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The Banana Sector in Ecuador. Trade. Supply Chain. U.S. Cooperation

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Fresh Fruit

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Report Highlights:

Ecuador's banana sector represented almost 61 percent of Ecuador's agricultural GDP (US$ 1.9 billion) in 2009 and has consistently been Ecuador's major exporting product after petroleum. According to local industry sources, these figures represent 32 percent of world banana trade. Investments in the production area have reached an estimated US$ 4 billion between area planted, infrastructure, packing facilities, and ports.

Executive Summary:

Ecuador’s commercial banana industry traces its origins back to the purchase in the 1930s of Hacienda Tenguel and surrounding cacao lands that were converted into the country’s most modern banana plantation for that period. United Fruit transferred to Ecuador from its Central American plantations its most advanced production and marketing technologies and further developed its shipping line in Ecuador to connect the country to world markets.

Producing bananas is a medium-risk, profitable investment opportunity in Ecuador. The expected return on investment (ROI) in good economic times is above 20 percent, which means that in as little as about 4 years an investor could recover the cost of investment. In the past few years, banana prices have soared and so have profit margins. Internally, Ecuador is a high-risk country with ongoing political and economic problems that might endanger the stability of any business.

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General Information:

Ecuador's banana export business is a success story of the country's efforts to diversify its export base following the decline of the cacao business in the first half of the twentieth century. Since 1944 – 1948 when the banana export boom started, the sector has continuously increased its size. Its positive impacts, as in many other banana producing countries, have often been criticized. However, exporting bananas has been reported by academics as an important factor behind the strength of the country's rural economy of the Coastal region, and has been credited with enabling positive unintended consequences such as the decline of malaria prevalence in the Coast and nurturing entrepreneurs who initially amazed their wealth from the banana business.

Ecuador's commercial banana industry traces its origins back to the purchase in the 1930s of Hacienda Tenguel and surrounding cacao lands that were converted into the country's most modern banana plantation for that period. United Fruit transferred to Ecuador from its Central American plantations its best production and marketing technologies and further developed its shipping line in Ecuador to connect the country to world markets. Tenguel served as a modern and laboratory for educating Guayaquil entrepreneurs like Luis Noboa on how a modern banana plantation should be managed. In the 1940s and 1950s Tenguel became a model of corporate social investing with the best working conditions in Ecuador for which United Fruit has never received credit.

Producing bananas is a medium-risk, profitable investment opportunity in Ecuador. The expected return on investment (ROI) in good economic times is above 20 percent, which means that in as little as about 4 years an investor could recover the cost of investment. In the past few years, banana prices have soared and so have profit margins. Internally, Ecuador is a high-risk country with ongoing political and economic problems that might endanger the stability of any business. The Correa administration has threatened with eliminating export agents and creating a national export company responsible for buying fruit domestically and exporting it with the objective of increasing margins for small producers. This has not materialized. Externally, the banana sector is often criticized by consumer and environmentalist groups. Moreover, Ecuador has been involved in what was coined as the "Banana Wars" with the EU, unjustified tariffs imposed on imports of Ecuadorian bananas in an effort to protect the industry in former EU colonies. Ecuador successfully won the WTO case in 2001. Nevertheless, Ecuadorian bananas are still subject to higher import duties, although increasingly lower, when entering European markets.

The banana sector represented almost 61 percent of Ecuador's agricultural GDP (US$ 1.9 billion) in 2009 and has consistently been Ecuador's major exporting product after petroleum. According to local industry sources, these figures represent 32 percent of world banana trade. Investments in the production area have reached an estimated US$ 4 billion between area planted, infrastructure, packing facilities, and ports. In addition, about US$ 800 million have been invested in associated industries including cardboard boxing, plastics, supplies, aerial fumigation, research facilities, domestic transportation, and others.

