

Development of Banana Export Industry in Davao Region

Theresa Mae E. GALLARDO¹

University of the Philippines Mindanao
Davao City, Philippines

ABSTRACT

The export banana industry is one of the economic drivers of the Davao region with the presence of vast and rich lands suitable for growing export quality bananas. The province was dubbed as the “Banana Capital of the Philippines” because of its bulk production of bananas with the highest production of 894.63 thousand metric tons representing 37.4% of the total banana output in September 2019. Data from the Department of Agriculture Davao Region showed that the export banana industry had a 56% in export, amounting to a value of \$1.128 million in 2018 that, according to the Philippine Statistics Authority (PSA), was attributed to the expansion of banana plantations in the region. Moreover, PSA reports that bananas ranked fourth with \$140.91 million and a 2.5% share of the total export receipt in June 2018. The top destination of export Cavendish banana is Japan.

This study intends to provide an historical account of the banana export industry in the region of Davao. Recounting from the decline of the abaca plantation that has led to the shift and emergence of banana producing plantations to its first commercial shipment to Yokohama, Japan in 1964. Moreover, the series of studies conducted by the Japanese firms and the US multinational companies such as the Department of Labor and Employment, Del Monte, United Brands, and Chiquita in the region paved the way for the foundation and eventual growth of the industry until the present.

Keywords: *Banana, Industry, Export, Cavendish, Trade*

¹ Theresa Mae E. Gallardo, Ph.D. is an Assistant Professor 6 teaching KAS I, Mindanao Studies, and PI 100 at University of the Philippines Mindanao. She earned her Bachelor’s degree in History at Mindanao State University Iligan Institute of Technology in Iligan City. She is also a graduate of Master of Arts in Islamic Studies and Doctor of Philosophy in History both from University of the Philippines – Diliman. Her professional interests include local history, Muslims in the Philippines, and Philippine history.

INTRODUCTION

Bananas is the world's most popular fruit and is considered one of the world's most important staple foods along with rice, maize, and wheat. In 2011, 107.1 million metric tons of bananas were produced in more than 130 countries for a total trade value of US\$9 billion and a retail value of approximately US\$25 billion. The export production shares 17% or 18.7 million tons of the total production in 2001. In terms of consumption, bananas have a high rate of domestic consumption and only 17% of bananas are exported to foreign markets. India, China, Philippines, Ecuador, and Brazil were the top producers in 2011 with a total share of 61%. In terms of exporting bananas, the Philippines, the only Asian country, placed second after Ecuador to be followed by Costa Rica, Colombia, and Guatemala, while the top five global banana importers are the United States, Belgium, Russia, Germany, and Japan.²

In the Philippines, bananas became known in the foreign market when the industry started its commercial exports to Japan. However, as early as pre-Spanish period, bananas and its important parts were already documented and utilized, serving their purpose in clothing, shelter, and even in food serving. At some point in the Spanish period, bananas were considered a luxurious fruit that was only available to those who had the means to buy it, meaning it was not famous nor highly demanded by ordinary citizens. While in the American period, bananas were given importance by the American government not only as a staple food but as a traditional crop that could help strengthen the country's economy through its revenue.

The export crop sector's rank as the leading foreign exchange earner of the economy is a historical legacy of the Philippines as a former colony. In 1800s, after more than 200 years of Spanish rule, European and American merchant houses began to introduce large quantities of Philippine agricultural products into the international market. The demand for sugar, abaca, and tobacco led to the opening of large tracts of land, some of which were previously planted with rice. By and large, the Spaniards who had ruled the colony for two centuries ironically remained mostly spectators of this economic transformation. The lands were mainly under the control of the Chinese-Filipino mestizos, who—through a combination of aggressive entrepreneurship, commercial hustling,

² Annual Report of Food and Agricultural Organization of the United Nations, Rome, 2017.

and deceit in land transactions—managed to place hitherto communal lands under their private ownership.³

According to Randolph David, the principal export of the Philippines is conventionally classified into traditional and non-traditional exports. In 1978, out of the top ten principal exports, seven were traditional exports and three were non-traditional. The so called non-traditional exports were the following: coconut oil, copper concentrates, centrifugal sugar, logs, copra, lumber, and desiccated coconut. On the other hand, non-traditional exports were the following: semi-conductor devices, iron ore conglomerates, and bananas. The earliest to be introduced among the non-traditional exports were bananas, ranking 9th in the 1978 top ten list of principal exports. The cultivation of giant Cavendish bananas started in 1967, and the first significant shipment was made in 1964. All of the three non-traditional exports flourished under the aegis of foreign companies, most of which were global transnational corporations (TNCs), or were intimately linked or affiliated with them.⁴

Bananas started out as a traditional domestic-oriented fruit crop. Considered then as a subsistence crop, farmers produced the fruit mainly to meet the needs of their families. Before, bananas, together with rice, corn, vegetables, root crops, and other fruits, belonged to the backward sector that existed side-by-side with a small but more developed export crop sector (sugar, coconut, tobacco, and abaca). Export crops then were categorized as commercial crops because they were all intended for the world market.⁵ The general classification of crops in relation to the market was a direct result of the Philippines' integration into the world commerce during the last century of Spanish rule and the succeeding four decades of American colonial rule. Economic globalization under colonialism consequently meant the specialization of the colony in the production of primary products favored by the industrial North.⁶

³ Randolph David, et al. *Transnational Corporations and the Philippine Banana Export Industry*. (Third World Studies, University of the Philippines Diliman, 1983), 3.

⁴ Randolph David, et al. *Transnational Corporations and the Philippine Banana Export Industry*. (Third World Studies, University of the Philippines Diliman, 1983) pp. 4-5.

⁵ Salvador Feranil Jr. *The Philippine Banana Industry: Confronting the Challenge of Agrarian Reform*. (Philippine Peasant Institute and Philippine Network of Rural Development Institutes (PhilNet – RDI), Quezon City, 1998), 11.

⁶ Rene E. Ofreo. *GATT and the Non-Traditional Export Crops, The GATT: Philippine Issues and Perspectives*. Philippines Peasant Institute, Quezon City, 1996, p. 119. Feranil, Salvador Jr. *The Philippine Banana Industry: Confronting the Challenge of Agrarian Reform*. (Philippine Peasant Institute and Philippine Network of Rural Development Institutes (PhilNet – RDI), Quezon City, 1998), 11.

With the vast tracts of fertile and suitable lands found in various parts of Mindanao and the country's proximity to the Japanese market, the Philippine economy enjoyed a comparative advantage in exporting bananas.⁷ Then, bananas became one of the major fruit exports in the Philippines as well as an export commodity of the country. In 2012, banana production in the Philippines was 9,225,997.97 metric tons, of which the Davao region shares 41% (3,785,421.69 metric tons) of the total shares while 59% (5,440,576 metric tons) came from the rest of the country. Davao Del Norte and Compostela Valley were listed as the top producers of Cavendish banana exports. These regions accounted for at least 50% of the seven region's total production.⁸ Thus, being the largest producer, they were dubbed as the "Banana Capital of the Philippines" until today.

With the biggest share in terms of the volume of banana production in the national and regional level, the export industry of growing bananas has employed the largest number of workers. Most of the full time banana farm workers/laborers employed in banana farms are primarily employed for a number of special tasks such as the control of pest and diseases, harvesting or packing, and supervisory or operational duties. There are also other workers who do irrigation management or banana transportation. They also have tractor drivers. There are also banana farm workers employed as seasonal laborers who are hired on a contractual basis, mostly deployed for harvesting and fruit-packing. It is estimated that in 2011, direct employment within the banana industry in Davao was 353,516 with a slight decrease of 353,280 in 2012. In the last five years, employment in the banana (Cavendish) export industry grew by an annual average rate of 1.6%. However, there was a slight reduction in 2012 because plantations/farms were affected by Typhoon Pablo.

