Forthcoming Changes in the EU Banana and Sugar Markets: A Menu of Options for an Effective EU Transitional Package
Policy Brief

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The picture in brief

Preferential access under the EU's Sugar and Banana Protocols has afforded large income transfers to a number of ACP countries. These transfers will be reduced under proposed reforms to the EU's sugar and banana markets which have had to respond to a number of internal and external pressures. Reducing preferences for sugar and banana exports from ACP Protocol countries will have beneficial effects on development and poverty reduction in other major producing countries which are not party to these agreements. However, losses for some Caribbean ACP suppliers will be high as higher production costs mean that these countries and regions can only sell profitably to a protected market. The most significant losses relative to external income will be for St. Vincent (bananas), Guyana (sugar), Dominica (bananas) and Belize (bananas and sugar). In the absence of assistance, countries losing from changes to the regimes may attempt to delay reform to the detriment of those countries which stand to gain.

The European Commission has indicated that it will be proposing specific measures to assist the ACP Protocol countries in adjusting to changes to the EU's Sugar Regime due to begin in 2006. This can be justified under the EU's international obligations because it is partially withdrawing from a binding undertaking which was of unlimited duration. In its sugar reform 'action plan', the European Commission proposes transitional assistance measures along three main axes: i) enhancing the competitiveness of the sugar sector, where this is sustainable; ii) promoting the diversification of sugar-dependent areas; and, iii) addressing broader adjustment needs. The emphasis will be on ACP countries themselves to design and implement country-specific strategies while the role of the Commission will be to propose a broad range of assistance options and deliver efficient support.

Our study identifies a number of options for an effective EU transitional assistance package to support sugar- and banana- dependent ACP countries. As part of this, we propose the creation of a dedicated preference erosion scheme to finance investments supporting industry restructuring and export diversification. The scheme would need to be predictable in order to encourage investment and to avoid strict conditionality to quicken disbursements.

The importance of banana and sugar trade to developing countries

Bananas
Most banana production (98 percent) is in developing countries. The majority of production is for domestic consumption, although for countries such as Ecuador, Colombia, Costa Rica and the Windward Islands, bananas are primarily an export crop. The five largest exporters are Ecuador, the Philippines, Costa Rica, Colombia and Guatemala. ACP countries account for only 6.3% of world banana exports, but the share of bananas in total merchandise exports from Caribbean ACP countries is especially high, for example, 42% for St. Lucia; 24% for Dominica; 18% for St. Vincent and Grenadines; and 10% for Belize. The two major importing regions and countries are the EU-25 and the US (together consuming 13% of bananas produced globally). Nearly all US imports of bananas originate from Latin America while EU imports originate from Latin America (80 percent) and ACP sources (19 percent including the Dominican Republic). Banana exports from ACP countries go almost exclusively to the EU.

For supplier countries and territories, for the most part highly dependent on income from banana exports, the import policies of the EU are of crucial importance. Higher production costs faced by European and Caribbean ACP producers mean that these countries and regions can only sell to a protected market. The resulting internal price on the European market, substantially higher than the world price, has enabled these producers to survive.

Sugar
Over 80 percent of world sugar production and 60 percent of world trade relies on domestic support, export subsidies, and access to preferential markets. Only Australia, Brazil and Cuba have sugar sectors which operate at world market prices. World sugar production is 133.5 million tonnes of which the largest producers - the EU, Brazil and India - account for 43 percent. The ACP Sugar Protocol countries produce 4.2 million tonnes.

Global sugar tariffs are high (27.3%) and most sugar production (81%) is consumed locally in some of the largest producing countries (e.g. India and China). Brazil is the largest exporter of sugar accounting for about one quarter of world exports (38.5 million tonnes) followed by the EU and Australia. Most sugar produced in ACP Protocol beneficiaries is for export and is an important source of foreign exchange earnings representing 21% of merchandise exports for Guyana, 19% for Fiji and Mauritius and 15% for Belize. The largest sugar importer is the EU-25, accounting for 14 percent of world imports. Virtually all EU sugar imports originate from the ACP countries, the Western Balkans and India. About three quarters of sugar exports from the ACP countries go to the EU.

The EU's Banana and Sugar Regimes

The banana and sugar industries in the Caribbean are, and always have been, a construct of policy. For bananas, the UK market was supplied exclusively from the Canary Islands until the British government decided to assist in the development of exports from Jamaica (in 1901) and the Windward Islands (after the Second World War). For sugar, the English began to cultivate cane in Barbados during the seventeenth century. The Napoleonic wars and the abolition of slave-based sugar production in the nineteenth century resulted in the development of a beet sugar industry in Europe, which resulted in tropical producers losing their natural absolute advantage to temperate zone competitors (and their subsidies) at least until bilateral agreements (e.g. the Commonwealth Sugar Agreement) divided up the market. Colonial preferences designed to continue transferring resources to traditional suppliers but also benefiting rent-seeking intermediaries have evolved into EU policy as EU membership has increased.

The common organisation of the market in bananas
Since 1993 the EU Banana Regime, or the common organisation of the market in bananas, has been one of specific tariffs (fixed charge per unit of imports) and tariff preferences (for ACP suppliers), and more importantly quotas. Banana imports in excess of these quotas incur a prohibitive tariff. This regime has frequently been challenged in the WTO by Latin American banana-exporting countries and the US. On 27 October 2004, the EU proposed a single duty on third-country imports of bananas of €230/tonne that will replace the current quota system from 2006. This will have serious consequences for ACP banana exporters.

The common organisation of the market in sugar
Sugar beet is grown in all EU Member States except Luxembourg, Estonia, Cyprus and Malta. The common organisation of the market in sugar, or the Sugar Regime, was first introduced in 1968. The Sugar Regime provides for guaranteed prices to producers and growers within the EU and controls the supply of sugar through quotas on production and imports, export refunds and intervention buying if the domestic price of sugar falls below an intervention price. The Sugar Regime is financed primarily by EU consumers (who pay higher than world prices) and levies on EU sugar production.