THE BANANA SECTOR IN ECUADOR'S GDP (THOUSANDS OF DOLLARS)

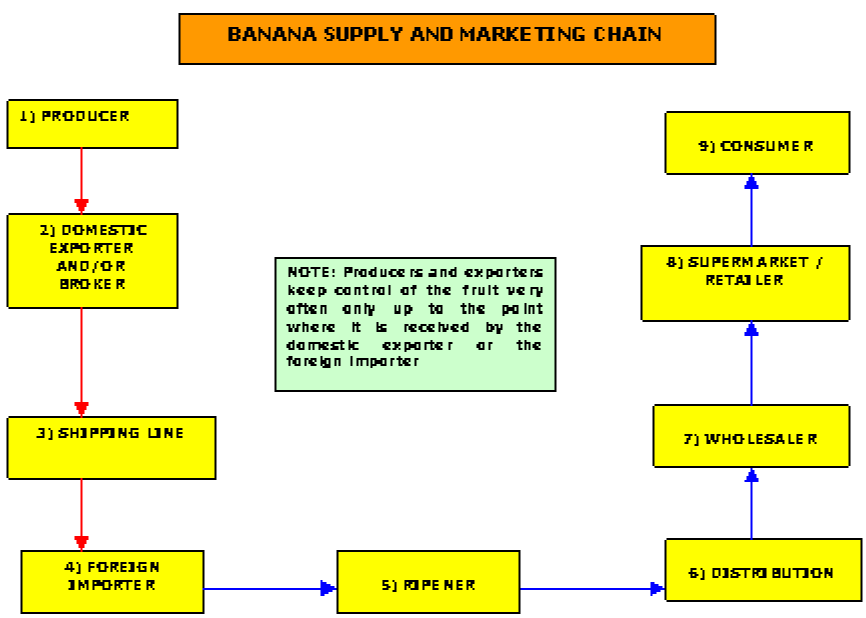
YEAR	AG. GDP	BANANA EXPORTS	SHARE OF BANANA EXPORTS IN AG. GDP
2005	2,153,881	1,040,609	48.3 %
2006	2,415,554	1,148,452	47.5 %
2007	2,664,854	1,250,943	46.9 %
2008	3,076,415	1,578,721	51.3 %
2009	3,166,718	1,919,469	60.6 %

Source: Ecuador's Central Bank

Packaging and Container Regulations:

BANANA INDUSTRY SUPPLY AND VALUE CHAIN

The supply and value chain of a banana before it reaches the final consumer is rather complex. It includes production, packaging, domestic and international transportation, marketing, handling and merchandising at supermarkets, among other links. The two most expensive links in the supply and value chain are shipping costs and supermarket/retailer expenses.



Production:

According to official figures from the Ministry of Agriculture of Ecuador (2009), the area planted in hectares (ha) in the provinces of El Oro, Guayas and Los Ríos (the largest extension of banana crops in the country) and other provinces amounted to 170,897 ha as follows.

PROVINCIAL DISTRIBUTION OF BANANA PLANTATIONS

EL ORO (ha)	GUAYAS (ha)	LOS RÍOS (ha)	OTHER (ha)	TOTAL (ha)
49,130	50,719	56,046	15,002	170,897

One of the characteristics of the banana industry in Ecuador compared to other producing countries is the large number of small and medium-size producers as the following chart shows.

DISTRIBUTION OF BANANA PLANTATIONS BY FARM SIZE
-REGISTERED FARMS ONLY-

SIZE RANGE	NUMBER OF PRODUCERS	Ha
0 to 5 ha	2,384	7,519
5 to 10 ha	1,690	13,416
10 to 20 ha	1,292	20,059
20 to 50 ha	1,227	40,945
50 to 100 ha	494	35,961
Larger than 100 ha	247	52,996
TOTAL	7,334	170,897

The average size of a banana farm is 23.3 ha. A 3.41 percent of all producers (247) who own more than 100 ha represent 30 percent of the total area planted. While a 71 percent of producers nationwide (5,366) whose farms do not exceed 20 hectares own only about 24 percent of the total area planted.

In an effort not to discourage oversupply and keep banana prices competitive to producers, the Ministry of Agriculture has registered existing plantations and has to approve any new extensions. In total, the area planted with bananas is estimated at 230,000 ha, of which only 75 percent are registered or “legal” (170,897 ha). “Illegal” farmers have surged in response to higher banana prices and are often blamed for altering the local market to the disadvantage of the national industry. These farmers would sell their product at above the official government price per box during the months of high demand but would demand official prices during the low season.

