate and the absence of typhoons. This is why major transnational corporations, such as Dole Food, Chiquita, Del Monte and Sumifru, located their plantations on this island. Others, however, such as the presence of a large Muslim community and the continuous conflict between the Philippines government and armed groups fighting for the independence of the island, diminish the desirability of this area as an investment destination. Due to this complex history and situation and, more importantly, because of TNCs' local presence, ATJ and ATC have been reluctant to operate in the region for years. However, this situation changed due to these organizations' objectives of stabilizing Balangon banana production and offering a supply of natural bananas that could counter the TNC led production. Moreover, ATJ and ATC intervention was deemed relevant in order to develop an alternative economy independent from TNCs' control. In this context, the production of natural bananas was seen as a tool to provide cash income and employments for local residents. The improvement of their socio-economic conditions was seen as a positive factor in the establishment of peace in this region<sup>14</sup>. In Mindanao Island ATJ and ATC established three production sites located in the Municipality of Tupi and Lake Cebu in the Province of South Cotabato and Makilala in the Province of Cotabato along with an additional production site for spot transaction in North Mindanao<sup>15</sup>.

#### **IV. A Natural Banana Project in a Plantation Area: A Case of the Municipality of Makilala in Mindanao Island**

In this section the case of Makilala is illustrated. This is the newest production site of natural Balangon banana whose production is traded between Japan and the Philippines.

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<sup>14</sup> Interview to Alter Trade Japan conducted on February 27, 2014.

<sup>15</sup> Since 2013, ATJ and ATC have regularly procured Balangon bananas from producers in North Mindanao (information obtained from ATJ in January 11, 2017).

### 1) The Municipality of Makilala and Stanfilco

Located in the watershed area of Mt. Apo and established in 1954 after acquiring autonomy from the adjacent Kidapawan City, the town of Makilala is formed of 38 Barangays<sup>16</sup>, spans over 34,000 ha<sup>17</sup> and dwells on an economy formerly dominated by the rubber industry<sup>18</sup>. In Makilala, the local subsidiary of Dole Food Company, Stanfilco, established its plantation in 2000. Growing to be the largest single employer in town, this company leases land from local residents and operate plantations covering more than 1,000 ha. While the beneficiaries of the nation's agrarian reform, the majority of local farmers do not have access to off-farm employment. The lack of jobs and the overall poor economy prevent farmers from having the necessary capital to improve their farms and push them to lease their land to, and accept wage work from, Stanfilco.

Makilala is also a diverse community. Residents have different origins — including settlers from other parts of the Philippines and indigenous people – and different religions, such as Christianity, Islam and autochthonous creeds. Until the 1990s, this area was the theater of conflict between the national army and rebels, both maintaining their ranks by recruiting poverty stricken local residents. Two Barangays in the town of Makilala, Batasan and Buhay, were the focus of this investigation. While Batasan is located in lower part of Mt. Apo with a majority of Christian settlers, Buhay is positioned in the upper area of Mt. Apo and features a population formed of Muslim and indigenous groups. The indigenous tribe of Maranao constitutes the majority of the entire local population. The production of natural Balangon bananas began in Batasan in 2012 and in Buhay in 2015.

The overall mood in the town of Makilala reflects an appreciation of Stanfilco's contribution to the local economy and employment. Simultaneously, however, concerns exist about the consequences on the environment and human health engendered by its use of agri-chemicals in the cultivation of bananas<sup>19</sup>. Accordingly, it is not surprisingly that the natural Balangon banana project received enthusiastic local support also in consideration that it involves the distribution of free planting materials and the construction of paved roads for crop shipping. The town, on its part, plans to create a new course on organic agriculture in its newly established senior high school in the Barangay Batasan.

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<sup>16</sup> Barangay is the smallest administration unit in the Philippines, consisting of towns and cities.

<sup>17</sup> Interview with officials of the Town of Makilala conducted on September 8, 2014.