The Sugar Protocol provides a binding commitment, of indefinite duration, for 1,294,700 tonnes of preferential imports of cane sugar to the EU market at guaranteed prices from 19 ACP countries. There is also, an annual import allocation of between 200,000 and 350,000 tonnes of sugar to primarily ACP countries under the Special Preferential Sugar (SPS) arrangement. This allocation is not permanent and varies annually depending on the maximum supply needs of EU refineries. Imported quantities of SPS receive 85% of the guaranteed price of Protocol Sugar. The SPS was renewed in 2001 for the lifetime of the Sugar Regime (to 2006).

As with the Banana Regime, there are a number of internal and external pressures that have made reform of the Sugar Regime inevitable. Pressures include:

- reducing tariffs on non-Protocol imports (Uruguay Round Agreement on Agriculture);
- reducing domestic support for sugar produers and eliminating export subsidies (July Framework Agreement, WTO);
- increasing imports from non Sugar Protocol countries (Everything But Arms);
- the possibility of extending duty free access to non-Protocol countries (Economic Partnership Agreements under the Cotonou Agreement); and
- reducing support prices to EU sugar farmers (European Commission proposals, July 2004).

The economic impacts in ACP countries arising from reform of the EU's banana and sugar markets

Bananas

The impact of preference erosion on the ACP countries arising from reform of the EU's banana market depends on the importance of banana production to those economies and the level of tariff that will be introduced. Over recent years, tourism in the Caribbean witnessed average growth rates of 9% per year, helping to mitigate the impacts of preference erosion over the past 10 years for some countries. The proposed third-country tariff of €230/tonne would maintain the Windward Islands' share of the EU market while African ACP suppliers (and possibly the Dominican Republic) might be able to increase exports to the detriment of Latin American countries (under the existing tariff quota, African ACP countries are prevented from exporting more). It is debatable whether Latin American producers and US multinational companies will accept such a high tariff (which would reduce Latin American exports by a third). In order, therefore, to avoid another WTO dispute the EU may have to opt for a lower tariff level. A tariff of €125/tonne would offer some degree of protection to banana production in Belize and Jamaica but production in the Windward Islands would cease or be obliged to move to higher-value niche markets. Losses for the Caribbean ACP countries as a whole would be in the region of US$100 million per annum, compared to current earnings from banana production.

Sugar

The importance of income transfers from the Sugar Protocol both in absolute and relative terms varies significantly across the Protocol countries. The total transfers to the ACP Sugar Protocol countries associated with quota access to the protected EU market is about US$500 million or about 60% of the value of these countries' sugar exports to the EU. Transfers are concentrated on five quota-holders (Mauritius, Fiji, Guyana, Jamaica and Swaziland), which receive over three-quarters. For all five countries the Protocol makes a significant contribution to foreign exchange earnings, but in relative income terms the transfer arising from the Sugar Protocol is most important for Guyana, contributing approximately 10 percent to GDP. Under the current proposals for reform, the real price offered to ACP Sugar Protocol producers will be substantially reduced. This will result in sugar production in a number of higher-cost ACP Protocol countries (Barbados, Côte d'Ivoire, Jamaica, Madagascar, St. Kitts and Trinidad) becoming less profitable without effective investment in cost-saving production. Other countries (Guyana, Fiji and Mauritius) may have to reduce their production levels in order to concentrate on their most lucrative markets and most efficient producers or restructure in order to remain competitive. However, production in a number of ACP countries which are classified as Least Developed (e.g. Republic of Congo; Zambia) or with sufficient exports to non-EU markets (Côte d'Ivoire) may gain from an EU-reform induced rise in the world price of sugar or unlimited access to the EU market (via EPAs or EBA).

Transitional assistance for preference erosion

While the estimated effects of preference erosion arising from the proposed changes to the EU's sugar and banana markets can be expressed in terms of changes in imports or income transfers from the EU to the ACP countries, a wider question arises as to how transitional assistance could be provided to facilitate the necessary adjustment in the most adversely affected Protocol countries.

Lessons from existing schemes

Clearly, no matter how well a scheme is designed it can be offered and used efficiently or inefficiently but lessons can be learned from instruments the EU has used in the past to support commodity-dependent developing countries, not only various forms of trade preferences but also STABEX and, in particular, those to facilitate adjustment in Caribbean countries adversely affected by preference erosion arising from previous reforms to the EU's Banana Regime e.g. the Special Framework for Assistance. These schemes have been criticised for supporting production of declining commodities in countries that have only limited potential to become competitive. Where funds have been allocated for diversification into more productive sectors these have often been only for small-scale pilot projects and have failed to address the key constraints. In addition, strict and often inconsistent conditionality on the use of funds has led to delays in payments and frequent changes to the schemes have hampered investment decisions.

Options for transitional assistance

There are a number of trade and financial mechanisms for transitional assistance that could be used by the EU in supporting ACP Protocol countries although there is no single approach to assisting all countries, and even within individual countries a mixed approach may be required.

Although postponing reform of the EU's Sugar Regime is attracting increasing support from a number of Caribbean countries and sympathy from some in Europe, delay cannot be classified as transitional assistance since countries must still face the costs of adjustment. In addition, such a strategy would be unsustainable given the pressures for reform and the widespread global view that tariff preferences distort international trade and are developmentally wrong because they adversely affect those producing-countries (often poorer than in the Caribbean) that do not receive them. As such, other options must be considered.

Transitional assistance measures could take the form of trade or financial mechanisms or a combination of both. Table 1 summarises the advantages and disadvantages of each.

Trade measures: Trade-based transitional assistance measures, entailing no *direct* budgetary cost, could reallocate preferential tariff quotas (for sugar) from those countries that have already restructured production and are willing to forfeit quotas to other Protocol beneficiaries. Alternatively, trade measures could provide for improved market access for other products, especially services (e.g. tourism) to encourage diversification into more profitable activities. There are also high estimates for potential developing country gains arising from developed countries liberalising mode 4 (temporary movement of natural persons) under the GATS. If mode 4 liberalisation were possible, such gains could reduce the net losses for a number of ACP Protocol countries.

