

USTR NEWS



UNITED STATES TRADE REPRESENTATIVE

www.ustr.gov

Washington, D.C. 20508

202-395-3230

For Immediate Release:

May 19, 2008

Contact:

Sean Spicer/Gretchen Hamel (202) 395-3230

United States Wins WTO Dispute against EU's Discriminatory Bananas Preference Program

WASHINGTON DC - U.S. Trade Representative Susan C. Schwab commented on the WTO Panel report today finding in favor of the United States' challenge against the European Union bananas import regime.

"I am very pleased with the WTO decision. We regret that the EU has failed to comply with previous panel findings on bananas and look forward to finally seeing this issue resolved," said Ambassador Schwab.

Background:

This is the eleventh time the EU's regime has been found inconsistent with its GATT or WTO obligations. The bananas dispute is the longest running dispute in WTO history, stretching back to the pre-WTO GATT days. Two GATT panels found against the EU over its bananas import regime, but under the pre-WTO dispute settlement rules, the EU was able to block adoption of the reports. In September 1997, the WTO's Dispute Settlement Body adopted a dispute settlement panel's recommendations and rulings in Bananas III – which found that the EU was in violation of various GATT and GATS obligations. The EU's failure to come into compliance led to the first Article 21.5 proceeding in 1999, in which once again the EU was found to be out of compliance with its WTO obligations, and requested for suspension of concessions by the United States. That request was subject to DSU arbitration, initiated by the EU, which led to an arbitration award in favor of the United States. The DSB then authorized the United States to suspend concessions to the EU in the amount of US\$191.4 million per year.

In April of 2001, the EU entered into an Understanding on Bananas with the United States. In the U.S.-EU Understanding, the EU and the United States agreed on the means by which the dispute could be resolved by setting out a series of steps that would culminate with a tariff-only regime to be introduced by the EU by January 1, 2006. The EU and Ecuador entered into a similar Understanding.

It is the regime that the EU introduced in 2006 that is the subject of the panel report circulated today. The United States claimed that the actual regime introduced by the EU in 2006 was not tariff-only and was not consistent with the EU's GATT 1994 obligations.

Ecuador also brought a similar compliance proceeding against the EU's 2006 regime. On April 7, the WTO circulated the final public report in that proceeding against the EU brought by Ecuador. Like the United States, Ecuador won its challenge against the EU bananas regime.

The EU has the option of appealing the report to the WTO Appellate Body.

#