The banana industry in the Davao region is composed of growers (major and minor), traders, middlemen, transporters, buyers/exporters, and processors. The key producers in the industry include Tagum Agricultural Development Corporation (TADECO), Lapanday holdings, Davao Fruits Corporation, Marsman Estate Plantation, and Stanfilco Division of Dole Philippines. Some

⁷ Salvador Feranil Jr. *The Philippine Banana Industry: Confronting the Challenge of Agrarian Reform*. (Philippine Peasant Institute and Philippine Network of Rural Development Institutes (PhilNet – RDI), Quezon City, 1998) p. 12.

⁸ Bureau of Agricultural Statistics, 2013.

of these companies have contract growing schemes with small to medium sized farms. The key buyers are Dole Asia and Del Monte Fresh produce.⁹

Moreover, the development of the export industry during the mid-1960s was largely attributed to the heavy participation of multinational companies that dominated the industry at a global level. These are the same transnational companies that gave birth to the so called “Banana Republic” of Central America that took control of the industry in the Philippines, particularly in Davao region. These multinational companies are United Brands (formerly United Fruits), Del Monte, and Castle and Cooke and they were also joined by Sumitomo, a Japanese corporation.¹⁰

Plantation agriculture in the Philippines grew with the development of the export fruits industry and rubber industry as well as tree farming and non-traditional export crop production. It started in 1926 when the first pineapple plantation was established in Bukidnon. Del Monte Corporation of the United States working through its subsidiary, the Philippine Packing Corporation, took some 10,000 hectares of land in the country and started a large scale production of pineapples. Since then, production grew steadily. By the 1970s, it acquired the stature of being the largest food company in the Philippines. In 1966, the first batch of banana plantations was established. Dole, an American corporation, transferred its banana business from Central America to Mindanao, establishing growing and marketing contracts with Filipino business elites through a local dummy, the STANFILCO.¹¹

On one hand, United Brands had a working arrangement with a major banana grower, Tagum Agricultural Development Company (TADECO), owned by the Floriendos, which occupies the largest contiguous banana plantation in the country. Del Monte, on the other hand, had nine associate corporate producers each occupying a few hundred to thousands of banana land hectares in the region. These producers were Hijo Plantations, Inc., Lapanday Agricultural and Development Corporation, Evergreen Farm Inc., Delta Farms, Inc., Marsman and Co. Inc., AMS Farming, F.S. Dizon Inc., and Philippine Packing Corporation. Finally, Castle and Cooke obtained the bulk of its Philippine

⁹ Jose Ulysses J. Lustria. *Commodity Situation Report on Banana*. (Department of Agriculture and Japan International Cooperation Agency. September 2009) p. 18

¹⁰ *The Philippine Banana Industry: Confronting the Challenge of Agrarian Reform*. (Philippine Peasant Institute – PhilNet-RDI, Quezon City, 1998) p. 19.

¹¹ Carolina G. Hernandez. *The Role of the Military in Contemporary Philippine Society*. (The Diliman Review, Volume 32, No.1, January – February 1984) p. 25.

bananas from 377 small contract growers, each owning less than a hectare to 116 hectare. In addition, it had a supplier of three corporate growers who were all in one way affiliated with Castle and Cooke's subsidiary, STANFILCO. However, the industry in the course of time has changed. TADECO, which used to have an exclusive arrangement with United Brands, is currently the producer of Del Monte together with other producers, and STANFILCO, which used to be a subsidiary of Castle and Cooke, is now with Dole Group.¹²

With this background, the paper shall attempt to trace the beginning of the banana export industry in Davao region. It will proceed in three steps: (1) the decline of the abaca industry in the region after World War II; (2) the foundation of the export industry; and (3) the entry of multinational companies that helped develop the growth of the export industry until the present period.

DECLINE OF THE ABACA INDUSTRY

The decline in abaca production after post-World War II in Davao region was more evident in small farms, while large plantations continued to cultivate abaca seeds but in lesser areas and quantities. During the time, small farmers were doing well with abaca cultivation compared to the large plantation. They accounted for an estimated 3/4 of the production of abaca.¹³ Abaca Plantations in 1953 covered a grand total of 60,278.95 hectares, District No. 2, Lasang Panabo Region and Private Extensive landholdings and government entities shared 19.65 percent or 11,834.00 hectares of abaca plantations followed by District No. 5, Pantukan – Lupon Governor Generoso. District No. 1, Bunawan – Lasang regions, East Coast of Davao River covers the smallest number of abaca plantations which was 5,775.00.¹⁴

Area	Hectare	Total Hectare
Special District, (West coast of Coast River)		6,294.65 hectares
Municipality of Malita, Davao		1,000,000 hectares
Extensive Private landholdings and Government Entities		
a. Lorenzo Plantation	300.00 has.	

¹² *The Philippine Banana Industry: Confronting the Challenge of Agrarian Reform*. (Philippine Peasant Institute – PhilNet-RDI, Quezon City, 1998) p. 19-20.

¹³ *Abaca Situation in Davao area*. (The Philippine Journal of Agriculture. Volume 15, Nos. 3-4, 1954).

¹⁴ *Shortsighted Policy May Yet Wreck Abaca Industry*. (Manila Bulletin, 1954) p.24.

b. Ohta Development Project	350.00 has.	
c. Bago Experiment Station		
d. Manolita Plantation	327.00 has.	
e. Furukawa Plantation		
f. Arakaki Plantation	300.00 has.	
g. Magallanes Plantation	220.00 has.	
h. Dacudao Plantation	115.00 has	
	288.00 has.	
	90.00 has	1,990.00 hectares
Sub Total		9,284.65 hectares
District No. 1, Bunawan – Lasang Regions, East Coast of Davao River		5,475.55 hectares
District No. 2, Lasang Panabo Regions, Davao Province		5,775.00
Extensive Private landholdings and Government Entities	600 has.	
a. Carriedo and Sons	1,700.00 has.	
b. Davao Penal Colon (DAPECOL)	1,500.00 has.	
c. National Abaca project (NAPCO)	500.00 has.	
d. Philippine Abaca Development Project (DAPCO)	800.00 has.	
e. Tangum Agricultural Development Project and Corporation (TADECO)	388.00 has.	
f. Mercantile Corporation of Davao (MERCOC)	200.00 has	
g. MINDA Plantation	160.00 has	
h. Tagum Tillers Corp (TATILCO)	211.00	
i. Davao Plantation Corp.(DAPCO – MONTILLA)		6,059.00
Sub Total		11,834.00 has
District No. 3 Tagum Region		5,086.94 hectares
Extensive Private landholdings and Government Entities		
a. Odell Plantation	1,110.00 has.	
b. Pablo Zala	46.00 has.	
c. Salvilla	200.00 has.	
d. Bermudes Plantation	70.00 has.	1,426.00 hectares
District No. 4 Compostela – Monkayo – Nabunturan Valley		8,388.85
		8,968.88

District No. 5, Pantukan – Lupon Governor		
Generoso	50.00	
Extensive Private landholdings and Government	400.00	
Entities	500.00	
a. Mampising Agricultural School	130.00	
b. Mampising Enterprise	75.00	
c. Moro Development and Trading	600.00	
Corporation	60.00	
d. Bongabong Development	40.00	
e. Jacobson Plantation	150.00	
f. Southern Cross Plantation	70.00	
g. Gulf Plantation (A)		2,075.00
h. Gulf Plantation (B)		
i. Gulf Plantation (C)		
j. Sagana Plantation		
Sub Total		11,043.88
District No. 6 Saug Kapalong, Regions, Davao		7,612.12
Province		
Extensive Private landholdings and Government	70.00	
Entities	56.00	126.00
a. Dr. Javellana		
b. Confessor Plantation		
Sub Total		7,738.12
Total Extensive Private landholdings and		11,676.94
Government entities		
Total Small holdings		48,601.99 has.
Grand Total for Davao City and Province		60,278.95
representing the total areas planted to abaca		

Figure 1: Classification of Mindanao Abaca Plantings¹⁵

Immediately after the liberation in 1945, a great part of the former Japanese abaca plantations were still intact. Even neglected plantations could have been revived by intensive weeding and replanting. However, its abaca production declined with only 310,399 bales produced in 1950. Production slowed down because of several factors such as the widespread infestation of mosaic disease, uneconomic practices of over stripping, the depression in world prices and demand for the Philippine fiber, the apparent lack of adequate financial support for the industry, and the lack of definite policies on the part of the national government, particularly the National Abaca and Other Fibers Corporation (NAFCO), which took control of all Japanese plantations in 1946. Moreover, the growing competition in abaca production in foreign countries like Borneo, Java,

¹⁵ American Chamber of Commerce of the Philippines, 1951, 13

and Sumatra, which had already given proof of their potentiality as fiber producers before the last war, was also a contributing factor to the decline of the industry.