Financial measures: Any trade preferences bring with them the threat of future preference erosion. Financial solutions must also be found. One option would be for the EU to abandon its past reservations and provide some form of direct aid to ACP banana and sugar producers to compensate them for loss of preferences. This, however, is economically and politically problematic. In particular, there is no justification on welfare grounds to provide additional income to groups who are damaged by trade over those who are adversely affected by other shocks or are simply poor. Compensation also perpetuates dependence and may actually provide adverse incentives if used to delay restructuring and diversification. It is imperative therefore that transitional assistance measures not simply compensate for lost income transfers but facilitate the necessary adjustment in productive sectors.

This means that for countries where production remains viable, support could be provided for restructuring. This could mean increasing the competitiveness of the declining sector (including branding and niche marketing opportunities) or developing related products e.g. ethanol from sugar. Niche markets (such as Fair Trade or organics) provide a price premium which could allow some ACP countries to maintain production. However these approaches may be unable to preserve significant levels of output for those countries whose long-term competitiveness is in decline. In the long run, diversification into other activities is the best strategy for high-cost ACP Protocol countries. Although the inability to diversify into new sectors could be hampered by characteristics such as vulnerability to natural disasters, topographical features and smallness, diversification would reduce risk and bring more stable export revenues.

There is a need to support countries during the transition period and in making the necessary investments for new productive activities. Support for these measures could be channelled through the private sector, national governments, regional organisations or multilaterally. Unless support can be de-linked from production, providing transitional assistance to the private sector would risk offsetting the incentives for diversification and crowding out private investment. In general, therefore, national governments would be better placed to decide upon and implement adjustment strategies. Regional organisations could also contribute by engaging in activities where there are recognised economies of scale such as in the creation of regional research programmes and marketing organisations. A multilaterally administered scheme dedicated to preference erosion could also be sought, assisting all developing countries for all sectors but it is questionable whether this could be found in the timeframe available for sugar reform.

Two crucial decisions would concern country allocation criteria and the duration of support. The former should be linked to the loss of income transfers arising from preference erosion and fixed to offer predictability for recipients. The latter would need to be negotiated although an adjustment period of up to 10 years, with transitional support declining in a pre-determined and predictable way.

Funding

Funding for transitional assistance could be provided from a variety of existing sources. First, it could be financed by increasing aid, including through the European Development Fund. This might not be justifiable since the allocation among countries would need to be based on losses from preference erosion which could conflict with traditional aid criteria (allocating funds to the poorest countries). Second, it could be made through concessional lending from the European Investment Bank but highly indebted countries may be unwilling to take out additional loans.

Given these potential drawbacks, there may be a need to develop new sources of funding to finance transitional assistance measures. There have been proposals to introduce a consumer levy on sugar to raise the necessary revenue but a more secure method would be the creation of a dedicated line in the EU’s budget for transitional assistance to the ACP Protocol countries. This would ensure that additional resources over and above existing aid allocations were being made available and send an important political message to the ACP Protocol countries.

Conclusion

Although bananas and sugar have become characteristic products of the Caribbean, their importance in national income and exports will decline as a result of preference erosion and (often as a response to this) diversification into more productive sectors such as manufacturing and services which has already begun and will continue.

Previous schemes to compensate for loss of export earnings and to provide finance for restructuring, such as the SFA and STABEX have only had limited success both in terms of the way funds have been used and administered. Where direct compensation has been provided to affected sectors this has often served to aggravate dependence and delay reform rather than facilitate adjustment. Future support needs therefore to be de-linked from production. In addition, previous schemes have often been subject to changes and conflicting conditionality: any scheme must be predictable to encourage its use and strict conditionality should be avoided in order to quicken disbursements. Finally, financing has often been provided following the shock although the effectiveness of support for transitional assistance would be enhanced by financing *ex ante* the required investments.

There are a number of options for transitional assistance that could be provided by the EU in supporting the ACP Protocol countries adjust to it reforms. Although there is no one-size-fits-all approach, and even within individual countries multi-track strategies may be required, some measures may be more suitable for some. For higher production cost countries the greater emphasis would be on diversification while for other countries, where there remains scope for improving competitiveness, support could be provided for restructuring, branding and marketing and diversification into niche and related products.

Table 1: Options for Transitional Assistance

Instrument	Type	Where suitable	Advantages	Disadvantages
Trade	Delay reform	Production remains viable at the margin, restructuring has already started & cost savings will *shortly* come into effect	• Politically acceptable to the Caribbean ACP • No budgetary cost	• Future threat from preference erosion - countries must still face the costs of transition • Distorts international trade • Adversely affects poor countries that do not benefit from preferences • Cost to EU consumers
Trade	Quota redistribution	Countries with quotas are willing to forfeit them to increase other Protocol beneficiaries' quota shares	• Some losses offset for those Protocol beneficiaries receiving increased quota share • No budgetary cost	• Most Protocol beneficiaries would be unwilling to forfeit quotas • The most willing would be those with the smallest quotas (generating small income transfers) • Future threat from preference erosion- countries must still face the costs of transition • Cost to EU consumers
Trade	Improved market access for other products / services (including mode 4)	Infant industries & potential migrant workers have the ability to develop international competitiveness but are limited by trade restrictions	• Expansion of exports in new sectors could offset loses from preference erosion • Expansion of non-agricultural exports could reduce commodity-dependence & its associated problems i.e. declining & volatile prices • Worker remittances (mode 4) directly replace export earnings from traditional exports • Limited budgetary cost (tariff reductions)	• If preferences are used instead of multilateral liberalisation countries may become dependent on preferences in new sectors & trade is distorted • ACP countries may be unwilling to negotiate additional preferences outside the context of EPAs
Financial	Support for the companies currently producing the commodity	Companies have the potential to move into new products	• Directly targets losers from preference erosion • Strengthens the private sector	• Budgetary cost • Companies which have not diversified already may be ill-suited to do so
Financial	Support for improving the competitiveness of the bulk commodity e.g. relocating production from high-cost to low-cost areas, investment in research & infrastructure, branding & marketing	Industries where production could remain viable under reduced trade preferences	• No threat from future preference erosion • Directly targets the industry & the jobs that depend on it	• Budgetary cost • Limited effectiveness of previous attempts e.g. for bananas, the SFA • Governments may be unwilling to back unpopular reforms • Risk of crowding out private investment
Financial	Support for diversification into commodity-related products (e.g. ethanol for sugar) or speciality products (e.g. bagged, branded)	Industries where production could remain viable under reduced trade preferences	• No threat from future preference erosion • Higher priced products could compensate for the loss in income arising from preference erosion on bulk commodity exports	• Budgetary cost • Risk of crowding out private investment • May not be viable if there are large low-cost competitors on the world market, especially if traditional commodity costs are a significant share of the price of the alternative commodity
Financial	Support for Fair Trade or organic production	Industries where production could remain viable under reduced trade preferences	• No threat from preference erosion • Price is not the sole criterion for purchase • Premiums can directly support poor farmers	• Budgetary cost • Niche marketing requirements e.g. inspection & certification could be costly for small producers • Success greatly depends on price premium & the number of competitors • Unlikely to secure significant share of conventional markets & output
Financial	Support for diversification into other agricultural products	High-cost countries where production will not be viable following preference erosion	• No threat from future preference erosion • Agricultural employment • Maintain export revenues	• Budgetary cost • Topographical characteristics of many small island states hinder agricultural diversification • Many products would also face either intense competition on the world market or restrictive trade barriers
Financial	Support for diversification into manufactures & services	High-cost countries where production will not be viable following preference erosion	• No threat from future preference erosion • Reduced risk & more stable export revenues	• Budgetary cost • Small countries may face higher business costs • Established international players may provide fierce competition

