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Deal ends banana trade dispute

A decades-old trade dispute over bananas has been finally ended after a deal was agreed by the European Union, the United States, Latin American, African and Caribbean nations.

Under the agreement signed on Tuesday, the EU - the world's biggest importer of bananas - will cut the duty it levies on import of the fruit from Latin American countries, which have long complained of discriminatory treatment.



The European Union is the world's biggest importer of bananas [EPA]

The banana trade war dates back at least as far as the 1957 Treaty of Rome that led to the founding of the European Economic Community, the EU's precursor.

"I'm very happy to see the longest-running trade dispute finally solved," Benita Ferrero-Waldner, the EU trade commissioner, said in Geneva, Switzerland.

"History is being made today because this dispute has soured global trade relations for too long."

Aid to growers

The deal would result in aid of about \$300m to banana growers in certain African, Caribbean and Pacific countries.

The aid package is meant to help the mainly former European colonies adjust as the preferential treatment they enjoy on exports to the EU would be eroded.

Bananas are a major export and economic cornerstone for many countries including Cameroon and Dominica.

The deal will cut the tariff paid on bananas from Latin American countries in eight stages to 114 euros a tonne in 2017, from 176 euros now, with an initial cut to 148 euros on final signature of the deal but taking effect retroactively to Tuesday's initialling.

However, it may take six to nine months before signature is possible as the deal has to be approved by the EU's 27 member states, requiring translation into 23 official languages.

In return, Latin American banana producers and the US will drop legal challenges to the EU over its restrictions, which have been repeatedly condemned by World Trade Organisation (WTO) courts for discriminating against the Latin American growers.

'Spirit of pragmatism'

The US does not export bananas, but it is a party to the deal because major distributors of the fruit Chiquita, Del Monte and Dole are US companies.

Pascal Lamy, the director-general of the WTO who helped steer the tense negotiations towards a conclusion during the global trade body's recent ministerial conference, welcomed the deal.

"I hope the same spirit of pragmatism, creativity and diplomacy will re-invigorate the Doha round negotiations," he said in a statement.

The agreement is good news for consumers in the European Union as well as banana producers in Latin America as it stands to increase supplies of cheap fruit.

The International Centre for Trade and Sustainable Development said: "The new deal on EU banana import tariffs will be a boon to Latin American exporters but would trigger a drop in exports of the fruit from African, Caribbean and Pacific countries."

Source: Agencies