	1945	1946	1947	1948	1949	Jan – May 1950
Davao	39,210	256,962	361,559	215,910	210,750	127,145
Non Davao		134,292	434,635	370,698	313,838	173,824
Total	39,210	391,254	796,194	586,608	524,586	300,969

Figure 2: Abaca production, 1945-1950¹⁶

Because of the continuous abaca production in the region, the Philippine government wanted to revive the industry. However, because of the expensive costs in materials, new lands, equipment, and the eradication of mosaic disease, the government encountered difficulties. Reviving the industry was a vital initiative since abaca is considered as one of the major agricultural crops and industries of the Philippine economy even before the arrival of the Spaniards. The revival also took into account the fact that the loss of the industry meant consequences that would affect nearly 2.5 million people who depended on it for their livelihood.

The declining abaca industry in Davao Region has led to the conversion of lands cultivating high-quality abaca to other crops like bananas. Over 2,000 hectares of abaca were converted to bananas¹⁷—one of them is the Floirendo Agricultural Estate that originally planted abaca. In 1949, when President Elpidio Quirino reiterated his predecessor's invitation for the people from Luzon to go south and cultivate the vast tracts of abandoned lands in Mindanao as a result of the war, he was the one of those who applied for ownership. The government granted him 1,024 hectares, the limit allowed by the first Public Land Act, and named his rambling hemp plantation Tagum Development Company (TADECO). Because of the declining abaca production, banana was then invested as a new agricultural crop.

Philippine abaca exports during the first seven months in 1951 reached a new post-war high of 714,590 bales, the heaviest made since the liberation and already 10 per cent over and above the January-July 650,667 bales domestic production that year. The excess of shipments over output amounted to some 64,000 bales that were mainly supplied by stocks carried from the preceding

¹⁶ American Chamber of Commerce of the Philippines, 1951, 14

¹⁷ Journal. American Chamber of Commerce of the Philippines. Volume 43, Michigan, USA, 16.

years. On the average, the 1951 monthly outturn was only 93,000 bales, while exports ran at approximately 102, 446 bales. Continuing heavy output, substantial inventories, and a strong foreign demand were principally responsible for these heavy shipments.

MONTH	1947	1948	1949	1950	1951
January	34,194	53,528	48,306	50,516	75,105
February	46,565	64,701	43,653	48,227	113,796
March	64,101	73,604	53,186	46,607	137,059
April	60,409	59,305	40,534	65,487	109,410
May	94,805	77,115	39,486	59,473	92,788
June	69,104	39,820	46,189	56,336	83,936
July	74,531	55,391	30,591	66,520	102,446
SUBTOTAL	443,709	423,464	301,945	393,166	714,590
August	58,824	29,130	25,280	68,524	-
September	75,455	29,772	30,555	63,198	-
October	70,578	32,628	33,619	76,747	-
November	52,058	35,694	29,573	86,663	-
December	58,967	44,036	41,109	75,519	-
TOTAL EXPORTS	759,591	594,724	462,081	763,817	-
Total Production	796,194	586,608	524,586	765,254	650,667
Balance					
Excess	36,603	-	62,505	1,437	-
Deficit	-	18,116	-	-	63,923

Figure 3: Philippine Monthly Export of Abaca compared with production, 1947-1951 (Bales of 126.5kls)¹⁸

FOUNDATION OF BANANA INDUSTRY

Vice President Carlos P. Garcia ascended to the Philippine presidency on 08 March 1957 after the death of Ramon Magsaysay, serving the remaining period

¹⁸ Short sighted policy may yet wreck abaca industry, Manila Bulletin, March 31, 1952, p. 24

of the administration. Thereupon, Garcia was elected as president of the Philippines during the 1957 national election. During his state of the nation address on 24 January 1960, his administration sought closer ties primarily with the member of the “Free World” countries including Asian countries.

Our accomplishments in the field of foreign relations in 1959 have raised the prestige of the Philippine Republic before the eyes of the world. More and more, our voice is heard with greater respect in international councils. We have evolved a foreign policy whose cornerstones are the upholding of national honour and dignity and the promotion of a world peace with justice and honour and freedom for all. We are of the Free World, and as such we desire closer ties with all its members, particularly with the leader thereof and our neighbours in Asia.¹⁹

Foreign Ambassador Felixberto Serrano stated that the Garcia administration worked in terms of forging ties of friendship, economic, and cultural arrangements between the Philippines and its Asian neighbors through the expansion and strengthening of diplomatic and consular establishment of the Philippines by opening honorary consulates in 13 key trade centers of the world. It aimed to fit the national identity of the Philippines into the geo-cultural and economic patterns of the Asian region. Philippines also participated in the United Nations, the South East Asian Treaty Organization, and other world and regional conferences raising international stature and prestige. It also concluded with trade protocols with Germany, Switzerland, China, and Japan with trade and press attaches in respective embassies and consular offices.²⁰ Philippine-Asian relation pleaded for the strengthening of “freedom” in Asia so that the Asians will enjoy the fruits of real independence and that the Philippines, being surrounded with communities of free Asians, would be secure from subversion and attack. He coupled this plea for Asian freedom and security with one for “intensifying technical and cultural exchanges with Asian neighbors.”²¹ This Philippine-Asian foreign policy of President Garcia manifested internally in the so-called First Filipino Policy.

¹⁹ Carlos Garcia. State of the Nation Message, January 24, 1960.

²⁰ Carlos Garcia. State of the Nation Message, January 27, 1958.

²¹ Mahajani, Usha. *The Development of Philippine Asianism* in Philippine Nationalism, external, challenge and Filipino response, 1565 – 1946. (University of Queensland Press, 1971), 231.

According to Serrano, the Filipino First Policy was intended to correct an inequitable situation in the Philippine economy at a time when foreigners controlled 70% of the Philippine domestic trade and 80% of the Philippine foreign trade. Thus, the National Economic Council (NEC), the Philippine president's highest advisory body in economic issues, enacted NEC Resolution No. 24 providing the guidelines of the policy as anecdote to remedy the unbalanced situation and to endorse greater participation of Filipinos in the economic activities of the country. Moreover, the policy was formulated in order for the Philippines to achieve complete economic freedom from the control of the foreigners. Serrano detailed how this policy manifested and how it functioned in the integration of foreign and local economic policies:

1. The categories of business where local capital and resources were adequate and available will be given to the Filipinos and subjected to the existing treaty obligations and constitutional limitations like the parity rights enjoyed by US citizens;
2. Where local capital and resources were available but were either timid or adequate, joint ventures between local and foreign capital would be favored; and
3. Where local capital and resources were not available, it will be an open field for foreign investments.²²

In vital matters related to the national economy, the administration called the attention of developing new foreign markets for Philippine products that directed the resumption and conclusion of trade agreements with Germany, Japan, and other countries meaning the product was not solely concentrated in the United States.