<sup>18</sup> Like the case of banana plantations, the rubber industry normally employs one worker per hectare.

<sup>19</sup> Interview with officials of the Town of Makilala conducted on September 8, 2014.

## **2) The Roles of a Coordinating Partner: The Don Bosco Foundation for Sustainable Development**

A NGO with humanitarian goals, the Don Bosco Foundation for Sustainable Development (DBFSD) was established in the Town of Makilala in 1988 in order to combat poverty alleviation, promote social development, protect the environmental and generate economic expansion independently from the actions of TNCs<sup>20</sup>. In particular, it focuses on organic agriculture supported through bio-dynamics as a key instrument for the achievement of these objectives. It offers training programs on organic agriculture for producers and sells their organic products in local and international markets such as Dubai, Hong Kong, EU, US and Canada. Next to the resources generated by these sales, this NGO receives grants from European Christian organizations.

In 2004, Stanfilco planned to purchase 76 ha of land in Barangay Batasan to expand its banana plantation. DBFSD, however, intervened and purchased the land before Stanfilco preventing the expansion of the plantation and possible environmental and economic problems. On this land, DBFSD established its own 15 ha dairy and crop farms and allowed 33 families to claim land ownership on additional 40 hectares. Moreover, DBFSD donated 1.5 ha to Barangay local public institutions including a high school, a prenatal center and a day care center. The remaining 2 ha land were developed into a 120 lot single home housing project.

DBFSD has been also active in the creation of jobs for Makilala residents including those who received land from the Land Reform Program. Actions in favor of land reform recipients were motivated by the fact that these land recipients could not transform their land into farms for lack of capital. Therefore, they faced the risk to lose their land, acquiring loans with extremely high interest rates, or leasing their land to Stanfilco through 15 to 25 year contracts. The latter is commonly practiced when the price of rubber declines. As indicated above, price drops push farmers to take poorly paid wage jobs and be exposed by toxic chemicals used in plantations.

In 2010, executives of DBFSD met with ATC officers in Manila. It was agreed to mobilize Makilala residents for the production of natural Balangon bananas to be initiated in 2012. By 2013, the first harvest was shipped from Makilala to Japan and, by 2015, there were 40 producers in Barangay Batasan and 21 producers in Barangay Buhay<sup>21</sup>. Land reform beneficiaries were able to sign loans from DBFSD and service them through a repayment program that deducts premiums from the payments of harvested Balangon bananas. Also DBFSD provided training for producers, including Balangon bananas

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<sup>20</sup> Interview with official of DBFSD conducted on September 5, 2014.

<sup>21</sup> Interview with officers of DBFSD conducted on September 8, 2015.

production, harvesting, and shipment along with the technical services such as packing centers and transportation.

### 3) Natural Banana Production and Distribution

#### *Production*

One additional feature of the Balangon bananas produced through these initiatives is that they are grown through the adoption of agro-forestry methods that increase biological diversity. For instances, in the DBFSD pilot farms, Balangon bananas are grown with crops such as coconuts, rubbers, other varieties of bananas (such as Plantain, Latundan, Saba), durian and jackfruits. This approach is widely adopted in developing countries to protect the environment and, particularly, to avoid soil erosions.

In July 2014, in an area of 75 ha in Makilala, there were 57,000 mats of Balangon bananas. On average, the density is of 760 mats per ha. This is a quite reasonable density if compared, for example, with Tupi where the average density is between 700 and 800 mats per ha in farms that adopt agro-forestry methods and 1,000 mats per ha in farms employing intensive production. To be sure, however, there are producers in Makilala who plant Balangon bananas more intensively (1,750-2,000 mats/ha).

