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TRADE

## WTO rules against EU on banana importation

**The World Trade Organization has again ruled against the European Union concerning access to Latin American banana markets.**

BY Raphael Minder

Financial Times

**BRUSSELS** - The European Union's plans to overhaul its import rules for bananas will not grant enough access to Latin American producers of the fruit, according to a final ruling by the World Trade Organization. The banana row has threatened to undermine the EU's broader trade relationship with several developing countries.

The WTO's ruling against the EU also comes amid intense pressure on the EU from its main WTO trading partners to table an improved agricultural market access offer to keep on track the Doha round of world trade talks. Such an offer is expected as early as today.

It is the second time that the Geneva-based trade arbiter has ruled against the EU on bananas this year, meaning that the EU has now exhausted the legal instruments under the WTO to push through a planned switch to a single tariff system, which Brussels had wanted to set at \$225 per ton and hoped to introduce next January.

However, the EU yesterday refused to discuss an alternative course of action, even though it is likely to face trade sanctions if it decides to stick to its single-tariff plan following the WTO verdict.

A spokesman for Mariann Fischer Boel, the EU's agriculture commissioner, said the ruling was surprising and disappointing. "We need to read this ruling very carefully and study its implications," he said.

The dispute underlines the difficulties of opening trade in a sector that pits two sets of developing countries against each other.

European import rules were historically designed to favor former colonies from Africa and the Caribbean (ACP) region rather than Latin America, where U.S. companies control vast banana plantations.

For many developing countries, agriculture is the key dossier in the Doha negotiations. Dacio Castillo, the Honduran ambassador to the WTO, said the ruling should mark the end of any preferential treatment towards ACP exporters, which have benefited from a guaranteed export quota under a waiver that expires at the end of this year.

"We are very happy that the arbitrators have condemned the 187 proposal and have once again given a clear interpretation and ruling against the EU," he said. "We won a first panel in 1987 and since then we have been left waiting for the EU to stop discriminating against a small country like Honduras. In all this time, they have never shown any willingness to do so."

In their ruling Wednesday, the WTO arbitrators found that the EU's proposed 187 tariff, which was tabled following the rejection of an initial 230 proposal, "would not result in at least maintaining total market access" for Latin American producers, as had been agreed in 2001 following a previous defeat for the EU.