

**Producer country file**

# The banana in Costa Rica

by Noémie Cantrelle, Carolina Dawson

Costa Rica was among the pioneers of the export banana industry, and lies in 3rd place in the exporter countries rankings, just behind Ecuador and the Philippines. Costa Rican production has progressed mainly thanks to a highly intensive production model, which has enabled major productivity gains. This model, driven by the big US multinationals, has set a worldwide precedent for the banana industry. However, pressure from black sigatoka remains high, and production costs are rising. Exports to the European market have been making big progress in recent years, in response to greater competition on the US market, the historic outlet for Costa Rican exports.



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## History

Costa Rica, along with Panama, is one of the cradles of the export banana industry. The first plantations were established by the United Fruit Company (UFC) on the Atlantic Coast in the early 1880s. The Costa Rican government granted it the right to cultivate the land and exempted it from export taxes in return for finalising the railway line begun in the 1870s, for transporting coffee from the centre of the country to the port of Limón. Exports, which started in 1884, started soaring and peaked at 11 million clusters in 1913. Despite the development of a new production centre on the Pacific Coast, the industry went through a period of recession between the World Wars, due to production problems (depletion of certain land on the Atlantic Coast, appearance of Panama disease and yellow sigatoka), and the worldwide economic and political crises.

It was revitalised in the late 1950s by the country opening up to other multinationals (including Standard Fruit Company, which introduced Cavendish, a variety resistant to Panama disease), and then the arrival of international groups in the 1960s which left Ecuador, following regulatory changes favouring local players. Exports exceeded 100 000 tonnes in the early 1970s, and then embarked on another period of decline with the oil crisis in the consumption countries, the appearance of black sigatoka, and increasing production and freight costs, which led to the abandonment of operations on the Pacific Coast.

From the mid-1980s, banana activity saw another boom with the “Ley de fomento bananero”, a government plan aimed at making Costa Rica one of the world leaders in fruit exports. It was based on a hyper-intensive model, with the support of a benchmark local research institution (CORBANA). Exports had reached 2.3 million tonnes by the end of the 1990s, with productivity among the highest in the world (more than 2 500 crates/ha in 1998).

With rising awareness of the adverse impacts of the intensive mode of production on the environment, since the early 2000s the Costa Rican industry has been seeking a way to renew itself, having over many years expressed a strong desire to adopt a more positive environmental and social model. Back in 1992, the banana industry set up an environmental self-monitoring system for the plantations: the CAB (Commission Ambiental Bananera). This organisation, which includes two growers’ associations, ANAPROBAN and CANABA, multinationals and governmental institutions, sets up new projects every year.

Just as in Ecuador, transactions between growers and exporters must adhere to a minimum price. It was \$7.69 FOB from 2010 to 2018. In 2019, because of increased production costs, the minimum price was revised upwards, and is now \$8.63 FOB.

The banana industry currently represents 2 % of national GDP, and 43 % the Costa Rica’s agricultural GDP. It generates 40 000 direct jobs, and no less than 100 000 indirect jobs.



# Banana Costa Rica

## Location

The Costa Rican banana planted area extends over more than 43 000 hectares (2019 survey). The production zones are situated mainly on the country's Caribbean coast, in Limón province, and more specifically on the huge plain situated north of Puerto Limón, enclosed between the Sierra Volcánica Central and the coast. The district of Matina is the main production area, with more than 11 000 ha, followed by Siquirres with more than 8 200 ha. Further south, the districts of Limón and Talamanca have 3 800 ha and 1 700 ha respectively. The alluvium-rich soils are of excellent quality. The rainfall is around a low-average

level for this very rainy country: approximately 3 500 mm/year, with no marked dry period. The majority of plantations established in the late 1980s are grouped further north, in the districts of Guácimo (3 900 ha) and Pococí (7 700 ha), again in Limón province, and also in the district of Sarapiquí (5 500 ha) in Heredia province. The soils there are less rich, with higher rainfall (4 000 to 4 500 mm) than in the zone described above. The rest of the plantations, limited in size, lie in dryer zones situated south of Limón (district of Talamanca), and in Puntarenas province on the Pacific seaboard (districts of Corredores, Parrita and Osa).



