

Posted on Fri, Feb. 04, 2005

LATIN AMERICA

Banana tariff causes worry

Six Latin American countries would take their case against the proposed EU tariffs on imported bananas to the WTO, alleging the move could unbalance their economies

BY SAM CAGE

Associated Press

GENEVA - A new EU tariff on imported bananas would "severely unbalance" the economies of six Latin American states, who will seek to have the decision overturned at the World Trade Organization, representatives of the countries said Thursday.

Earlier this week, the EU formally proposed an overhaul of its banana import program at the WTO, saying its new euro230 (US\$300) per ton tariff will strike a balance between the demands of large-scale growers in Latin America and interests of traditional suppliers in Africa and the Caribbean.

But officials from Colombia, Costa Rica, Ecuador, Guatemala, Honduras and Panama, who met here this week, criticized the tariff, which will apply from Jan. 1, 2006. Those countries "will utilize all the available defense mechanisms in the WTO" because the tariff will seriously limit their ability to export bananas to the EU.

They did not specify a timetable for any WTO arbitration process.

NEW DUTIES

The new duties will apply to Latin American nations, replacing a system of tariffs and quotas which the EU has to change under WTO rules. Under the current quota system, Latin American countries can export up to 2.7 million tons of bananas a year at a tariff rate of euro75 (US\$98) per ton. Any more than that is subject to a euro680 (US\$887) per ton tariff.

"This notification does not comply with the multilateral commitments of the European Union of fixing a tariff that guarantees at least maintaining total access to the European market for the bananas of Latin America," the ambassadors of the six countries said in a statement.

Latin American producers had hoped the EU would set a tariff of euro75 (US\$98) per ton, while Caribbean producers had pushed for euro275 (US\$358) per ton.

The ambassadors ``regretted that the European Commission did not take into account the devastating effect a prohibitive tariff as the one notified to the WTO would have on the development of their countries."

OLD COMPLAINTS

Latin American producers and banana companies based in the United States have long complained that EU rules favor Caribbean and African producers.

The smaller producers say they risk getting squeezed out of the market.

EU officials say Latin American bananas currently have around 60 percent of the market, while African and Caribbean producers have 20 percent.