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TRADE

EU's banana tariffs to be investigated

The World Trade Organization launched an inquiry into the European Union's banana tariffs.

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Associated Press

GENEVA --

The World Trade Organization authorized an investigation into the European Union's banana tariffs on Tuesday, reopening a decade-old dispute pitting Latin American countries and the United States against the EU, officials said.

Ecuador asked the global trade body to establish a compliance panel, claiming that Brussels has failed to comply with WTO rulings. The EU blocked Ecuador's initial request two weeks ago, but could not delay the investigation a second time under WTO rules.

The WTO has consistently ruled against how the EU sets tariffs for bananas, forcing the 27-nation bloc to overhaul a system that grants preferential conditions for producers from African and Caribbean countries, mainly former British and French colonies.

Brussels, however, says a new banana tariff established last year -- 176 (\$234) per ton -- has brought its rules for banana imports in line with WTO rulings.

But Ecuador, the world's largest banana producer, says the new tariff has actually taken away some of its market share in Europe, hurting more than 1 million Ecuadoreans dependent on the banana industry.

The tariff has cost Ecuador about \$131 million, trade negotiator Juan Holguin has said.

"At the moment, the tariff is discriminatory and doesn't allow our bananas to enter EU markets," he said Tuesday.

Holguin said Ecuador was not opposed to entering into further consultations with Brussels but that it was determined to make its case at the WTO. He declined to say what he considers to be a fair tariff, adding that any number could only come out of negotiations with all interested parties.

EU trade official John Clarke on Tuesday reiterated Brussels' "firm commitment to pursue a negotiated settlement in 2007." Ecuador's request for a panel "seems to contradict this overall spirit," he told the WTO's dispute settlement body.

The EU expressed disappointment with Ecuador's action two weeks ago and accused the country of seeking preferential treatment at the expense of some of the most vulnerable countries in the global trading system.

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