## Production

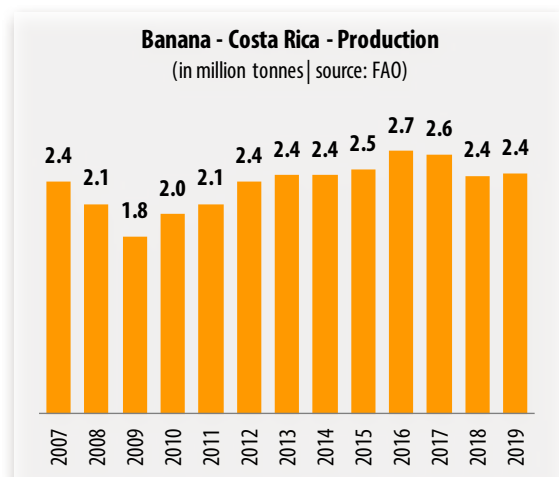
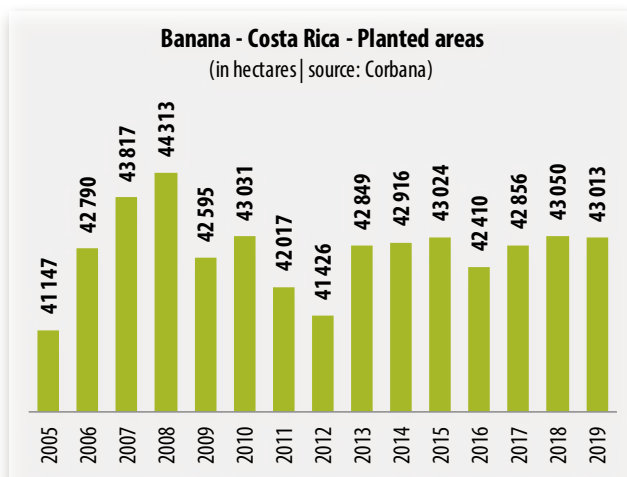
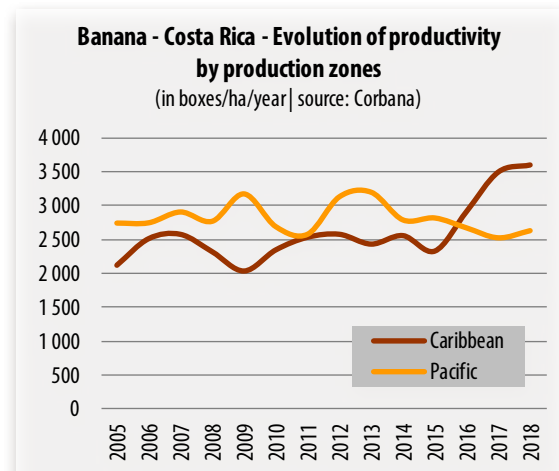
Since 2013, there has been little change in the banana cultivation area. In recent years, production growth has been rather down to continuously improving productivity. On the one hand, the infrastructures established (irrigation, dykes, etc.) are helping mitigate the climate vagaries, particularly significant on the Caribbean coast, which is prone to cyclones and droughts. On the other hand, the Costa Rican production system, among the most intensive in the world, is primarily based on high-tech large plantations (200 to 500 ha), whose productivity has constantly increased in recent years: average yields are around 55 t/ha, or even more than 60 t/ha in certain cases.

Nonetheless, the intensive system is showing its limits, especially in terms of black sigatoka management, which has become highly problematic: resistance to systemic fungicides, the need to use contact fungicides, which means a massive increase in treatments, primarily by air, in terms of both doses and passes. Hence the overall cost of fungus management is continuously rising.

Costa Rica was one of the first countries to implement an offsetting policy for its negative externalities, via primary forest protection projects, and greenhouse gas emissions reduction projects ("carbon neutral" plan). The European market is proving to be increasingly receptive to this type of initiative. A practical guide to reducing carbon and water footprints on banana plantations has also been drawn up by the Costa Rican Ministry for Agriculture and Livestock, and the Ministry for the Environment and Energy.

Since 2011, the sector has enjoyed a "Costa Rican bananas" PGI over a certified area of approximately 3 000 to 3 500 ha. However, the perspective of a decade provides a mixed picture, with the PGI not really seeming to have won over the importer markets.

In the district of Guanacaste, in the north-east of the country on the Pacific Coast, where the climate is drier, some attempts have been made at organic cultivation. However, the regular strong winds have been a limiting factor, leading the operators to abandon the trial. So organic and Fairtrade production are currently under-developed in Costa Rica.



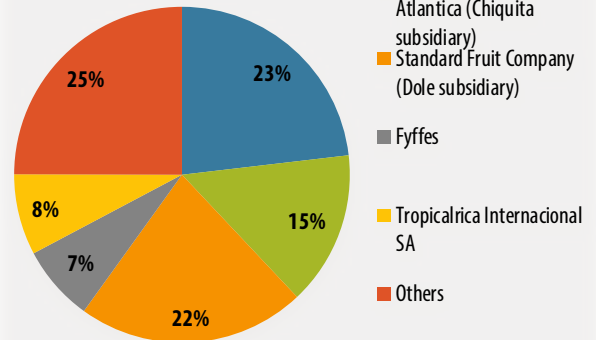
## Organisation

The Costa Rican banana industry is marked by a large presence of multinationals, historically based in the country in particular because of its political stability. The three US banana groups, Del Monte, Dole and Chiquita, on their own control 60 % of the country's exports. They rely largely on their own production, and also purchase the surplus from medium to large-scale local planters (between 200 and 500 ha), who also have high-tech plantations. However, the subsidiaries of Chiquita and Del Monte saw their market share drop between 2015 and 2018, by 8 % and 5 % respectively, while the Fyffes and Tropicalrica groups saw rises.