Acknowledgements

The UK Department for International Development (DFID) supports policies, programmes and projects to promote international development. DFID provided funds for this study as part of that objective but the views and opinions expressed are those of the author(s) alone.

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Appendix

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Appendix 1: Average annual banana production and exports 1997-2002 (metric tonnes)

Country	Production	Exports	Exports/Production	Country	Production	Exports	Exports/Production
India	15,720,000	7,801	0%	St. Vincent	43,237	38,327	89%
Ecuador	6,238,627	4,077,903	65%	Suriname	38,586	30,077	78%
Brazil	5,746,015	101,410	2%	Laos	37,667	0	0%
China	4,606,354	51,918	1%	Dominica	32,367	27,681	86%
Philippines	4,515,312	1,504,456	33%	Portugal	31,667	27,841	88%
Indonesia	3,673,575	38,681	1%	Oman	30,308	553	2%
Costa Rica	2,136,874	2,075,941	97%	Iran	28,736	0	0%
Mexico	1,792,559	142,724	8%	Jordan	28,590	36	0%
Thailand	1,740,000	4,843	0%	Sao Tome	25,833	0	0%
Burundi	1,519,838	2	0%	Samoa	19,417	191	1%
Colombia	1,516,189	1,501,917	99%	Equatorial Guinea	19,200	0	0%
Viet Nam	1,211,165	12,427	1%	Togo	16,417	3	0%
Guatemala	846,924	788,853	93%	Guyana	14,012	16	0%
Papua New	802,583	0	0%	Benin	13,000	0	0%
Venezuela,	802,251	48,934	6%	Vanuatu	12,917	0	0%
Egypt	746,561	10	0%	Ghana	12,600	5,343	42%
Honduras	701,676	386,139	55%	Palestine	12,239	0	0%
Cameroon	676,756	201,564	30%	Gabon	11,500	0	0%
Panama	626,596	497,213	79%	Cyprus	10,683	11	0%
Bangladesh	607,860	14	0%	USA	10,273	0	0%
Uganda	603,333	981	0%	Mauritius	8,858	0	0%
Bolivia	537,536	8,974	2%	Réunion	7,034	0	0%
Malaysia	530,000	30,968	6%	Senegal	6,250	0	0%
D. Republic	411,428	85,704	21%	Trinidad-Tobago	6,142	112	2%
Spain	397,935	88,090	22%	Cape Verde	6,000	8	0%
Congo, DR	314,849	41	0%	Fiji Islands	5,286	0	0%
Martinique	306,498	0	0%	Maldives	4,795	0	0%
Angola	300,000	0	0%	Kiribati	4,667	0	0%
Haiti	289,195	1	0%	French Guiana	4,392	0	0%
Madagascar	275,833	9	0%	Wallis and Futuna	4,100	0	0%
Côte d'Ivoire	263,644	233,812	89%	Greece	4,025	0	0%
South Africa	247,287	564	0%	Guinea-Bissau	4,000	0	0%
Australia	234,095	66	0%	Grenada	3,825	426	11%
Kenya	226,602	30	0%	Bahamas	2,481	196	8%
Cuba	221,469	0	0%	Micronesia,Fed	2,000	0	0%
Argentina	173,108	301	0%	Seychelles	1,947	0	0%
Guinea	150,000	78	0%	Timor-Leste	1,824	0	0%
Tanzania	147,521	62	0%	New Caledonia	882	0	0%
Cambodia	146,000	0	0%	Syria	875	6	1%
Jamaica	130,000	52,236	40%	Tonga	852	0	0%
Pakistan	125,261	2,308	2%	American Samoa	750	0	0%
Morocco	121,567	1	0%	Bahrain	733	253	34%
Guadeloupe	118,512	0	0%	Zambia	633	4	1%
Cen Af Rep	115,167	0	0%	Brunei	580	3	1%
Israel	106,619	402	0%	Barbados	548	0	0%
Liberia	100,833	0	0%	French Polynesia	534	0	0%
Malawi	93,000	0	0%	Swaziland	500	0	0%
St. Lucia	90,167	54,201	60%	Japan	479	38	8%
Yemen	89,408	20,171	23%	Italy	400	0	0%
Mozambique	88,500	0	0%	British V. Islands	340	0	0%
Zimbabwe	83,167	2,941	4%	Bermuda	330	0	0%
Ethiopia	81,333	488	1%	Solomon Islands	290	0	0%
Sudan	71,667	5	0%	Tuvalu	242	0	0%
Congo, Rep.	71,453	18	0%	Guam	230	0	0%
Lebanon	68,967	5,283	8%	Cook Islands	228	13	6%
El Salvador	67,500	9	0%	Cayman Islands	206	0	0%
Nicaragua	67,500	56,061	83%	Antigua and	170	0	0%
Paraguay	65,485	549	1%	Montserrat	150	0	0%
Comoros	58,082	0	0%	United Arab	139	0	0%
Belize	56,556	52,918	94%	Niue	70	31	44%
Turkey	54,667	76	0%	Tokelau	15	0	0%
Puerto Rico	47,914	0	0%	**Total**	**64,514,418**	**12,271,260**	**12%**

Source: FAOSTAT (2004).