President Garcia wanted a diversified market that will enable local products to be sold at best possible price, thus, maximizing the country's income—allowing for the exploration of price adjustments to render them more competitive with similar products of other countries.²³

With a view to forging closer mutual ties with Japan on the basis of the promotion of economic relationships, the Garcia administration made a policy on banana exports to Japan in 1958. Both countries decided to consolidate its efforts in developing the banana business enterprise, recognizing its potential

²² Severo Canete Madrona Jr, *Respectable Independence: The Foreign Policy of Carlos Garcia*. Dissertation, (CSSP UP Diliman)

²³ Carlos Garcia. State of the Nation Message, January 24, 1960.

with the growing number of banana plantations around the country after World War II. As one of the economic policies of the administration, Garcia wanted to expand the country's export trade since the country's development heavily depended on it. These initiatives between the two parties took the form of: (1) studies conducted by a Japanese company on Japan's import policy and the banana market situation was submitted to the Philippine government; (2) a meeting conducted between Philippine government officials and Japanese traders; (3) a visit of a Japanese team to several banana growing areas in the Philippines; and (4) Japanese traders forming the Philippine Fruit Import Association.²⁴ In the early 1960s, the government started a positive movement headed by Secretary Lim, Commerce Director Rizalino Pablo, Plant Industry Director Cruz and Ambassador Adeva in Tokyo. Two years later, the company Jimboras Co., Ltd, represented 260 banana dealers in Tokyo²⁵ and made various studies about the banana import policy of the Japanese government and the Japanese banana market.

Upon various studies conducted by the company, reports were submitted to the Philippine Government Officials concerning their reference to establish the Philippine banana export industry. In March 1960, the president of Jimboras Co., Ltd, Nobuhiko Jimbo²⁶ and his four assistants visited several places in the Philippines to conduct a study by making a spot survey of banana plantations and the different procedures and systems of the Philippines for export. One of the many places visited is an area in Davao around Mt. Apo. Hector G. Panlileo, acting in charge of the regional office of the Bureau of Commerce, disclosed that Jimboras Company Ltd of Tokyo, a Japanese firm was interested in developing the local banana industry on a joint venture basis with Filipino capitalists.²⁷ During those days, as there was a no-dollar-allocation for Philippine bananas, a special arrangement was made to send 20 baskets of Lacatan bananas to Japan through the Philippine Embassy in Tokyo as a sample after the approval of the Philippine secretaries of Commerce and Industry, of Agriculture and Natural

²⁴ Escobdido, Gema Marie O. and Teresita D. De Leon. *The Banana Export Industry and Agrarian Reform*. (AFRIM Inc., Davao City, 2004), pp. 18-19.

²⁵ *Bananas in PI exports sought*. The Manila Times. January 11, 1960.

²⁶ Jimbo was the Japanese officer who was credited for saving the life of the late President Manuel A. Roxas during the Japanese Occupation (PI banana mart seen in survey. Daily Mirror. December 26, 1961.) Jimbo was in the Philippines a colonel in the occupation army. He became a close friend of some Philippine officials under the so called puppet government. (PI Japanese banana trade stymied. The Manila Times. January 14, 1962)

²⁷ *Japanese Eye Davao Banana Industry*. Mindanao Times Volume XVI No. 5, Thursday July 26, 1962.

Resources, and of Foreign Affairs. These 20 varieties of Lacatan did not come from Davao but from Baguio. Having the characteristics of a high-grade quality, taste, and flavor—leaving a significant impression to the Japanese people.²⁸

These banana plantations were under the supervision—as well as being operated—by the Bureau of Plant Industry. The purpose of the operation was to provide a standard banana plantation model able to produce bananas qualified for export to Japan. Furthermore, the Lacatan variety was recommended for this industry because of its excellent quality and flavor, its durability during transportation, and its resistance to the “banana wilt” disease. According to local horticulturists, only the Philippines could raise the lacatan variety, while other banana exporting countries shipped out the Gros Michel varieties that were relatively similar to the native bungulan.²⁹

Col. Jimbo’s group also looked into the local harvest situation, manner of inspection, mode of packing and manner of loading onto vessels. The mission further suggested that the Philippine government should form a board to process and standardize all bananas earmarked for export so that only good quality fruits free from infestations could be shipped abroad. The group further proposed that the exportation of native bananas to Japan should be coursed through a Filipino firm that has carefully studied the methods and practices adopted by the Formosan government in exporting its bananas to Japan. In addition, they observed that in order to encourage the planting of more bananas, particularly the lacatan and bungulan varieties, the Philippine government should extend financial aid to farmers, otherwise the promotion and development of the local industry will be stifled or jeopardized. For the part of the Japanese firm, the mission would persuade the Japanese government to allocate at least \$2 million a year for the importation of Philippine bananas.³⁰ Moreover, the secretary of Commerce and Industry, Manuel Lim spearheaded a move to seek a yearly \$2 million quota for Philippine banana exports to Japan, taking advantage of the banana shortage in Japan since the country had been importing from Taiwan bananas with a worth of \$6.5 million a year.³¹ Through this venture, the Philippines will support Japan’s development into a multimillion dollar market for its banana supplies.

²⁸ Report of the Philippine Banana Technical Assistance and Survey Mission, p.1.

²⁹ *Philippine Fruits bid bright for big Japanese market*. Daily Mirror. May 21, 1960

³⁰ *Philippine Fruits bid bright for big Japanese market*. Daily Mirror. May 21, 1960.

³¹ *\$2M banana quota eyed*. Daily Mirror. April 2, 1960.

Despite the achievement of the first mission, Jimbo and his men found problems in the local banana industry in the Philippines: (1) only small irregular banana plantations were found in the country; (2) the bananas were of poor quality; (3) very few people have engaged in the trade; and (4) there was no program for the banana trade expansion.³² Despite the few problems from the first mission conducted, Japan had intensified its survey mission in the Philippines. The second mission was then organized. It was composed of the Philippine Banana Importers Committee of Japan headed by Mike K. Mikawa and it was aimed at investigating the conditions in the banana producing provinces. In this survey, Japan was expected to consume five million baskets for more than 10 million bunches worth about \$35 million annually. The primary factors that the mission was looking for were the amount of rainfall, atmospheric temperature, typhoon frequency, modes of transportation, and packing. Initially, the second mission surveyed the provinces of Davao and Zamboanga, regarding the Davao region as the ideal source of bananas. Davao, according to weather bureau records, was below the typhoon belt and has sufficient rainfall.³³

After a series of studies conducted, a trial importation of global bananas was announced by the Japanese Ministry of International Trade and Industry in July 1960. Prior to this, the Central Bank of the Philippines has already granted the trial shipment of 50 baskets of Philippine bananas to Yokohama, Japan without dollar proceeds in April 1960.³⁴ The freight S.S. Basara loaded the 50 baskets of Philippine Lakatan that was produced in the mountain provinces of Mindanao.³⁵ Japan's ministry of international trade and industry gave the nod to regular shipments from the Philippines. The country produced 340,625,000 kilos of bananas a year with a money value of P25 million.³⁶ The announcement made at least 40 countries interested in Philippine bananas with simultaneous inquiries coming from these countries together with the shortage of the quantity of exports in the international market. During this period, the trial importation was in response to the opening of American transnational companies in the Philippines that came in order to do their own feasibility studies on the potential of developing the banana export industry in the Philippines. Chiquita and other banana corporations heeded the notice by

³² *PI Japanese banana trade stymied*. The Manila Times. January 14, 1962.

³³ *Japan surveys bananas here*. The Manila Times. April 24, 1960.

³⁴ *Japan may import Philippine banana*. Daily Mirror, April 18, 1960.

³⁵ *PI eyes Japan banana market*. The Manila Times. April 21, 1960.

³⁶ *Philippine fruits bid bright for big Japanese market*. Daily Mirror. May 20, 1960.

sending experimental shipments from Costa Rica, Ecuador, and Panama where their export banana production begun since the 1900s.³⁷

Meanwhile, in Los Baños, Laguna, the UP College of Agriculture has teamed up with the United Fruit Company of Boston in establishing a banana variety collection in the Philippines. Known as “Banana Genetic Bank,” the collection was started by a team of college and United Fruit Corporation scientists who aimed at assembling a comprehensive collection of Philippine and Far Eastern banana species and varieties. Outstanding edible varieties and wild seeded species were used by the United Fruit Company for hybridization work in South America. The genetic bank occupied 1.5 hectares of land inside the central experiment station farm while an additional 2.5 hectares were reserved for foreign introductions. Some 110 United Fruit Corporation collected varieties were grown in the bank. The college has its own collection with 37 local and foreign banana varieties. The said institution was open for a breeding program to improve not only the banana varieties but also the abaca industry.³⁸ Likewise, at this period of time, Japan planned to lift its ban on foreign fruit imports and bailed out local fruits from doldrums that was sparked by low prices and overflowing markets. Under the Sino-Japanese Trade Pact, Japan committed to draw all of its 1959 banana requirements exclusively from Taiwan at the rate of \$6,500,000 a year. As the fruit traffic from Taiwan reportedly fell short of expanding demands, the Nippon government poised to lift the monopoly and raised the allocation to \$10 million starting 1961.