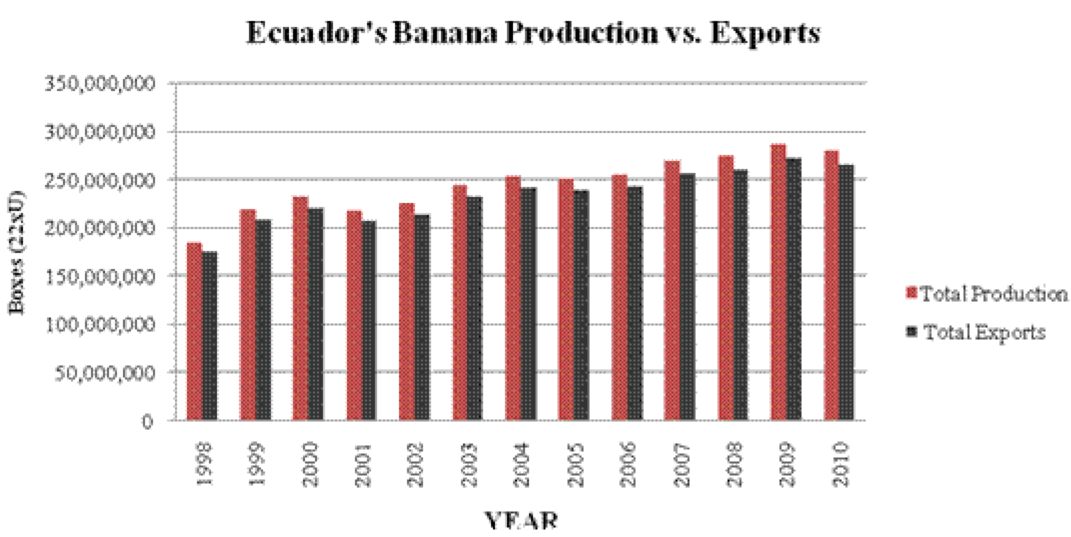
Ecuadorian bananas are grown primarily for export purposes as shown in the following table and graph. About 95 percent of domestically grown fruit is exported. On average, since the year 1998 exports have increased at about 4 percent per year helping Ecuador maintain the number one spot in the list of major banana exporting countries.

ECUADOR'S PRODUCTION AND EXPORTS OF BANANAS

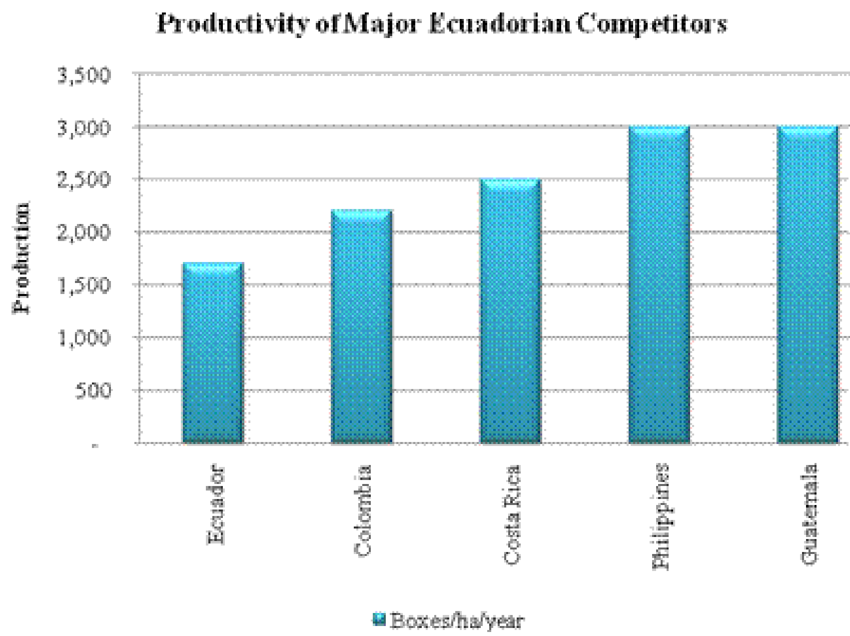
- **43 POUND BOXES –**

YEAR	TOTAL PRODUCTION	TOTAL EXPORTS	PERCENTAGE CHANGE
1998	184,469,593	175,246,113	
1999	219,496,427	208,521,606	19%
2000	231,728,807	220,142,367	6%
2001	217,778,143	206,889,236	-6%
2002	224,912,813	213,667,172	3%
2003	244,436,125	232,214,319	9%
2004	253,608,267	240,927,854	4%
2005	250,866,394	238,323,074	-1%
2006	255,463,088	242,689,934	2%
2007	269,910,332	256,414,815	6%
2008	274,299,011	260,584,060	2%
2009	286,097,416	271,792,545	4%
2010	279,566,135	265,587,828	-2%

Source: Ecuadorian Association of Banana exporters



Despite Ecuador's number one spot as the largest exporter of bananas in the world, the productivity of its farmers is rather low. The following graph illustrates this in boxes of 43 pounds per ha per year. Thus, Guatemalan and Philippine farmers produce 3,000 boxes/ha/year on average while Ecuadorian farmers produce only slightly more than half as much (1,700 boxes/ha/year). Most of the productivity gains in other countries are the result of economies of scale achieved by large farming operations usually owned by multinational companies or their affiliates.