As indicated above, Balangon bananas are not affected by the wide-spread New Panama disease which has destroyed Cavendish banana plantations in Makilala and elsewhere<sup>22</sup>. However, Balangon bananas are not immune from problems. In Makilala, bananas are affected by other diseases such as the Banana Bunchy Top Virus (BBTV) and Sigatoka. This situation is not new for these diseases have affected production since the beginning of the project<sup>23</sup>. Its unaddressed status is due to the lack of technical services and support available. Like in the case of many developing countries, an effective public extension service is lacking and it is partially address through existing private investment in research and extension undertaken by NGOs such as DBFSD. In the face of outbreaks of various diseases, DBFSD invested in research and extension on production and the application of effective organic pesticide. However, the additional costs of these activities represent an excessive economic burdens for DBFSD. As a result, in the case of disease outbreaks, production costs rapidly increase with significantly negative consequences for smallholder producers. This is radically different scenario from the case of TNCs that can mobilize the support of their own research and development divisions.

In addition to the above, the expansion of the Balangon banana trade has increased

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<sup>22</sup> According to an interview with officials of the TANAKA BANABA INC. conducted on July 29, 2016, preserving bio-diversity in soil through the use of organic fertilizer and without the application of herbicides is an effective solution to control the New Panama Disease.

<sup>23</sup> Interview with DBFSD officials conducted on September 5, 2014.

the time and care necessary in production. As indicated above at the outset of the P to P trade in Negros, Balangon bananas were grown virtually in the wild and with limited attention. However, as the volume of trade increased, it also increased demand for better quality and visually more attractive products. As a result, today producers not only need to apply more care in production, but also need to invest in the purchase of additional items such as organic fertilizer, organic pesticide, plastic bags for the covering of bananas, ribbons for tagging, knives, boxes, wraps, and crates.

Table 1 shows the production costs of Balangon bananas in Makilala. This table indicates the loss of profitability due to the low productivity caused by diseases. A comparison with the case of Tupi (table 2) documents the lower prices that producers in Makilala receive for products sold at the farm.

Table 1. Production Costs and Sales of Balangon Bananas in Makilala (2014)

Production Costs		Sales	
Compost	5,000P/ha/year	Farm gate price	135 peso/box
Compost cocktail (Organic Pesticide)	20,000P/ha/year	Production	6 boxes/week/ha
Seedling	20,000P/ha/y (10P/seedling)	Weekly sales	810 peso/week/ha
Personnel	70,000P/ha/year	Monthly sales	3,240 peso/month/ha
Land	----	Annual sales	38,880 peso/year/ha
Total	115,000P/ha/year	Annual deficit	▲76,120 peso/year/ha

Source: The information on Balangon bananas production costs was obtained during an interview with officers of DBFSD conducted on September 6, 2014. The information concerning Balangon bananas sales was obtained from a producer in Makilala on September 3, 2014.

Notes: A box of 15kg contains 13.5kg of Balangon bananas in Makilala. The cost of packing is paid by DBFSD.

Table 2. Production Costs and Sales of Balangon Bananas in Tupi (2014)

Production Costs		Sales	
Costs of plant care*	90,000 peso/ha/y	Farm gate price	180.60 peso/box
Packing costs	9,600 peso/ha/y	Production	25 boxes/week/ha
Harvesting costs	14,400 peso/ha/y	Weekly sales	4,515 peso/week/ha
		Monthly sales	18,060 peso/m/ha
Total	114,000 peso/ha/y	Annual sales	216,720 peso/y/ha
		Annual income	102,720 peso/y/ha

Source: Interview with ATC officers in Tupi conducted on September 7, 2014.

Notes: TUBAGA, a producers' cooperative in Tupi receives payment in dollar. It receives \$ 5.5/box when the production volume is less than 1,200 boxes/week. When production is in excess of 1,200 boxes/week, it receives \$ 6/box. 1\$ exchanges for 43 pesos in 2014. A box of 15kg contains 13.5kg of Balangon bananas.

\*It includes personnel for plant care.

To support Makilala producers, DBFSD has established a low rate loan program that allows producers to borrow funds at a 3% annual interest rate for the purchase of production inputs. This service is vital for production as farmers have limited access to public and/or private credit. Also lacking are measures that would encourage them to save portions of their incomes. Contrary to the case of producers in Tupi, most of the farmers in Makilala do not own a bank account.

