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## WTO rules for US against EU on bananas

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GENEVA --

The World Trade Organization has ruled against the European Union on tariffs for bananas, officials said Friday, possibly opening the door to millions in U.S. commercial sanctions.

The confidential decision - distributed earlier this week to the parties and confirmed by trade officials - is an important development in a decade-old WTO dispute pitting Latin American countries and the United States against the EU. The EU can still appeal.

The verdict will be closely followed by Chiquita Brands International Inc., whose shares climbed 9.2 percent in one day last year on early reports that the EU would lose a similar case against Ecuador. The tariff costs Chiquita \$1 per share annually, according to Barry Sine, an Oppenheimer & Co. analyst.

The WTO has consistently ruled against how Brussels sets tariffs for bananas, forcing it to overhaul a system that grants preferential conditions for producers from African and Caribbean countries, mainly former British and French colonies.

Trade officials said the latest ruling closely follows the findings by a separate panel that found in Ecuador's favor in December. The officials spoke on condition of anonymity as both decisions remain confidential and are only expected to be released in the coming months.

Michael Mann, spokesman for EU Farm Commissioner Marian Fisher Boel, confirmed the loss, but criticized the WTO panel for a finding "against something that does not exist anymore" - a reference to new rules for European banana imports that came into effect this year.

The case centered on a banana tariff established by the EU in 2006 - 176 euros (\$258) per ton - which the 27-nation bloc claimed was in line with WTO rulings. But the U.S. rejected the argument. Ecuador, the world's largest banana producer, contended in its complaint that the new tariff took away some of its market share in Europe, hurting more than 1 million Ecuadoreans dependent on the banana industry.

Latin American bananas currently have around 60 percent of the EU banana market, while African and Caribbean producers have 20 percent, according to EU officials. Bananas grown in the EU - mostly on Spanish and French islands - account for another 20 percent.

The case was first brought to the Geneva-based trade referee in 1996, but has since spawned a series of disputes as trade lawyers wrangle over procedural intricacies and legislation that had previously never been tested.

The U.S., in 1999, and Ecuador a year later, both won the right to impose trade sanctions on European goods after the WTO found the EU's rules to be illegal.

A deal in 2001 gave the EU five years to comply with WTO rulings.