Indeed, in countries such as Colombia, Costa Rica, and Guatemala, practically one hundred percent of the fruit is produced and sold in its entirety, by either the multinational exporting companies or through long-term contracts between affiliated producers and exporters. This allows for a stable and an average annual price. In contrast, in Ecuador, 75 percent of the fruit is contracted to 25 percent is sold on the spot, i.e. at the time of sale without a previous contract.

According to studies conducted by Ecuador's Association of Banana Exporters and validated by the Ministry of Agriculture, on average the production costs of a standard banana box are as follows.

ECUADOR'S AVERAGE 2010 PRODUCTION COST OF A 43-POUND BOX OF BANANAS

Cost Detail	Cost per box USD	Percentage
Direct labor	0.819	20,04%
Indirect labor	0.735	17,99%
Agrochemicals and other inputs	1.638	40,09%
Transport – fruit to port and personnel transport -	0.300	7,34%
Depreciation of infrastructure and equipment	0,245	6,00%
General services (utilities)	0,100	2,45%
Materials (packaging, protection gear)	0,054	1,32%
Other costs	0,195	4,77%
TOTAL PRODUCTION COST	4,086	100,00%

The major items in the list of production costs of a box of bananas are agrochemicals and other inputs, representing 40 percent of total costs, direct labor 20 percent, indirect labor 18 percent and transport 7 percent.

Ecuador's Banana Act states that the minimum support price must cover the average cost plus a reasonable profit. President Correa's administration added a bonus to this minimum support price considering high world prices. In recent years, producers have generally obtained a higher price than that established by the Ministries of Agriculture and Foreign Trade, which under applicable law set a minimum price per box of bananas every three months. Perhaps the only exception occurred in 2003, when overproduction of bananas and other factors affected the markets and international prices fell dramatically.

MINIMUM SUPPORT PRICE PER BOX TYPE PAID TO PRODUCERS

BOX TYPE	WEIGHT	MINIMUM PRICE PER BOX	USD$ / LB	COMPENSATION PREMIUM ORDERED BY LAW USD$ PER BOX
22XU	43	5,050	0,117	0.350
208	31	3,627	0,117	0.252
208 CH	31	2,976	0,096	0.252
2527	28	3,276	0,117	0.228
22 XU CS	50	4,100	0,082	0.407
BB BM	15	3,300	0,220	0.122
STARBUCK 22	10	1,251	0,125	0.081

In the international market, the banana industry is subject to two seasonal prices: high and low. The high season corresponds to the first three months of the year, sometimes extended to April. The rest of the year corresponds to the low season. During the high season, due to weather and transportation conditions in destination markets demand increases significantly while supply from producing countries in Central and South America declines. As demand outstrips supply, prices rise. In November, 2010, producers in the spot market where receiving up to US$ 10 per box of 43 pounds.

During the low season, better weather conditions, harvest of local fruits, and school holidays in the destination countries determine a decline in demand for bananas. This time of the year coincides with production peaks in Central American countries. Thus lower demand combined with excess supply reduce banana prices significantly. The price of a box can be as low as US$ 4 per box.

Under ideal circumstances, exporters would prefer that:

- All exporters be required to sign long-term contracts with producers.
- The government sets up prices on an annual basis.
- That the same requirements are met by all exporting companies avoiding the emergence of temporary exporters only during the high season.

The banana industry employs a large amount of labor. Ecuador is a country with a population of 14.3 million people. According to government sources, about 17.5 percent (nearly 2.5 million people - 500,000 families) is engaged directly and indirectly to the banana industry. Producing and exporting bananas includes the processes of planting, harvesting, packaging and shipping abroad, through the following related industries:

- Cardboard boxes making (the banana sector absorbs 90 percent of the products), with annual sales of about US$ 260 million.
- Ground transportation, with about 275,000 trips per year, representing US$ 70 million a year.
- Ocean shipping (US$ 1,500 million annual turnover).
- Plastics, with sales of about US$ 130 million.
- Agricultural inputs (the banana sector’s share represents 60 percent), about US$ 600 million sales per year.
- Inspection, testing, certification & verification services.
- Aerial fumigation services providers, about US$ 40 million per year.
- Plant breeders.
- Banks and financial companies, insurance.