Appendix 2: Average annual sugar production and exports 1997-2002 (metric tonnes)

Country	Production	Exports	Exports/Production	Country	Production	Exports	Exports/Production
Brazil	19,578,667	9,644,738	49%	Paraguay	146,167	14,520	10%
India	17,969,667	607,178	3%	Uganda	140,500	1,789	1%
EU-15	16,928,266	7,298,664	43%	Moldova	136,877	63,915	47%
China	9,197,300	368,146	4%	Lithuania	126,167	22,488	18%
US	7,634,000	120,913	2%	Croatia	125,598	17,889	14%
Thailand	5,499,667	3,492,459	64%	Romania	123,038	3,401	3%
Mexico	5,119,917	519,037	10%	Tanzania	120,700	20,987	17%
Australia	5,077,167	4,005,073	79%	Belize	117,161	106,885	91%
Cuba	3,779,150	3,091,282	82%	Trinidad -Tobago	98,787	63,905	65%
Pakistan	3,196,000	277,976	9%	Canada	97,000	14,195	15%
South Africa	2,659,167	1,226,883	46%	Syria	96,167	34	0%
Turkey	2,353,833	406,810	17%	Senegal	92,636	147	0%
Colombia	2,276,363	973,605	43%	Nepal	79,115	144	0%
Poland	2,102,467	367,776	17%	Cameroon	78,283	368	0%
Indonesia	1,900,450	2,153	0%	Madagascar	69,000	3,031	4%
Ukraine	1,845,884	182,743	10%	Myanmar	68,904	8,728	13%
Philippines	1,824,950	135,276	7%	Latvia	67,033	2,906	4%
Guatemala	1,706,747	1,211,928	71%	Congo, DR	64,431	0	0%
Argentina	1,704,333	180,203	11%	Guadeloupe	59,148	0	0%
Russian	1,598,262	121,557	8%	Sri Lanka	56,842	113	0%
Egypt	1,366,167	9,426	1%	Barbados	53,499	48,998	92%
Netherlands	1,087,333	274,098	25%	Kyrgyzstan	49,365	14,988	30%
Viet Nam	947,733	37,477	4%	Papua New Guinea	49,167	2,280	5%
Iran	909,667	3,599	0%	Slovenia	45,500	328	1%
Japan	881,500	4,927	1%	Congo, Republic of	41,899	33,982	81%
Peru	702,453	47,293	7%	Nigeria	36,833	3,446	9%
Sudan	647,761	113,281	17%	Mozambique	36,430	32,778	90%
Venezuela	601,881	4,505	1%	Burkina Faso	33,168	3,056	9%
Zimbabwe	592,959	194,580	33%	Angola	30,667	122	0%
Mauritius	559,660	550,947	98%	Chad	30,291	0	0%
Dom. Rep	541,905	253,384	47%	Mali	29,046	75	0%
Czech Rep.	524,735	89,905	17%	Kazakhstan	25,083	4,500	18%
Swaziland	516,116	441,693	86%	Puerto Rico	24,764		0%
Ecuador	499,895	27,417	5%	Lebanon	24,183	2,573	11%
El Salvador	476,055	239,279	50%	Guinea	24,000	14	0%
Chile	469,385	614	0%	Burundi	22,900	2,654	12%
Morocco	468,293	64	0%	St. Kitts and Nevis	22,513	18,736	83%
Kenya	468,032	14,510	3%	Turkmenistan	18,333		0%
Hungary	421,763	54,913	13%	Gabon	17,500	0	0%
Bolivia	379,728	45,207	12%	Niger	17,235	924	5%
Costa Rica	358,345	137,839	38%	Central Af.	12,583	95	1%
Nicaragua	355,563	131,234	37%	Uruguay	10,233	5,917	58%
Fiji Islands	321,500	285,669	89%	Cambodia	9,472		0%
Honduras	309,958	40,432	13%	Tunisia	9,167	210	2%
Guyana	290,194	265,616	92%	Uzbekistan	8,559		0%
Ethiopia	250,167	32,823	13%	Suriname	8,500	0	0%
Malawi	216,682	55,781	26%	Haiti	8,183	0	0%
Serbia	216,100	42,623	20%	Macedonia	6,950	1,318	19%
Réunion	214,335	0	0%	Martinique	6,853	0	0%
Jamaica	204,627	163,532	80%	Benin	4,933	41	1%
Zambia	203,167	82,508	41%	Liberia	4,333	0	0%
Switzerland	200,788	458	0%	Rwanda	3,750	0	0%
Slovakia	177,165	29,117	16%	Albania	3,000	229	8%
Panama	160,179	50,611	32%	Sierra Leone	1,885	1	0%
Bangladesh	159,450	4	0%	StVincent	1,600	4	0%
Côte d'Ivoire	152,111	35,013	23%	**Total**	**133,501,534**	**38,517,487**	**29%**

Source: FAOSTAT (2004).