While the mission was busy conducting investigations on the possibility of developing the banana export industry from local production to export production, the Bureau of Plant Industry forged an organization of a banana growers’ federation. The forging of the banana growers helped in facilitating the exportation of bananas and guaranteed continuous exportation.³⁹ The association pledged to keep the group free from alien traders. On the other hand, the Japanese group informed the conference that their government was strict on the importation of fruits as part of their effort to guard against pests and diseases that may be injurious to their own fruit industries.⁴⁰ Banana growers, who joined the association, came from Cavite, Batangas, Laguna, Oriental and

³⁷ Escobdido, Gema Marie O. and Teresita D. De Leon. 2004. *The Banana Export Industry and Agrarian Reform*. AFRIM Inc., Davao City, p. 19.

³⁸ *Banana variety collection* undertaken by UP, US Firm. *The Manila Times*. April 17, 1960.

³⁹ *Banana men set parley*. *Daily Mirror*. May 27, 1960.

⁴⁰ *Banana growers organize group*. *Daily Mirror*. June 3, 1960.

Occidental Mindoro, Bataan, Cagayan Valley, and Mindanao.⁴¹ Eight big Japanese firms preferred to deal directly with the banana planters associations in the provinces.⁴² However, though the Philippines had already established a number of banana plantations that produced better quality bananas, the accurate capacity of production in the Philippines were unknown and the experiences of shippers for packing and inland transportation for export purposes were lacking. Additionally, the inspection regulations were not yet established during that period.

Affected by all the unfavorable conditions, the importers at that time suffered great losses and sacrifices. The trial shipment conducted was a failure that led to another visit by N. Jimbo, K. Imada, E. Murai in the Philippines for a month. They surveyed the plantations once again and exchanged opinions with the Philippine government officials—providing their suggestions for the enforcement of administrative leadership about cultivation and shipment. Moreover, the Philippine Fruits Import Association, that was established on June 1, 1961, helped in the development of the Philippine banana industry and its related trade between the Philippines and Japan. With Professor Yoshijiro Sakurai⁴³ as a technical adviser, he and the association suggested a project of Pilot Banana Plantations to the Philippine government.⁴⁴ The Philippine Banana Technical Assistance and Survey Mission was dispatched to the Philippines and made a survey from December 1961 to January 1962 concerning the possible lands for the cultivation of Lacatan in the Philippines.

In several places visited by the members of the mission, they provided technical guidance for the cultivation of the bananas that were appropriate for export purposes. The mission also had a chance to do several discussions and close talks with planters and shippers in the Philippines about the banana enterprises in general. The overall outcome of the mission survey was satisfactorily fulfilled and the members returned home with success. The mission suggested 70,000 hectares of banana lands for further expansion in these areas (with due consideration of its conditions ranging from temperature, rainfall, sunshine, soil, and such): Baguio highland (10,000 ha); Manila and its

⁴¹ *Banana growers organize group.* Daily Mirror. June 3, 1960.

⁴² *Banana group told to organize.* The Manila Times. August 27, 1960.

⁴³ Professor Sakurai is the expert who had been concentrating to the research and leadership for tropical horticulture in Taiwan where he stayed for 23 years as the Chief of Horticultural Experiment Station, Taiwan Government.

⁴⁴ Report of the Philippine Banana Technical Assistance and Survey Mission, p.1-2. Retrieved from Bureau of Plant Industry, 2015

vicinity. Bataan, Cavite, Laguna, and Batangas (10,000 ha); Oriental Mindoro (10,000 ha); Northern Mindanao: Iligan, Cagayan de Oro and Butuan (10,000 ha); and Southern Mindanao: Foothills of Mt. Apo, Davao and Vicinity (30,000 ha).⁴⁵ The selected places were free from diseases and pests that may disrupt the plantations like what had happened in Panama. The members of the mission urged Davao banana producers to start planting the fruit on a commercial scale because Japan will soon be importing bananas from Davao apart from its sources in Baguio and Mt. Province. The survey team claimed that Japan will buy Davao bananas at not lower than \$7 per 100 pounds cost, insurance, and freight.⁴⁶ Based from the mission proposal, improvement of banana cultivation should be given further attention. Thus, the Philippine Government and the scientific society published various articles, books, and pamphlets for technical guidance on proper cultivation to produce better quality bananas for export. Filipino and Japanese experts met for consultations and collaborative studies to identify the an ideal standard of cultivation. The strict enforcement of de-suckering,⁴⁷ banana and catch crop planting,⁴⁸ grass mulching,⁴⁹ banana fertilizing,⁵⁰ and insect, pest, and disease infestation⁵¹ were several points that required banana plantation owners and farmers to improve and mitigate.

On another note, improvements in exporting techniques were emphasized. It took into account the maturity of bananas for export,⁵² the transporting

⁴⁵ Report of the Philippine Banana Technical Assistance and Survey Mission, p.3. Retrieved from Bureau of Plant Industry, 2015.

⁴⁶ *Bright future for banana industry seen.* The Manila Times. September 12, 1962.

⁴⁷ It is imperatively controlled the numbers of succeeding suckers only allowing one, two, or utmost three suckers for a mother trunk and the other suckers should be carefully discarded. To many suckers retard their growing and results to small fruits and bunches which are not exportable.

⁴⁸ The unconscious close planting of catch crops such as corn, soybean, vegetables, etc., among the banana plantations, hinders the banana growth. Before the roots of catch crops interfere with the banana roots, those catch crops must be rooted out around the banana roots.

⁴⁹ In the banana plantations, the weeds should be cut down and mulched around the banana plants. By these frequent mulches, weeds are protected and organic matters are added to the soil.

⁵⁰ In order to get large exportable crops, some quantity of chemical fertilizers must be given to the banana plants in the Philippine soils. For the strengthening of the keeping quality of the banana continuously on the same level, potassium fertilizer must be added more, while more phosphoric fertilizer is required to increase the sweetness of the fruit.

⁵¹ Insect pests and diseases are eradicated by spraying dieldrin solution around the trunks of banana. The banana leaf spot disease was mostly prevalent throughout the Philippines. Philippine Lacatan variety is resistant to the world wide noxious banana disease like the banana wilt or Panama disease and *Fusarium oxysporum*.

⁵² The maturity of Lacatan bananas which are consumed in the Philippines are 80 – 90% mature. The bananas for Japanese market must be cropped at the stage of about 70% mature,

system,⁵³ the speed-up transportation,⁵⁴ the avoidance of unnecessary middlemen from the plantation to the finalization of the shipment,⁵⁵ and the simplification of export procedures.⁵⁶ On matters of personal services, managers and personnel were given just compensation as to encourage the proper deliver of responsibilities. In one cultivation area, there was a farm manager, farm assistant, accountant (typist), permanent laborer, and day laborer. They have to be paid an amount of 3,600 per annum, 2,600 per annum, 2,400 per annum, 2,739 per annum, and 2,500 per annum respectively.⁵⁷

With suggestions from the survey mission regarding the Pilot Banana Plantations producing the export-worthy bananas, about 10 Filipino entrepreneurs approached the mission and expressed their desire to operate these banana plantations from Davao, Mindanao (10 ha), Cagayan de Oro (10 ha), Butuan (10 ha), HDA St. Maria, Bongabon, Oriental Mindoro (10 ha), and Nampicuan, Nueva Ecija (5 ha). Each plantation was given an estimated value of 6,673 for expenses (hire tractor for the clearing of the plantation, shed houses, roads, water systems, and others, tools and implements, planting materials, fertilizers, agricultural chemicals, miscellaneous expenses, and personal services) in Baguio highlands, while Mindoro and Mindanao allocated at least 40,669 pesos. For marketing expenses, each banana plantation had an estimated expense of 5,040 for Baguio highlands and 99,400 pesos for Mindoro and Mindanao.