Figures 2 illustrates the evolution of the volume of Balangon banana production in Makilala. Following the 2013 outbreak of BBTv and Sigatoka that lasted until 2015, production was affected by an El Nino year in 2016. Although the production volume has not yet achieved pre-crisis levels, it is gradually increasing along with the number of producers and the size of the land under production.

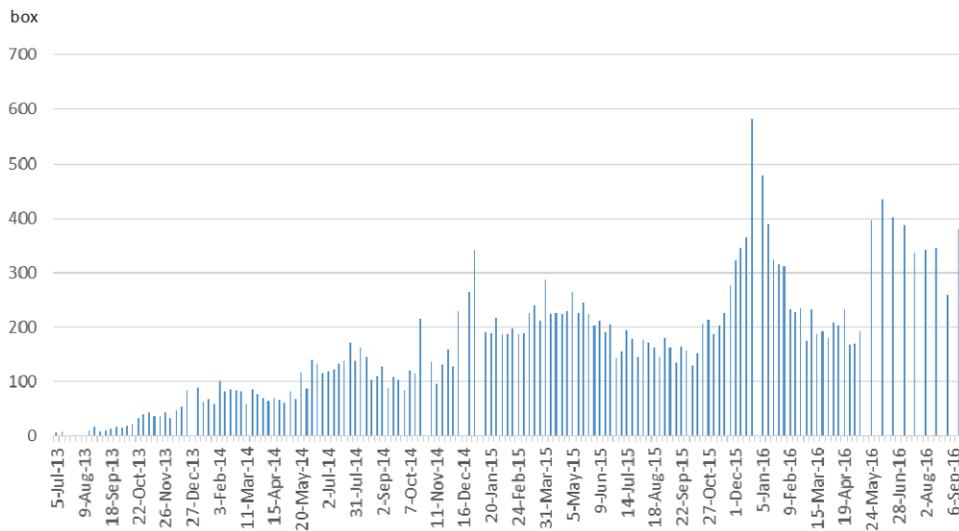


Figure 2. Evolution of Balangon Bananas Production in Makilala

Source: Data provided by ATJ.

### ***Shipment and Distribution***

Balangon bananas are harvested once a week<sup>24</sup>, assembled by DBFSD at its packing center, and eventually shipped to Tupi by trucks<sup>25</sup>. From Tupi they reach the nearest port, General Santos City in Mindanao, and from there they are sent to Manila. In Manila, they are inspected in order to meet the required conditions for export to Japan. Their final destinations are the ports of Yokohama and Osaka. During this process, ownership of the bananas goes from producers to DBFSD, and then to ATC, ATJ and finally to Consumer Cooperatives in Japan<sup>26</sup>.

The distribution costs of Balangon bananas are relatively higher than those of bananas produced by TNCs. This is due to the economy of scale associated with TNC production. In particular, higher costs are due to the fact that: 1) farms are smaller and often located in disadvantageous mountain areas poorly served by unpaved roads; 2) frequently, producers lack motor vehicles and even horses to transport the harvest; and 3) farms are located not only in Mindanao but also in other regions of the country, a condition that requires more complicated logistical planning and the use of costly shipping services.

## **V. Discussions: Potential and Contradictions of the Natural Balangon Bananas Project**

### **1) Impacts on Producers' Livelihood and Future Possible Developments**

The natural Balangon bananas project in Makilaka is still in its early stage. Yet, it is possible to sketch some of its consequences particularly in regard to its impact on the socio-economic conditions of producers in the Barangays of Batasan and Buhay. Following the results of the investigation, the production of Balangon bananas provides local farmers with regular cash income that does not adequately contribute to 1) address basic everyday expenses such as food and schooling of children; 2) service farm loans; 3) and cultivate land that otherwise would be abandoned. In addition, participation in the program allows local farmers to receive necessary training for quality agricultural production. Contrary to the case of working as wage workers in corporate managed plantations, working as independent farmers requires producers to perform variety of tasks involving a number of skills. Accordingly, it is imperative for the success of the

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<sup>24</sup> Beginning in April 2016, the frequency of the harvest was revised to once every two weeks.