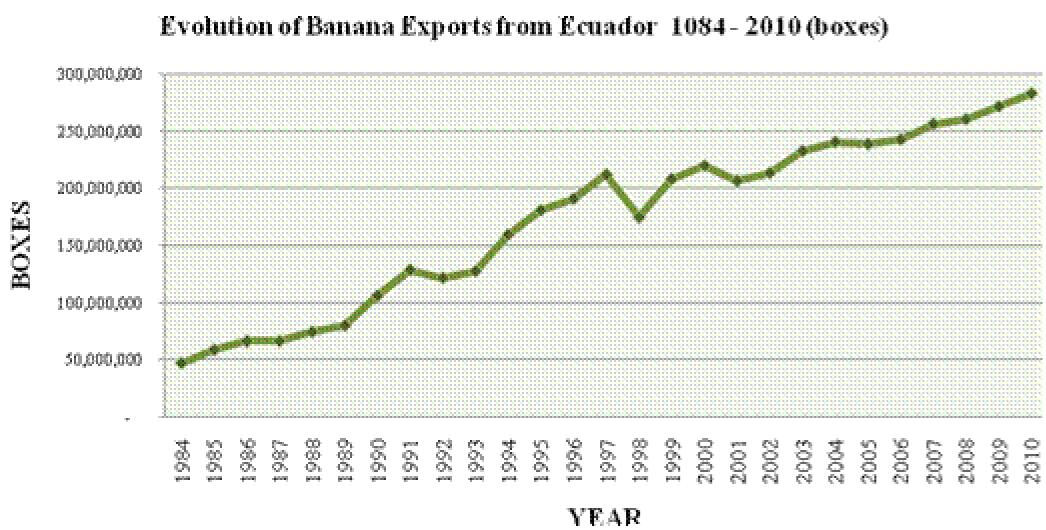
Trade:

COMMERCE, TRADE PARTNERS AND COMPETITORS

In Ecuador, in contrast to other banana producing countries, the most important and well-known brands of the world are produced and marketed in a variety of types of boxes of bananas to meet the requirements of consumers worldwide. The main brands are:

Dole	Bonita	Favorita
Le Fruit	Del Monte	Derby
Don Carlos	Gold Sun	Bonanza
Golden B	Excelban	Chiquita
Fyffes	Golden Force	Bagno
Super Banana	Kitty	OK
Ayapal	Dusal	Prima Donna
Onkel Tuca	Cobana	OKE
Forza Bananas	Obsa	Pretty Liza
Sabrostar		

Regarding the evolution of banana exports from Ecuador to the world, they have kept a tendency to rise through time. The graph below illustrates the growth in the industry since 1984 through 2010.



Nowadays, the markets for Ecuadorian bananas are quite diversified. They no longer reflect the beginnings of the industry when the opening of the U.S. market enabled the industry to grow. Ecuador exports bananas and plantains to over 50 countries every year. The main destinations for banana exports are the EU, the United States and Russia, concentrating more than 80 percent of sales on average. The Russian market has become particularly important in the last few years. The main destinations of banana exports in recent years are presented in the following table.

DESTINATION OF ECUADOR'S BANANA EXPORTS

- **43 POUND BOXES -**

DESTINATION	2006	2007	2008	2009
European Union	101,267,575	118,159,877	114,516,009	112,843,756
United States	54,683,996	50,560,397	46,255,606	59,231,535
Russia	48,184,669	54,205,996	58,910,288	56,055,866
MERCOSUR countries	14,449,037	16,231,076	17,312,667	16,564,118
Eastern Europe	6,900,455	2,180,026	7,424,546	11,382,103
Africa	131,858	1,702,614	6,289,455	5,665,045
Middle East	10,115,441	9,221,857	5,751,039	5,650,825
Asia	5,288,064	2,636,754	2,698,683	3,149,463
Oceania	1,668,839	1,514,989	1,420,736	1,284,060
Total	**242,689,934**	**256,413,586**	**260,579,029**	**271,826,771**

The percentage breakdown of Ecuadorian banana exports by destination is as follows:

MARKET SHARE OF DESTINATION COUNTRIES OF ECUADOR'S BANANA EXPORTS

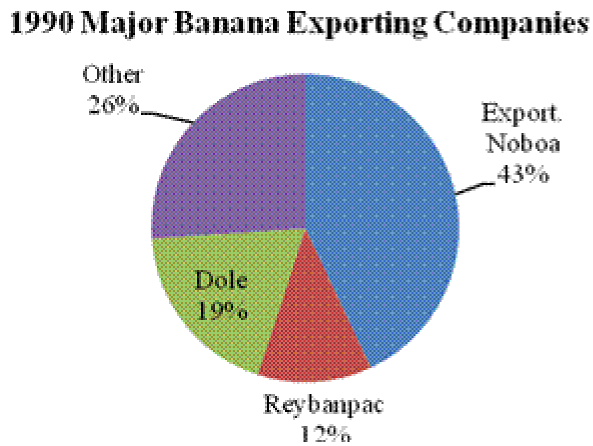
DESTINATION	2006	2007	2008	2009
European Union	41.73%	46.08%	43.95%	41.51%
United States	22.53%	19.72%	17.75%	21.79%
Russia	19.85%	21.14%	22.61%	20.62%
MERCOSUR countries	5.95%	6.33%	6.64%	6.09%
Eastern Europe	2.84%	0.85%	2.85%	4.19%
Africa	0.05%	0.66%	2.41%	2.08%
Middle East	4.17%	3.60%	2.21%	2.08%
Asia	2.18%	1.03%	1.04%	1.16%
Oceania	0.69%	0.59%	0.55%	0.47%

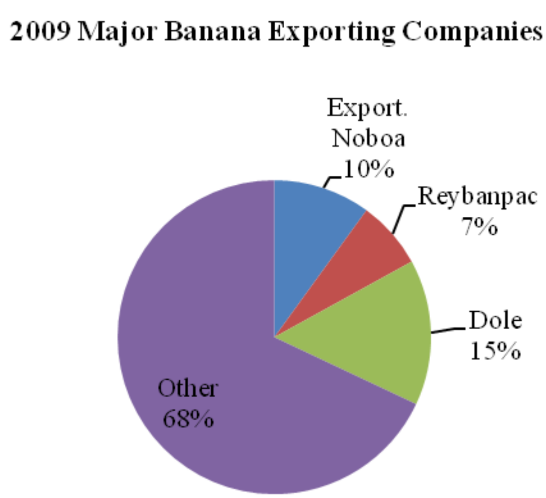
The market share in the major three destination markets varies according to several factors including production disruptions domestically and in competing countries, exchange rates, world economic conditions, or a combination of factors. The Russian market remains rather complex. Thus, after three years of strong growth, Russia in 2009 experienced a decline in Ecuadorian imports.

The main reason behind higher exports to the EU despite a longer geographical distance from Ecuador to that continent compared to the United States lies in the price difference. Industry sources have reported that the average annual difference per box is about 5 to 7 euros per box. The price differential has persisted despite the EU single tariff of 143 euros per ton for Ecuadorian bananas and is enhanced when the U.S. dollar weakens.

The markets of Africa, the Middle East and Eastern Europe remain undiscovered although significant in the Government of Ecuador's efforts to diversify buyers. The first two experienced a reduction in market share in 2009. By contrast, Eastern Europe increased its purchases from Ecuador in 2009.

Banana exporters are organized in the Ecuadorian Association of Banana Exporters Ecuador. About 30 exporting companies account for 97 of fruit shipped from Ecuador to the world. As destination markets have diversified in the last twenty years of increased globalization so has the market share of exporting companies. The graphs below show the composition of exporting firms in 1990 and 2009. In 2009 smaller exporters were responsible for 68 percent of exports compared to 26 percent in 1990. According to the Ministry of Agriculture, in 1990 there were 40 exporting companies registered compared to 182 in 2009.





The natural competitors of Ecuador in the global trade of bananas are Colombia and Costa Rica, both of which have considerable market shares in the U.S. and EU markets. Philippines, the second largest world exporter, has conquered the Chinese market due to its lower costs and geographical proximity.

A development of the last few years is the increasing demand for organic bananas that has particularly benefited small producers. The amounts exported of organic bananas are still negligible compared to the total exported volumes. However, several associations of small producers have reported the price premium they receive (up to 60 percent) from adopting polyculture, organic and fair-trade production practices. Small producers can particularly benefit from adopting such practices as their overall costs are lower compared to large-scale monoculture producers and are not as dependent on the productivity of a single crop. There are several certifications available in Ecuador including Fair Trade, USDA Organic, BCS-ÖKO, among others. The following table reflects the price differential for specialty bananas from Ecuador. Thus, while the official minimum price for conventional bananas is set at US$ 5.05 per 43-pound box, the price paid to the producer of Fair Trade certified organic bananas is US$ 8.10.