Overall, the efforts done by the Philippine Government and the Japanese companies in developing the banana export industry on the variety of Lacatan

i.e. 49-63 days after it flowered, or utmost 75% mature, i.e. 53-68 days after it flowered.

⁵³ Method of transportation of the green bananas from the Philippines to Japan are transportation as a whole bunch, or transportation by container (boxes or baskets) with banana hands.

⁵⁴ It is definitely clear that the speediness of transportation from the instant of cutting bananas in the field to the final export port reflects the freshness of the fruit for which the Japanese market promises the good price.

⁵⁵ Unnecessary middlemen only procure additional costs thus avoidance of unnecessary middleman will cut down cost and the member of the personnel concerned should be naturally the least numbers.

⁵⁶ At present, to obtain all the documents necessary for the banana shipments, a shipper is required to appear many different government offices in Bureau of Commerce, Central Bank, and Custom House to have the necessary signatures of the officials concerned on the shippers' application papers. As banana is a living item the simplification of such procedures is desirable for the cut down of the cost and the speed – up of shipment.

⁵⁷ Report of the Philippine Banana Technical Assistance and Survey Mission, p.22. Retrieved from Bureau of Plant Industry, 2015.

in the international market was not successful because of the executive laws that inhibit Japanese investments to enter freely into the country. Second, the Japanese were viewed as enemies due to the atrocities that occurred during the Japanese occupation in the Philippines. Lastly, the trial process in developing the export industry was already mastered by the multinational companies like Del Monte, Dole, and Chiquitta—all of which has controlled at least 80% of international banana trade since the early nineteenth century—along with the apparent discrimination of foreign shipping lines for goods coming from the Philippines that were costly and unrealistic with high freight rates.

On a positive note, it was the Japanese who opened the eyes of the world to the potential of the country in introducing another agricultural crop for export in the international market. It not only provided revenue for local regions where plantations were established, but also another sustainable source of income for the national economy after the decline of abaca.

The success of the first trial shipment intensified the increase of trial imports of the local banana. The department said that Japan's ministry of International Trade and Industry authorized the importation of 310 baskets of Philippine Lacatan bananas for July and August 1960 to nine Japanese groups. Moreover, 25 Philippines suppliers were allocated 50 to 100 baskets.⁵⁸ Finally, after several trial importations, Japan decided to import Philippine bananas for a five-month period starting November 1960.⁵⁹ To continue the smooth process of the export banana industry, Philippine Banana Trade Association representing the local banana exporter's interest was organized and it acted as a coordinating body in matters affecting the export of bananas. The formation of the association was the result of a series of deliberations on the banana trade under the auspices of the Bureau of Commerce. The association was composed of elected board of directors of the association namely Benjamin Coloma, Eugenio Mercado, Ramon Pacheco, Natividad Laguna, Epitacia S. Miranda, Angel Simpao, Crispino Diokno, Agustin Casenias, and Troadia Millora.⁶⁰

It was also in 1960, that a total of 141 banana bunches were harvested from 23 banana varieties in different experiment stations in Davao. There were seven varieties that were added to the collection during the year totaling to 30 banana varieties. These new varieties were observed to be susceptible to a disease

⁵⁸ *Japan impressed, hikes banana imports from PI.* Daily Mirror. July 14, 1960.

⁵⁹ *Japan okays PI banana importation.* The Manila Times. October 28, 1960.

⁶⁰ *Banana Export trade association formed.* Daily Mirror. March 17, 1961.

locally known as “tibangol.”⁶¹ Apart from the 141 bunches harvested, 1,500 banana suckers were planted at Davao Experiment Station valued at 750. Moreover, general weeding was done on 27,156 sq. meters, 14,900 sq. meters was plowed, and 108,310 sq. meters was harrowed. Dried leaves were also cleared on 21,238 hills, 2,701 banana buds were removed, and 1,150 bunches of banana were harvested. Other activities performed were banana sucker replanting, pruning, fence repair, fertilizer application, and partial, strip and ordinary and among others.⁶²

Upon the export of Lacatan bananas to Japan, the standardization of bananas for export and domestic sale was set by the department of commerce and industry through Administrative Order No. 21 on 15 March 1961.⁶³ The order required every container of banana exports to be marked (as a product of the Philippines), inspected, and evaluated by the Bureau of Commerce dated and signed by standard inspectors.

It classified Lacatan bananas as:

1. Special Grade – 20cm or more length, 12cm or more in circumference, and containing 25 clusters in a basket;
2. No. 1 grade – 17cm to less than 20cm in length, 11cm to less than 12cm in circumference, and containing 30 clusters in a basket
3. No.2 grade – 17cm to less than 17cm in length, 10cm to less than 11cm in circumference, and containing 35 clusters in a basket
4. No. 3 grade – 11cm to less than 14cm in length, 9cm to less than 10cm in circumference, and containing 40 clusters.
5. No. 4 grade – a mixture of two or more grades.⁶⁴

At this point in time, Japan finally lifted the import ban on bananas from the Philippines after the country was cleared of a cholera epidemic. The lifting of the ban was based on the following conditions: (1) that the bananas must be taken from a non-cholera infected area, and (2) that it must be treated sanitarily in their production and shipping processes. The import ban was enforced when the epidemic broke out in the Luzon Island in August 1962.⁶⁵ However,

⁶¹ Annual Report. Bureau of Plant Industry, Region 8, Davao City Fiscal Year, 1964-65, pp. 60-62.

⁶² Annual Report. Bureau of Plant Industry, Region 8, Davao City Fiscal Year, 1964-1965 pp. 82-85

⁶³ *Problems of banana industry analyzed*. The Manila Times. August 23, 1964.

⁶⁴ *Rules set on sale of bananas*. The Manila Times. March 30, 1961.

⁶⁵ *Japan lifts banana ban*. The Manila Times. September 22, 1963.

continued efforts were undertaken to discuss the latest researches and techniques in the prevention and control of cholera.⁶⁶

At long last, on February 1964, Director of Commerce Eliseo Quirino announced that the first commercial shipment of Philippine bananas to Japan was made by the Davao Fruit Growers Association. At the same time, the third shipment of lakatan bananas that consisted of 600 baskets was made in the next month by the S.S. Luis of the same association. The quality produced by the association was of fine class and the Japanese fruit merchants in Yokohama were very much impressed.⁶⁷ The success of the first commercial banana shipment was also sided with the lifting of the ban on exports of bananas together with shrimps to Japan. The ban was caused by the fear of the Japanese government that banana exports from the Philippines may carry El Top viruses.⁶⁸

A growing awareness of the tremendous market for Philippine Lacatan bananas in Japan stirred the interest of the local producers. Banana plantations were established throughout the islands with the aim of producing export bananas in commercial quantities and quality. Leading the group of local Filipino producers and exporters, who were organized since 1962 to operate large scale commercial banana plantations for foreign export, was the Golden Fruits Corporation. Various farm sites suitable for banana production were the towns of Bongabon, Pinamalayan, Roxas, Bansud, Mansalay, Pola, Victoria, and Naujan in the province of Oriental Mindoro. Initial operations done by the Golden Fruit Corporation covered some 3,000 hectares in Bongabon, which was also designated as the site for its central base of operations. This 14,000 hectare farm site was capable of producing approximately 5,000,000 baskets of exportable Lacatan bananas (45kgs each) to be shipped annually to Japan through YUokohama port. In this period, the current freight on board price of each 45 kg basket was five US dollars.⁶⁹ The Jimboras Co. Ltd, also started making trial shipments of bananas from Davao ports. Thereafter, a new shipment of three hundred (300) baskets of Philippine bananas left Davao for Japan on September 15 1964, aboard an Everett Lines vessel.⁷⁰ While banana imports from Taiwan to Japan declined along with the continuous studies and trial importations of Philippine bananas, bananas from Ecuador also entered the

⁶⁶ *RP wants Japan ban lifted on bananas*. Daily Mirror. November 1, 1963.