<sup>25</sup> Interviews with DBFSD officers conducted on September 2, 2014, ATC officers conducted on September 9, 2014 and ATJ officers conducted on September 8, 2016.

<sup>26</sup> Interview with ATJ officers conducted on February 27, 2014.

program, the independence of producers, the maintenance of their self-esteem<sup>27</sup>, and the continuous existence of farms across generations, that producers receive adequate training from ATC or DBFSD<sup>28</sup>.

The Balangon bananas project is expected to meet all these requirements. Indeed, it is crucial for producers to achieve these objectives as they are fundamental steps for overcoming extreme poverty and avoiding the risk of being controlled by TNCs. For the moment, the Balangon bananas project has not been able to significantly improve the conditions of producers in Makilala. This is mostly due to the outbreak of diseases, the effects of climate change and the relatively modest price that this type of bananas commands. Specifically, this price has not risen as much as the price of corporate produced bananas and its value has been further tempered by the effects of inflation. However, it is also important to note that the Balangon bananas project allows communities of the Barangays to protect themselves from the penetration of TNC plantations for high land bananas<sup>29</sup> compared with other Barangays in Makilala town<sup>30</sup>. DBFSD not only informs local residents about the risks associated with accepting offers from TNC plantations, but also provides alternative job opportunities to producers of Balangon bananas. This is particularly the case in Barangay Buhay where the unemployment rate is high and the Balangon banana project represents a concrete new job opportunity without the risk of exposure to agri-chemicals<sup>31</sup>.

Table 3 shows the cases of seven producers of Balangon bananas in Makilala. This table indicates that all these producers have: 1) diversified production systems consisting of the cultivation of different crops; 2) a multiplicity of off-farm sources of income; 3) shares of income from the production of Balangon bananas that vary from 8 to 46%; and 4) farms with densities of Balangon bananas that vary from 458 to 1,750 mats per ha.

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<sup>27</sup> Interview with ATC officers conducted on September 7, 2014.

<sup>28</sup> Interview with Balangon bananas producers conducted on September 3, 2014.

<sup>29</sup> The term high land bananas refers to bananas produced at high altitude. These are areas located between 500 and 900 meters above sea level. As the difference between the day and night temperatures makes bananas sweeter and tastier, major TNCs have initiated to locate their plantations in mountainous areas since the 2000s.

<sup>30</sup> Interview with DBFSD officers conducted on September 5, 2014.

<sup>31</sup> Interviews to Barangay Captain in Buhay conducted on September 6, 2014 and September 8, 2015.

Table 3. Diversity of Natural Balangon Bananas Producers in Makilala

Producers		A	B	C	D	E	F	J
Age		58	57	48	42	61	39	55
Sex		Male	Male	Male	Male	Male	Female	Male
Ethnic Group		Cebuano	Cebuano	Cebuano	Bacobo	Maranao	Cebuano	Cebuano
Family Members		10	8	6	5	6	3	3
Barangay		Batasan	Batasan	Batasan	Batasan	Buhay	Batasan	Batasan
Owned Farmland (ha)		1.25	7	1.5	8	50	0.5	2.4
Balangon Bananas	Start Year	2013	2013	2013	2013	2015	2013	2012
	Surface (ha)	0.5	2.0	0.3	1.1	7.0	0.5	2.4
	Number of Tree	580	3,500	300	1,000	10,000	300	1,100
	Density (tree/ha)	1,160	1,750	1,200	909	1,429	600	458
	Production Volume (kg/year)	3,307	5,088	312	2,290	1,272	259	1,717
	Sales (\$/year)	882	1,357	73	998	503	69	458
Other Crops	Subsistent	Tropical fruits, Ducks, Chickens	Tropical fruits, Goats, Chickens, etc.	Tropical fruits, Chickens, Cow and Horses	Chickens, Cows	Vegetables, Tropical fruits, Bananas, Chickens	Tropical fruits	Tropical fruits, Checkens
	Commercial	Rubber, Durian, Cacao	Rubber, Abaca, Durian, etc.	Durian, Rubber	Durian and other tropical fruits	Tropical fruits	Tropical fruits	Flowers, Coconuts, Rubber, Bananas, Cacao
Other Income Sources		Carpenter	Remittances	—	Remittances, Salaries from NGO	Salaries as Barangay Chaptain	Salaries from NGO	Salaries from Barangay and NGO, Remittances
Share of Income from Balangon Bananas (%)		—	46	8	40	13	—	9