Appendix 3: List of Least Developed Countries

Afghanistan
Angola*
Bangladesh*
Benin*
Bhutan
Burkina Faso*
Burundi*
Cambodia*
Cape Verde
Central African Republic*
Chad
Comoros
Democratic Republic of Congo
Djibouti
Equatorial Guinea
Eritrea
Ethiopia*
Gambia
Guinea*
Guinea Bissau
Haiti*
Kiribati
Laos
Lesotho
Liberia*

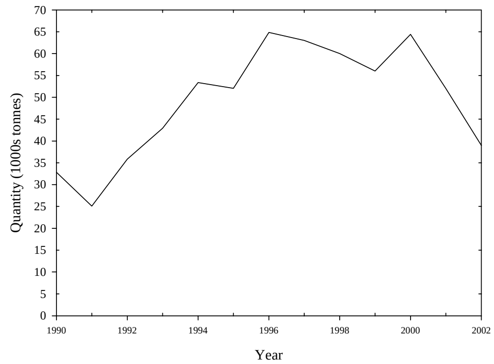
Madagascar**
Malawi**
Maldives
Mali*
Mauritania
Mozambique*
Myanmar*
Nepal*
Niger*
Rwanda*
Samoa
Sao Tome and Principe
Senegal*
Sierra Leone*
Solomon Islands
Somalia
Sudan*
Togo
Tuvalu
Uganda**
Tanzania**
Vanuatu
Yemen
Zambia**

___ ACP country.
* Sugar producer, not Sugar Protocol beneficiary.
** Sugar Protocol beneficiary.

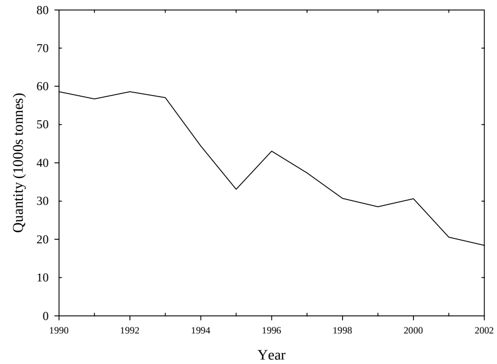
Appendix 4: Caribbean ACP total exports of bananas 1990-2002

Source: FAOSTAT (2004)

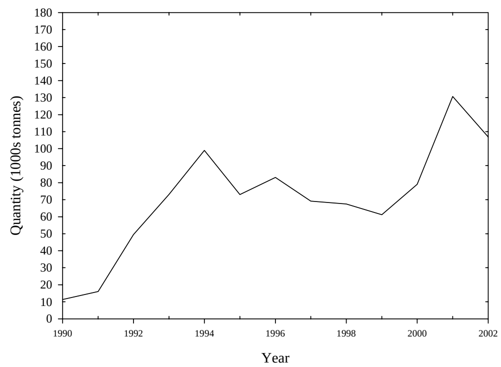
Belize Exports of Bananas 1990-2002



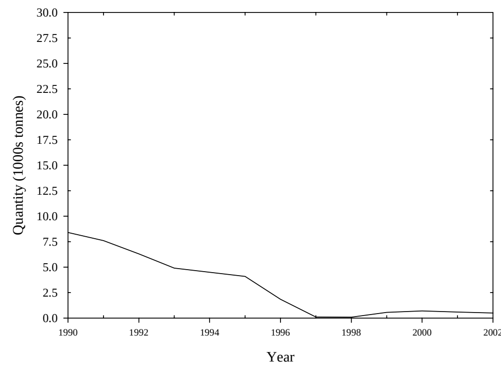
Dominica Exports of Bananas 1990-2002



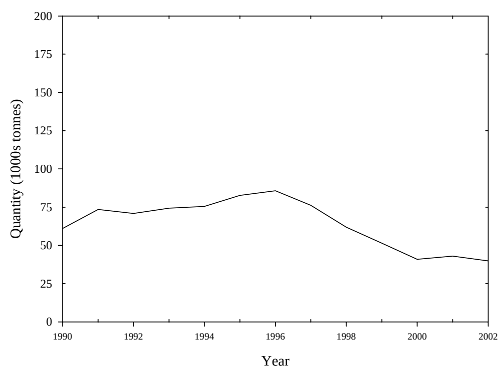
Dominican Republic Exports of Bananas 1990-2002



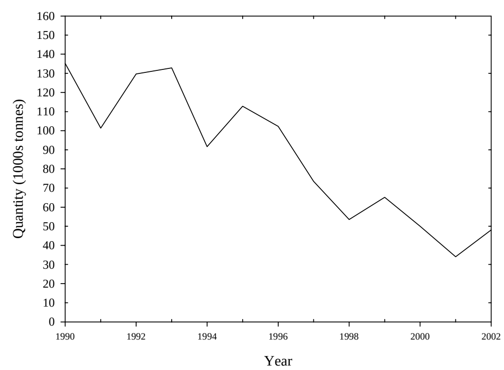
Grenada Exports of Bananas 1990-2002



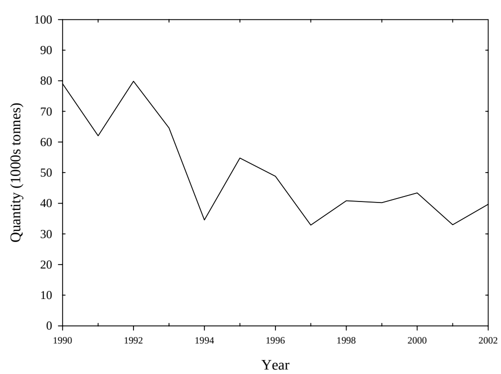
Jamaica Exports of Bananas 1990-2002



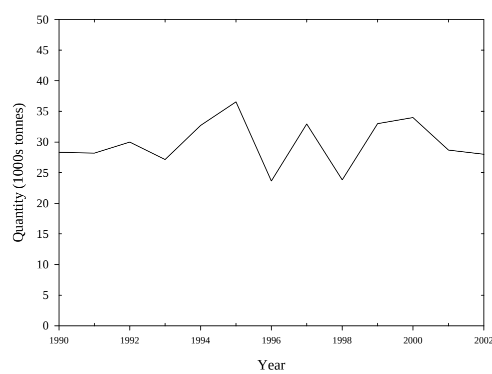
Saint Lucia Exports of Bananas 1990-2002