⁶⁷ *First banana export to Japan successful*. Daily Mirror. February 21, 1964.

⁶⁸ *Banana import ban out*. The Manila Times. March 8, 1964.

⁶⁹ *RP to hike banana exports to Japan*. The Manila Times. April 21, 1964.

⁷⁰ *Banana export to Japan ready*. Daily Mirror. September 12, 1964.

Japanese market to fill the void left by a falloff in imports from Taiwan. Banana shipments from Ecuador reached 600,000 boxes or about 7.2 million kilograms (7,000 tons)—expecting another 1.1 million boxes in the following months to come.⁷¹

Years after the successful shipment of bananas to Yokohama, Japan, banana clonal collection continued. A total of thirteen (13) were again collected and planted in the clonal plot in 1967-1968. Moreover, there were 3.03124 hectares already used in planting 2,696 banana trees in Davao Experiment Station. By the end of fiscal year 1969, the Bureau of Plant Industry was able to account a total of 49,813 hectares of banana trees planted, most of which were concentrated in South Cotabato—sharing 23,542 or 47.26% of the total hectarage followed by Davao del Norte (5,314 or 10.67%) and Davao City (4,326 or 8.68%).⁷²

THE ENTRY OF US TRANSNATIONAL COMPANIES IN THE PHILIPPINES

The success of the first commercial export of bananas to Yokohama, Japan in 1964 also marked the interest of the American base banana companies in developing their own banana export industry in the Philippines. In 1960, representatives from the United Fruit Corporation (UFC) and several large Japanese trading firms looked into the possibility of cooperating and expanding banana consumption in Japan. According to the study conducted by United Fruit Corporation, that was made available to the Philippine government through the Department of Commerce and Industry, the removal of Japanese import restrictions increased consumption, thus, requiring the establishment of a suitable banana terminal and ripening facilities in Japan. It also led to the acquisition or chartering of refrigerated ships and the development of banana supply sources. UFC's preliminary investigation in Mindanao area revealed that: (1) there was a large quantity of good banana lands available and the cultivation of a total area of 10,000 to 25,000 acres was entirely feasible and this acreage would yield 180 to 450 million pounds a year; (2) development was economically feasible; (3) development was welcomed by the government and business interests; (4) and the banana industry became a local nature and it was

⁷¹ *Ecuador fills gap in Japan needs*. The Manila Times. August 9, 1966.

⁷² Annual Report. Bureau of Plant Industry, Region 8, Davao City Fiscal Year, July 1, 1968 – June 30, 1969. Pp 123.

financed and operated by Philippine interests who made contract arrangements for the sale of bananas on an Freight on board Philippine port basis.⁷³

At almost the same time in 1960, Standard Fruit and Steamship Company, Mother Company of Standard (Phil) Fruit Company (STANFILCO), began a series of intensive investigations on the possibility of developing commercial (banana) production in the Philippines. The Philippine government's cooperation was requested in the establishment of STANFILCO. General Santos City in South Cotabato was chosen as STANFILCO's first plantation elite.⁷⁴ In 1966, the Standard (Philippines) Fruit Corporation proposed to put a capital investment of \$10 million if the Philippine government agrees to give the following:⁷⁵ (1) assistance in securing the necessary financing for our local farmers—local financing of P2,800 per hectare was required by local farmers; (2) permission to use water from existing rivers and irrigation systems and to repair, extend, and maintain existing irrigation and to construct and maintain new irrigation systems for the benefit of farmers participating in the project; (3) permission to import banana seeds from Central America for use in seed bed development to propagate material for production planting; (4) right to export bananas without restrictions on return or exchange generated; (5) help in securing rights of way for drainage systems and roads, as well as foreshore lease rights for pier facilities; and (6) help through treaties, trade negotiations or otherwise in securing a favorable or favored position for Philippine bananas in the Japanese market. In turn, the firm promises to produce, package, and ship to Japan some 90,000 short tons of bananas a year. This export company signed contracts with farmers in Cotabato and Davao for the required hectares, along with procuring and ensuring the management, technical, and engineering services as well as the necessary shipping and marketing connections and facilities.

Further, the Filipino investors were allowed up to 34% of the equity capital, while farmers retained the title of their lands with the firm acting as manager and buyer. The firm patterned its operation after its own experiences in Ecuador, Honduras, and Costa Rica where it has highly developed subsidiaries.

⁷³ Randolph David, et al. *Transnational Corporations and the Philippine Banana Export Industry*. (Third World Studies, 1983), 28.

⁷⁴ Randolph David, et al. *Transnational Corporations and the Philippine Banana Export Industry*. (Third World Studies, 1983), 28.

⁷⁵ *Banana Talk: Standard Fruit feels RP can break Taiwan's foothold on Japan mart*. The Manila Times. August 30, 1966.

Dole Philippines Inc. acted as the standard marketing arm in the Philippines. However, while the Japanese firm in the Philippines wanted the “Lacatan” variety for the banana export in the Philippines, Dole wanted the long, green type of local bananas known as the Giant Cavendish variety to be developed because it suited various markets and it has the nest shipping and shelving qualities.⁷⁶

At this period also, the National Development Company scouted for an area from 10 to 20 hectares in Davao for the development of the industry. The action made by National Development Company was inspired by the surveys being conducted for a banana plantation in Southern Davao, particularly in the municipalities of Digos, Hagonoy, Padada, Sulop, and Malala by Dole. Director Bartolome, of the National Development Company, shared that the survey reported the impressions of the Japanese about the Philippine bananas—claiming that it was the sweetest and best in the world.⁷⁷ This urged local farmers to turn their attention to the further development of the industry.

In order to motivate local farmers in aiding the development of the banana industry, the Development Bank of the Philippines approved a new financing program for the production of giant Cavendish bananas. Under this plan, banana farmworkers who were growing this variety were entitled to a loan of P2,800 per hectare at an interest rate of 9% per annum if not exceeding P100,000 and 10% for more than P100,000, all repayable within five years. The famers contracted by the corporation received free seeds, irrigation facilities, disease control and fertilizers, feeder road construction for company’s account, fruit transport to packaging stations, and a contract for the purchase of all bananas with acceptable quality.⁷⁸ However, the financing plan was suspended in December 14, 1967 because of the incidence of a mosaic disease (believed to have been brought into the country from Honduras or Costa Rica) at the Stanfilco plantation in General Santos, South Cotabato.⁷⁹

In the meantime, not only were the Japanese and US firms interested in developing the industry, but European banana companies, particularly a

⁷⁶ *Banana Talk: Standard Fruit feels RP can break Taiwan’s foothold on Japan mart.* The Manila Times. August 30, 1966.

⁷⁷ *Bananas: NDC looking for pilot area in Davao for development of industry as demand mounts.* The Manila Times. September 10, 1966.

⁷⁸ *New financing program up for giant bananas.* Daily Mirror. February 11, 1967.

⁷⁹ *DBP resumes plan, new conditions set.* The Manila Times. February 18, 1968.