Source: Interview in September 4, 2014 (From A to E) and September 10, 2015 (From E to J).

## 2) Growing Productivism, Market Competitions and their Contradictions

While it is certain that the natural Balangon banana project improves the socio-economic conditions of producers, it is equally clear that it is not free from contradictions. Its “People to People” or alternative character is mitigated by the fact that it cannot transcend market relations. It cannot be successful without the existence of the market and effective market competition. Because of this need to compete effectively, there is a tendency to battle low returns through increasing production and improve efficiency both in terms of quantity and quality. Accordingly, some producers tend to plant Balangon bananas in excess of appropriate levels of density that often approach points associated with intensive production. Increased density results in declining bio-diversity and augmentation of the risk of diseases which in turn compromise production quality and quantity. Moreover, market competition encourages farmers to continuously invest to improve the quality of the bananas and meet export standards. These requirements increase costs of production and often do not translate into more income for producers.

As high costs of production cannot be reduced under the fixed contract prices of the P to P scheme<sup>32</sup>, they can be partially addressed through attempts to improve distribution efficiency.

Departing from the original concept of decommodification, P to P trade remains anchored on market price competition and its contradictions. A few instances are explanatory. 1) For most of growers in Makilala, the cultivation of Balangon bananas is only one option to earn cash income. Once other crops appear more attractive and/or alternative employment is available, farmers do not hesitate to halt production. 2) International buyers, such as TNCs or Chinese brokers, frequently contact producers with offers to sell bananas at more attractive prices. Because of inflation and the outbreak of New Panama Disease, farm prices of bananas have continued to increase. 3) The demand of banana is increasingly elastic for Japanese consumers tend to stagnate consumption in light of increased prices and the deterioration of the quality of employment and economic conditions at home. In this context, even members of Consumer Cooperatives occasionally do not purchase Balangon bananas. All these examples show the contradictory nature and limits of the Balangon bananas project as an alternative to the market system and its social and economic problems.

## VI. Conclusions

Beginning in the late 1980s, the grassroots movement led by Consumer Cooperatives, ATJ and ATC has vigorously attempted to create a new alternative banana trade between the Philippines and Japan. It has remained a difficult project in a market controlled by a handful of TNCs. However, benefitting from the growing support of sympathetic consumers and Consumer Cooperatives, Balangon bananas production and consumption expanded in the 1990s. Simultaneously, in the early 2000s and following Neoliberal economic reforms in Japan and TNCs novel strategies, this project has also been transformed in order to achieve increased economic viability and enhanced political effectiveness.

While the establishment of a trade project of natural bananas between the Philippines and Japan and its impact on the local environmental and socio-economic and labor conditions of local residents are undeniably positive, this project displays a number of limits as a form of resistance to Neoliberal agri-food. These limits are rooted in the fact that Balangon bananas production, distribution and consumption remain market-based and in direct competition with mainstream TNC produced bananas. Moreover, “alternative” concepts, such as natural, organic and fair trade, have already been coopted

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<sup>32</sup> Under the P to P system, prices are not as elastic as market prices.

by TNCs and large supermarket chains. The challenge for the natural Balangon banana trade in this century is to grow new agencies to overcome the existing market economy and its contradictions.

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