FAIRTRADE LABEL PRICES FOR A 43-POUND BOX OF BANANAS FROM ECUADOR

Product variety	Currency / Quantity x Unit	Fairtrade minimum price	Fairtrade premium	Valid from
Conventional, fresh	USD / 18.14 kg	6.00	1.00	01. Jan 2011
Organic, fresh	USD / 18.14 kg	8.10	1.00	01. Jan 2011

Policy:

INDUSTRY OUTLOOK

After decades of existence, the banana industry is a consolidated sector of the Ecuadorian economy that has continued to thrive. Nevertheless, the industry continues to face challenges which can be split into internal and external.

The Internal Challenges

- An outdated banana policy which does not respond to current supply and demand. This has enabled the existence of black markets by legally limiting the area that can be planted with bananas. Realistically, there is very little that the government can do to limit the industry growth.
- Inefficient production systems accompanied by lack of extension and high production costs.
- Official prices that do not correspond to the seasonal variations in prices. Small producers benefit from higher prices in the black market during the high season but demand the official price during the low season creating conflict with exporters.
- Excessive plantations (beyond the 230,000 ha.)
- Overall lack of accountability in Ecuador.
- Absence of finance and loans.

The External Challenges

- Lack of coordinating efforts to promote a national brand.
- Increasing demand of social and environmental certifications required by buying countries which increase production costs.

• Unjustified EU tariffs (EUR 143 per metric ton). The WTO Geneva Agreement on Trade in Bananas (Dec 15, 2009) gives the following as the schedule for reduction of tariffs until 2017:

- From the 15 December 2009 until 31 December 2010 148 €/mt
- 1 January 2011 143 €/ton
- 1 January 2012 136 €/ton
- 1 January 2013 132 €/ton
- 1 January 2014 127 €/ton
- 1 January 2015 122 €/ton
- 1 January 2016 117 €/ton
- 1 January 2017 114 €/ton

Capacity Building and Outreach:

THE ROLE OF U.S. COOPERATION IN ECUADOR'S BANANA INDUSTRY

The role of U.S. assistance in encouraging banana production and exports has been clouded in a fog of suspicion, acrimony and misinformation. The development of the banana industry in Ecuador was a significant U.S. contribution. From the very beginnings of the commercial banana industry in the 1920s and 1930s, U.S. companies, advisors, investors, aid workers and even Presidents made major contributions. For example, some of the most important preconditions were established by the completion of the Guayaquil-Quito Railroad in 1908 led by an American company headed by Archer Harman, the founding of the Ecuadorian Corporation in 1913 by E. Hope Norton, the opening of the Panama Canal in 1914, and the eradication of yellow fever and other diseases at Guayaquil by 1920, with help from U.S. public health doctors.

The exploratory work of Dr. Wilson Popenoe in 1921 generated new data about the country's underexploited agricultural potential. The Kemmerer mission in the late 1920s supported reforms that greatly improved its investment climate that was recognized by President-elect Herbert Hoover in his goodwill visit to Guayaquil in December 1928. The publicity surrounding Hoover's visit, the reports of Kemmerer and Popenoe, improved sanitation conditions in Guayaquil, the railroad and the Ecuadorian Corporation, attracted international attention, despite the Great Depression and the country's pronounced political instability in the 1930s.

At the depth of the Great Depression the United Fruit company, led by its visionary CEO Samuel Zemurray, made by far one of the most important contributions when it purchased Hacienda Tenguel and surrounding lands to convert them into a modern banana plantation. United Fruit transferred to Tenguel its most advanced technology, production and marketing expertise, and scarce capital. Without United Fruit's and Standard Fruit's early investments, Ecuador would not today be the world's leading exporter of bananas. Probably no other companies would have invested in such an unstable and unknown country.

