

## End of 'banana wars' brings hope for Doha

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The longest-running trade dispute of the modern era came to a close last night when parties from Europe, Latin America, the US, the Caribbean and Africa initialled a treaty in Geneva to end the so-called "**banana wars**".

The dispute pre-dated the establishment of the World Trade Organisation in 1995, outlasted a succession of trade commissioners and diplomats, and sustained the careers of a cadre of lawyers and lobbyists.

Its settlement was hailed on Tuesday as an endorsement of the multilateral trade system and as cause for hope that other, seemingly intractable trade negotiations such as the Doha round, could eventually be brought to fruition.

"This proves that there is no trade issue which lies beyond the reach of WTO members," said Pascal Lamy, the WTO's director-general, calling the case "one of the most technically complex, politically sensitive and commercially meaningful legal disputes" to come before the body.

Benita Ferrero-Waldner, the interim European trade commissioner, called the settlement "a very historic moment", saying: "This dispute has soured global trade relations for too long."

Under terms of the settlement, the European Union will slash longstanding tariffs on imported bananas, dropping them from current levels of €176 a tonne to €114 a tonne over seven years. In return, the US and banana-producing countries from Latin America will drop related litigation against the EU.

EU officials predicted that ending the banana wars would reinvigorate the stalled Doha negotiations and accelerate discussions with Central and South American countries for a series of free-trade agreements. It would also yield lower prices for consumers.

The EU is the world's largest banana market. It imported just under €3bn worth of the fruit last year, with more than 70 per cent of the volume coming from Latin America.

A study by Giovanni Anania, professor at the University of Calabria, projected that banana exports to the EU from Latin American and other previously penalised producer nations would increase by 17 per cent in the wake of the settlement.

The dispute stems from the EU's long tradition of awarding preferential treatment to bananas grown in former British and French colonies in Africa, the Caribbean and Pacific region. That policy proved particularly beneficial to French producers in Martinique and Guadeloupe.

Latin American countries filed several successful cases against the EU, alleging the preferential tariffs were illegal. The US, corporate home to banana giants such as **Chiquita Brands**, joined those cases.

The former colonies will receive an additional €200m in development aid from the EU to help them restructure. The deal also calls for the EU to trim the tariff advantage it has granted those countries on a range of other tropical products in the event of a final Doha agreement.

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