The Costa Rican banana sector is rather well-structured, with growers grouped into two main associations: ANAPROBAN (Cámara de productores bananeros independientes), which specifically brings together national independent growers (with Costa Rican capital), and CANABA (Cámara nacional de bananeros), which represents both national and foreign growers, including for example plantations belonging to big trading companies. CORBANA (Corporación nacional bananera) conducts research and development activities for the banana industry. It is funded by a tax on every box exported, a first in the banana world. It is recognised worldwide for the quality of its work.

**Banana - Costa Rica**  
**Main exporter companies**  
**in 2018**

(source: Corbana)



## Logistics

The merchandise is initially transported from the plantations by road freight. Nearly all export volumes depart from Limón and Moín (97 %), both situated on the Caribbean coast, just a few miles apart. Major developments, including the creation of an artificial island, were completed in 2019 in the port of Moín, to be able to receive larger ships. The maritime logistics are provided mainly by the multinationals with dedicated ships, supplemented by the regular lines of the big generalist companies. Thanks to its window on the Atlantic, Costa Rica can serve Northern Europe in 10 to 14 days (Rotterdam, Antwerp), and the East Coast of the USA in less than a week (4 days for Florida and 6 days for the more northern ports). In 2019, the US giant Cosco opened a shipping line connecting the port of Moín to Shanghai in just 22 or 23 days, mainly for pineapple transport, though it could also be used for bananas.

**BANANA — COSTA RICA — SEA FREIGHT**

Port of departure	Port of arrival	Transit time
Limón Moín	Northern Europe: Rotterdam, Antwerp	10-14 days
	USA: Florida	4 days
	Most Northern ports	6 days

## Exports

Costa Rica is one of the world's top three banana exporter countries, just behind Ecuador and the Philippines. Banana exports represent more than 36 % of the country's agricultural exports, and no less than 43 % of agricultural GDP. They have peaked since 2016 at levels of more than 2 000 000 tonnes every year, and even set a new record in 2020, with exports of more than 2 600 000 tonnes.

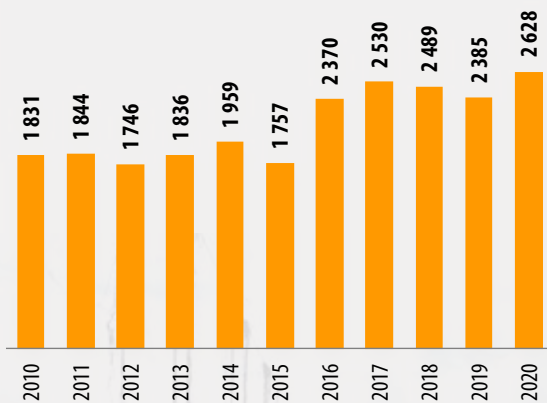
Because of the historic establishment of US multinationals and the proximity to the USA, Costa Rica's aim from the outset was to supply this market. However, the origin seems to have suffered from the effects of strong competition from neighbouring countries, which have come to the fore in recent years (especially Guatemala), as well as loss of competitiveness due to increasing production costs. Since 2008, Costa Rica has been overtaken by Guatemala, and is now just the number 2 supplier to the US market. The proportion of its shipments to the USA, which were up at 50 % in 2012, have continuously shrunk, reaching 35 % in 2020. Nonetheless, the country is still proving to be one of

the mainstays of the supply to the US market; in particular, in 2021, it was able to move an additional 200 000 boxes per week to this market, because of the shortage of fruit from Guatemala and Honduras after the transit of cyclones Eta and Iota in late 2020.

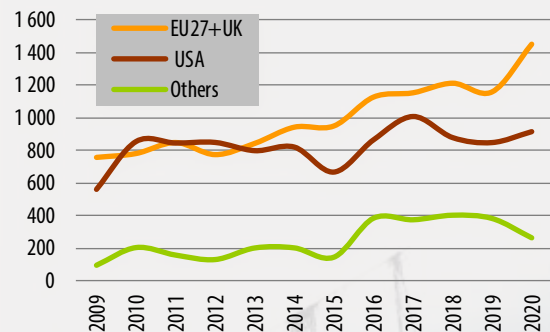
Hence Costa Rica has diversified its outlets to other markets, especially the EU27+UK, which in 2020 absorbed more than 1.4 million tonnes, i.e. 55 % of the country's total exports. Volumes to the EC market have practically doubled in the space of a decade. The main European entry points are Holland and Belgium, followed by Italy and Spain. The United Kingdom also captures approximately 10 % of Costa Rican exports to Europe.

While the diversification efforts aimed at other markets, such as Asia or Africa, have made headway since the 2010s, their share remains relatively low, representing only 10 % of export volumes. These shipments have actually dipped slightly in recent years, falling to around 260 000 tonnes in 2020.

**Banana - Costa Rica - Exports, all destinations**  
(in 000 tonnes | sources: National Customs, Comtrade)



**Banana - Costa Rica - Exports by main destinations**  
(000 tonnes)



Note: for EU, USA and Canada = imports (source: National Customs - dessert banana); for other destinations = exports (source: Comtrade - code 0803 dessert banana and plantain)



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