United Fruit supported pioneering Ecuadorian legislation in 1937 that mandated that at least half of its exported bananas be produced on national farms, thereby ensuring the emergence of small and medium-size local producers. Zemurray and the United Fruit Company, together with Standard Fruit and others, served as incubators and catalysts for developing the commercial banana industry in the 1940s and 1950s. As a supporter of Franklin Roosevelt, Zemurray converted Hacienda Tenguel into a model of corporate social responsibility. As described in “Empresarios Ecuatorianos del Banano” by Lois J. Roberts, national entrepreneurs gradually began assuming a greater leadership role in the 1950s. They quickly learned from the foreign companies, taking advantage of export-oriented policies put in place by Ecuador’s President Galo Plaza that produced the country’s most dynamic period of economic growth and democratic development.

Contributing to this unprecedented growth was World War II and the provision of significant amounts of U.S. aid to rehabilitate El Oro province from the Peru-Ecuador border war, to develop strategic and other commodities needed for the War effort, and to begin modern development programs. In February 1942 the first U.S. aid agreements were signed to improve public health, to establish Hacienda Pichilingue as a tropical agricultural research center, to develop the country’s transport infrastructure, to expand cultivation of products needed by the Allies, such as balsa wood, rubber, rice, *chinchona* bark (for quinine). These in turn provided additional stimulus for bananas and other tropical exports following the War.

In the late 1940s and early 1950s during the Presidency of Galo Plaza and his development minister Clemente Yerovi, Ecuador put in place the most positive policies to encourage banana production as a large, medium and small producer crop, as is well documented in the classic book “The United Fruit Company in Latin America” by Stacy May and Galo Plaza Lasso. The U.S. Department of Agriculture (USDA) and Point Four assistance to the Pichilingue agricultural research station, and the development of the first private association of banana producers, supported innovative development of new technologies that were cost-effective in allowing smaller producers to control diseases like sigatoka. Pichilingue also helped support the first use of airplanes and even helicopters to spray to control disease. In the 1950s Pichilingue was one of the most important tropical research centers in Latin America and helped support the development of the country’s banana industry as well as establishing the base for the National Agricultural Research Institute (INIAP).

The dramatic improvements in health conditions on the coast encouraged additional migration and allowed for rapid urban expansion that supported banana production. In the 1950s Pichiligue evolved into one of the leading tropical research centers in South America with assistance from the USDA, the Servicio Cooperativo Interamericano de Agricultura (SCIA) and the Rockefeller Foundation. It pioneered some of the earliest small farmer technologies for controlling sigatoka and other banana diseases.

Standard Fruit developed the more disease-resistant Cavendish variety in Central America and provided it to Ecuador in the late 1960s. At the time, some local observers charged that Standard Fruit’s development of the Cavendish variety was intended to undermine the country’s “Gros Michel” that they maintained was the “best variety” in the world. The Cavendish saved Ecuador’s banana production and allowed it to continue its dominance in world markets despite adverse GOE policies in the 1960s and 1970s that were biased against investments in agriculture and bananas. In the 1960s the U.S. Alliance for Progress expanded funding for coastal infrastructure, malaria eradication, rural electrification, cooperatives, research and extension that further accelerated banana development, while facilitating the shift from the Gros Michel variety to the Cavendish by establishing enterprises to facilitate marketing of new varieties. The Alliance, however, supported policies that were not always favorable to banana exports, such as Import Substitution Industrialization and agrarian reform that unintentionally encouraged land invasions.

In the 1960s and 1970s, Ecuadorian entrepreneurs like Luis Noboa among others, moved even more significantly into the banana industry replacing United Fruit and Standard Fruit as leaders in expanding production and nationalizing this key sector. They had learned from the example of Hacienda Tenguel how profitable banana production and exports could be and how to organize their own modern commercial enterprises that could export to different countries. Ecuador was the first to establish its own multinational banana companies because of the pioneering investments made by United Fruit, Standard Fruit and other foreign companies.

In the 1970s and 1980s, Luis Noboa opened new markets for the Ecuadorian banana industry in Eastern Europe and the former Soviet Union when other multinationals could not export there. National production contributed in part to the fall of the Berlin Wall because Ecuadorian bananas, behind the Iron Curtain, came to symbolize the good life and the benefits of democracy and a market economy in the West. Segundo Wong later developed the Chinese and Asian markets.

In the 1990s the Clinton Administration, through USTR, joined forces with Ecuadorian banana producers to win the "banana war" with the EU in a now famous 2001 WTO ruling that encouraged the EU to open its markets to Ecuadorian and other South and Central American banana producers. While still incomplete, this positive WTO ruling favored Ecuador in its commercial dispute with the EU, helping the country maintain its leadership as the world's largest banana exporter.

ACKNOWLEDGEMENTS

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