

The EU has slipped up over bananas

By Terence O'Dwyer

THE recent banana debacle with Latin American countries has yet again exposed the inefficiency and unfairness of the European Union's agricultural policies.

Europe has proposed an import tariff of €230 a tonne on banana imports – a figure it claims had been carefully calculated to 'strike a balance' between the demands of Latin American growers and the interests of traditional banana suppliers in Africa, Caribbean and Pacific (ACP) countries.

The problem, of course, is that the balance they strike is clearly in favour of ACP countries, who have enjoyed a preferential trade agreement with the EU since the age of empire. The EU banana regime, set up in 1993, imposes tariffs on imports of bananas from outside the ex-colonies and allocates licences for European market share preferentially to importers of bananas from the ACP countries. This means that the mitigating factor in deciding banana imports is not who can supply the best product at the best price but rather who is more deserving of EU favouritism. The cost to consumers? A massive €1.5 billion a year.

There are other, better options. Productivity in Ecuador is around 24 tonnes per acre, which is three times as high as most Caribbean producers.

The cost to importers of their bananas is half as much, the plantations are served by railway, proper irrigation and efficient refrigeration; and the workforce are disciplined and organised, working to high quality standards and to production targets set down by companies. Clearly Latin American banana farmers are the best equipped to meet consumer demands in Europe.

Restricting Latin America's access to the EU market (their largest market) would be catastrophic for the millions of people who depend on banana money for survival – through income, employment and export earnings. In Ecuador alone, banana production generates more than a million jobs.

The social and environmental damage done as a result of the new EU import regime would be extensive – a fact pointed out by Euroban (the European Banana Action Network), composed of

trade unions, environment, development NGOs and fair trade organisations.

It is against this background that Ecuador and five other Latin American countries lodged a challenge against the EU at the World Trade Organization. An arbitration panel will now be set up – a development which Europeans fear could complicate global trade talks in the run-up to a meeting of trade ministers in Hong Kong in December.

The ACP countries, meanwhile, are complaining that the €230 tariff would not be enough to protect them from the Latin American banana imports. This is hardly surprising. Although ACP countries depend heavily on banana exports, their means are inferior: small plots of land farmed using inefficient methods mean that they simply cannot compete in the global market-place without exorbitant levels of protection.

It is easy to see that many of the ACPs

simply do not have any alternatives, at least not legal alternatives, to banana exportation. Tomatoes and avocados will grow well in tropical climates, but these can all be grown better and at cheaper prices in Central America or elsewhere. If bananas are indeed their best product, steps should be made to ensure that competitiveness is achieved.

But the surest way of preventing that is by providing 100% insulation from the market.

ACP countries have no choice but to learn to be competitive. The EU banana regime of the 1990s has already been universally condemned, and tariff barriers to trade are set to decrease over time.

If the EU really wanted to help the ACP countries, it would help farmers diversify their products, modernise their farms and help to educate them about new, more efficient farming techniques. This would at least enable them to be as competitive as possible.

The EU's decision to punish Latin American farmers for being efficient is not only unfair to all those who depend on the industry in Latin America, it is unfair to the European consumer – who will have to be content with lower quality bananas at higher prices.

The road to free and fair trade, it would appear, is paved with banana skins.

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