Saint Vincent and Grenadines Exports of Bananas 1990-2002

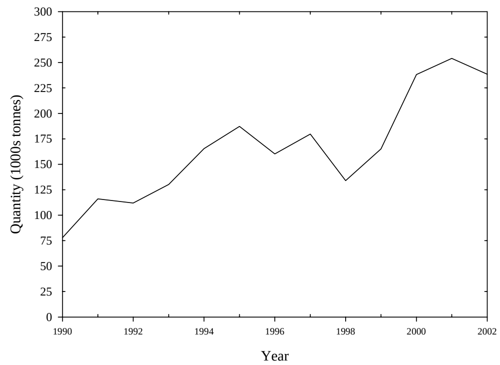


Suriname Exports of Bananas 1990-2002

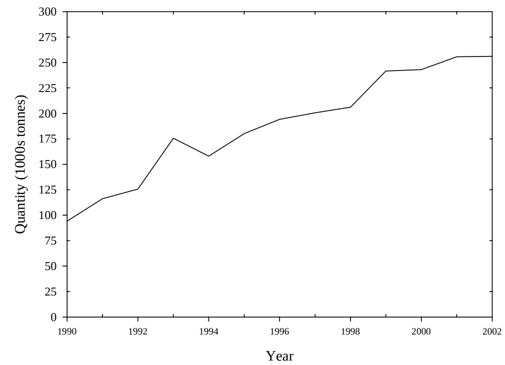


African ACP total exports of bananas 1990-2002

Cameroon Exports of Bananas 1990-2002

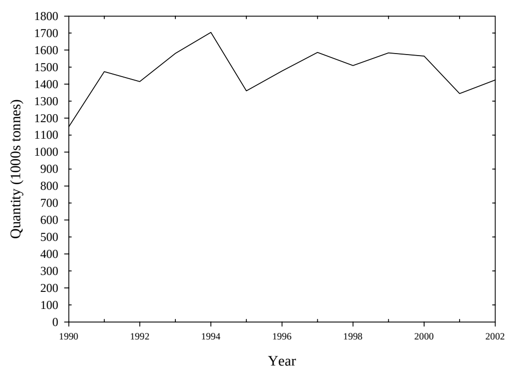


Côte d'Ivoire Exports of Bananas 1990-2002

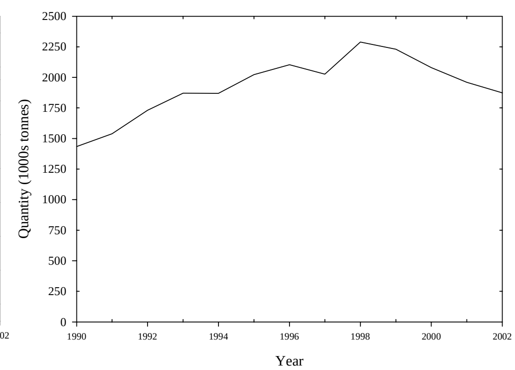


Latin American total exports of bananas 1990-2002

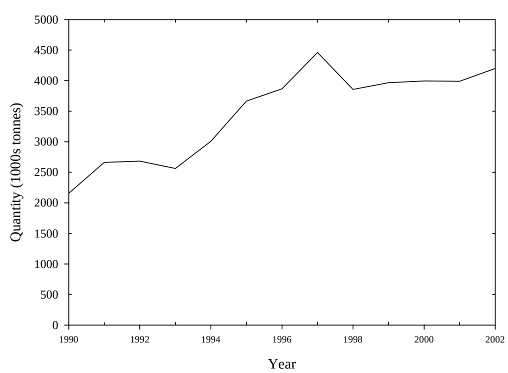
Colombia Exports of Bananas 1990-2002



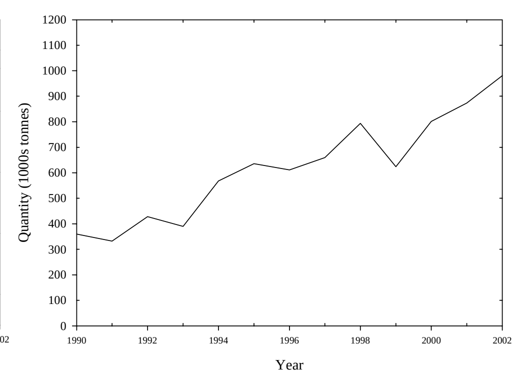
Costa Rica Exports of Bananas 1990-2002



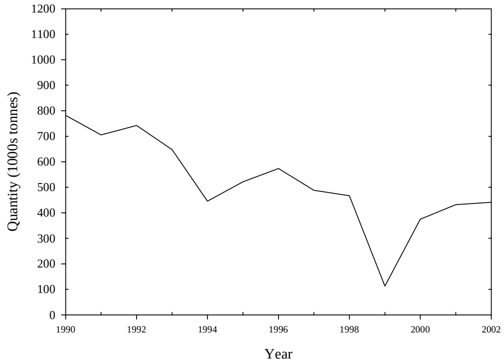
Ecuador Exports of Bananas 1990-2002



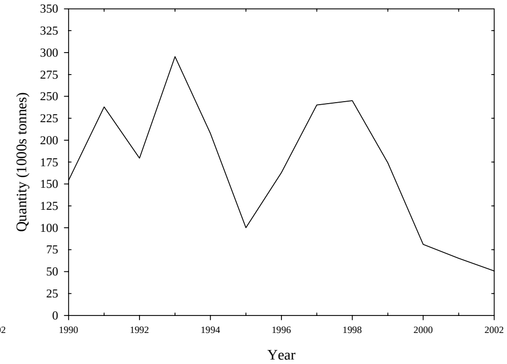
Guatemala Exports of Bananas 1990-2002



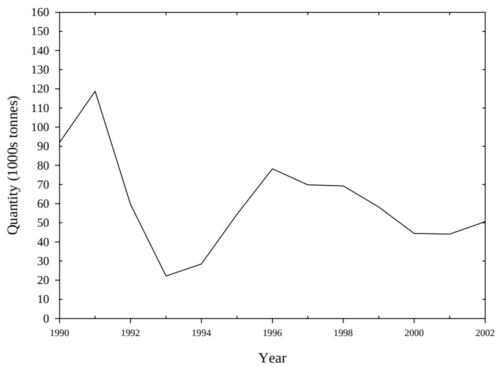