German firm, also wanted to build a factory designed to boost the banana export industry in the region. However, the firm was not interested in establishing its facilities in Davao as the Japanese did in 1941. The German firm established a banana dehydrating plant in the province of Davao del Norte, and the plant processed ripe bananas into powder, retaining taste, flavor, and all other qualities. The project was a joint venture of the MDA and the Philippine Chamber of Industries.⁸⁰

Despite the massive efforts of the Japanese and American firms, the newly established industry faced four problems, namely, the lack of regulation and standardization, poor product quality, disorganized production operations, and the lack of marketing agreements with the prospective importing countries. On a positive note, the government and private firms worked hand-in-hand to resolve emerging issues and further the development of the industry. The production of bananas in commercial quantities for export to Japan and for the domestic market were advanced by a Filipino firm through a joint venture scheme—with private landowners and technical assistance from Japanese banana technologists. A task undertaken by the Golden Fruit Corporation with the acquired services of Stanley W. Poore, an English banana technologists, who served as an overall superintendent of farms. Poore supervised the establishment of various commercial banana farms that were producing the Lacatan variety for export to Japan principally. Poore worked with two Japanese technologists, Yoshijiro Sakurai and Kenichi Nomura.⁸¹

CONCLUSION

The beginning of the banana export industry in the Davao region entails a lot of processes from various scientific studies, trial importation, technical plan, and selection of vital locations of banana plantations. The success of the first commercial shipment to Japan encompassed the technical and financial support of Japanese government and private banana firms in Japan—followed by the entry of the US multinational corporations already perfecting the so called banana export trade in the US and Europe. From a mere subsistence crop since the pre-colonial Philippines, the Japanese saw the potential of the agricultural crop in becoming a revenue source for economic development of the country.

⁸⁰ *Germans to build banana factory.* Daily Mirror. August 21, 1967.

⁸¹ *Huge banana production readied.* The Manila Times. September 27, 1964.

The decline of supply of Taiwan bananas because of foreign competition and the mosaic disease that destroyed many banana plantations resulted to the development of banana plantations in the Philippines particularly in Davao's rich agricultural lands. The success of its shipment led to a rapid growth of production and revenue until the present period. The partnership and participation of foreign companies like that of the Japanese firms and US transnational companies boosted the banana export industry in Davao region by helping them in technical skills, finances, and facilities.

References:

Book

- David, Randolph, etal. *Transnational Corporations and the Philippine Banana Export Industry*. Third World Studies, UP Diliman, Philippines, 1983.
- Escobido, Gema Marie O. and Teresita D. De Leon. *The Banana Export Industry and Agrarian Reform*. AFRIM Inc. Davao City, 2004
- Mahajani, Usha. *The Development of Philippine Asianism* in Philippine Nationalism, external, challenge and Filipino response, 1565 – 1946. University of Queensland Press, 1971

Government Documents

- Mariano C. Pamintuan. *Reviving its Abaca Industry*. Quirino Presidential Papers, Ayala Museum, 1950.
- Carlos Garcia. (January 24, 1960). State of the Nation Message.
- Report of the Philippine Banana Technical Assistance and Survey Mission, 1960. Retrieved from Bureau of Plants, Davao City, 2015

Government Publications: Journal / Magazines

Agricultural Commercial Industrial Life

- Agricultural Commercial Industrial Life. Volume II No. 10 October 1935
- Agricultural Commercial Industrial Life. Volume XI No. 5 May 1949.

American Chamber of Commerce of the Philippines

- American Chamber of Commerce of the Philippines. Volume 43, Michigan, USA. 1954

Bureau of Plant Industry Journal

- Annual Report of BPI Region No. 8, 1961
- Annual Report of BPI Region No. 8 for the Fiscal Year 1964-1965
- Annual Report of BPI, Region No. 8, July 1, 1967 – June 30 – 1968
- Annual Report of BPI region No. 8 for the Fiscal Year 1969
- Annual Report. Davao Experiment Station, BPI Region 8, 1984 – 1985

Farmer's Journal

- “Prospects for Establishment of a Banana Industry in the Philippines”. Farmer’s Journal, Volume II, 1961.

Journal of the College of Agriculture and Central Experiment Station

The Philippine Agriculturists. *Journal of the College of Agriculture and Central Experiment Station*, UP. Volume 20 No. 1-2 1955

The Philippine Agriculturists. *Journal of the College of Agriculture and Central Experiment Station*, UP. Volume 1 No. 2 July 1967.

The Philippine Journal of Agriculture

Abaca Situation in Davao area. The Philippine Journal of Agriculture. Volume 15, Nos. 3-4, 1950

Newspapers

Daily Mirror

\$2 M banana quota eyed. Daily Mirror. April 2, 1960.

Japan may import Philippine Banana. Daily Mirror, April 18, 1960.

Philippine Fruits bid bright for big Japanese market. Daily Mirror, May 21, 1960.

Banana men set parley. Daily Mirror, May 27, 1960.

Banana growers organize group. Daily Mirror, June 3, 1960.

Japan mart sparks banana trade rise. Daily Mirror, June 17, 1960.

Japan impressed, hikes banana imports from PI. Daily Mirror, July 14, 1960.

PI enjoys many advantages in rich Japan Banana mart. Daily Mirror, November 12, 1960.

Banana export trade association formed. Daily Mirror, March 17, 1961.

RP wants Japan ban lifted on banana. Daily Mirror, November 1, 1963.

Banana trade team leaving for Davao. Daily Mirror, January 16, 1964.

First banana export to Japan successful. Daily Mirror, February 21, 1964.

Banana export to Japan ready. Daily Mirror, September 13, 1964.

Japan marts sparks banana trade rise. Daily Mirror, June 17, 1966

New financing program up for giant bananas. Daily Mirror, February 11, 1967.

Germans to build banana factory. Daily Mirror, August 21, 1967.

Manila Bulletin

Apostol, J.C. *Shortsighted Policy May Yet Wreck Abaca Industry.* Manila Bulletin, March 31, 1952.

Mindanao Times

Japs Eye Davao Banana Industry. Mindanao Times. Volume XVI No. 5, Davao City, Thursday, July 26, 1962.

The Manila Times

- Bananas in PI exports sought.* The Manila Times. January 11, 1960.
- PI eyes Japan banana market.* The Manila Times. April 21, 1960.
- Japan surveys bananas here.* The Manila Times. April 24, 1960.
- Japan Market boosts bananas.* The Manila Times. June 18, 1960.
- Banana group told to organize.* The Manila Times. August 27, 1960.
- Japan okays PI banana importation.* The Manila Times. October 28, 1960.
- Rules set on sale of bananas.* The Manila Times. March 30, 1961.
- Banana export plan.* The Manila Times. December 8, 1961.
- PI Japanese banana trade stymied.* The Manila Times. January 14, 1962.
- Quota set for PI bananas.* The Manila Times. June 16, 1962.
- Bright future for banana industry seen.* The Manila Times. September 12, 1962.
- Japan lifts banana ban.* The Manila Times. September 22, 1963.
- Lifting of banana ban urged.* The Manila Times. November 4, 1963.
- Banana shipments.* The Manila Times. December 31, 1963.
- Japan says: Banana import ban out.* The Manila Times. March 8, 1964.
- RP to hike banana exports to Japan.* The Manila Times. April 12, 1964.
- Problems of banana industry analyzed.* The Manila Times. August 23, 1964.
- Huge Banana production readied.* The Manila Times. September 27, 1964.
- Japan needs RP bananas.* The Manila Times. April 3, 1966.
- Banana Talk: Standard fruit feels RP can break Taiwan's foothold on Japan mart.* The Manila Times. August 30, 1966.
- Ecuador fills gap in Japan banana needs.* The Manila Times. August 9, 1966.
- NDC looking for pilot area in Davao for development of industry as demand mounts.* The Manila Times. September 10, 1966.
- STANFILCO bananas: Farmer's gripes.* The Manila Times. January 12, 1968.
- STANFILCO bananas: Farmer's contract ills.* The Manila Times. January 13, 1968.
- DBP resumes plan, new conditions set.* The Manila Times. February 2, 1968.

Dissertation

Madrona, Severo Canete Jr. (2003). Respectable Independence: The Foreign Policy of Carlos Garcia. Dissertation

Websites

Doquila, Gilford A. Challenges hound banana industry in 2018. Sunstar Davao, December 13, 2018. Retrieved <https://www.sunstar.com.ph/article/1778663> on December 4, 2019.

Major Fruit Crops Quarterly Bulletin, July – September 2019. Philippine Statistics Authority. Retrieved <https://psa.gov.ph/fruits-crops-bulletin/banana> on December 4, 2019.