Honduras Exports of Bananas 1990-2002



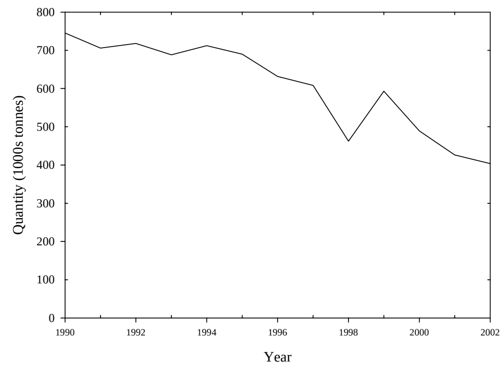
Mexico Exports of Bananas 1990-2002



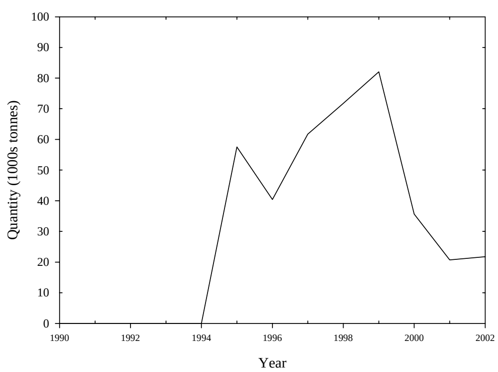
Nicaragua Exports of Bananas 1990-2002



Panama Exports of Bananas 1990-2002



Venezuela Exports of Bananas 1990-2002

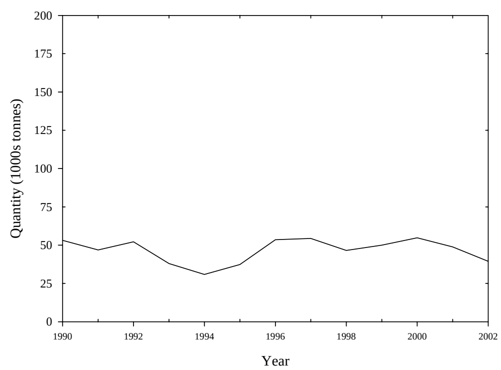


Appendix 5: Caribbean ACP total exports of sugar 1960-2002

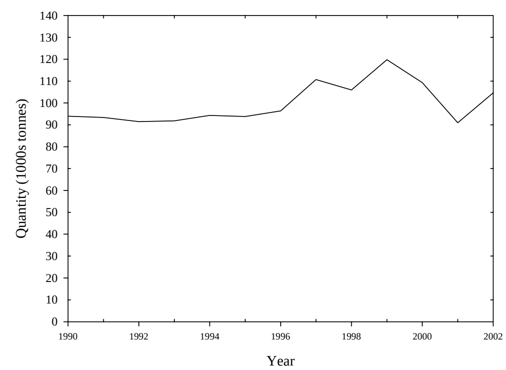
Source: FAOSTAT (2004)

Sugar Protocol beneficiaries

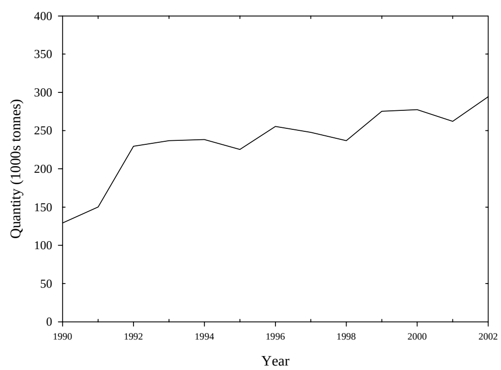
Barbados Exports of Sugar 1990-2002



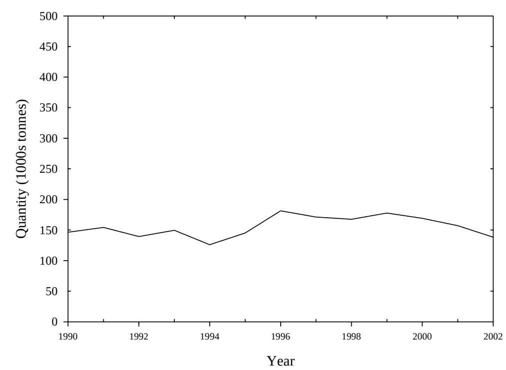
Belize Exports of Sugar 1990-2002



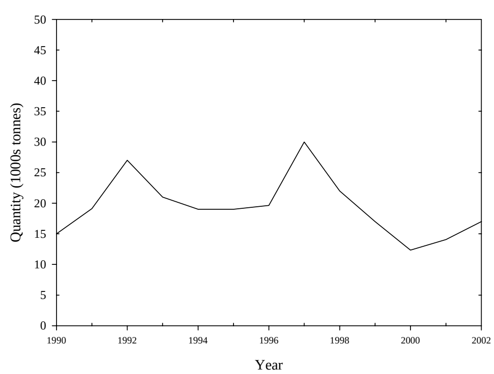
Guyana Exports of Sugar 1990-2002



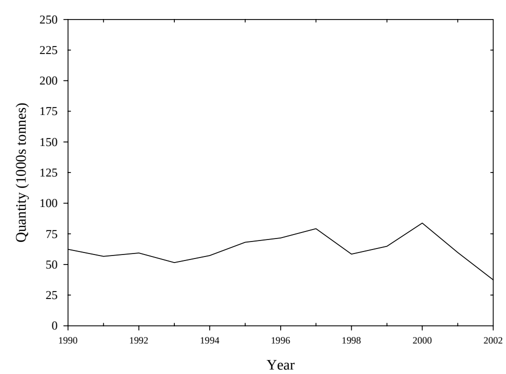
Jamaica Exports of Sugar 1990-2002



St Kitts Exports of Sugar 1990-2002

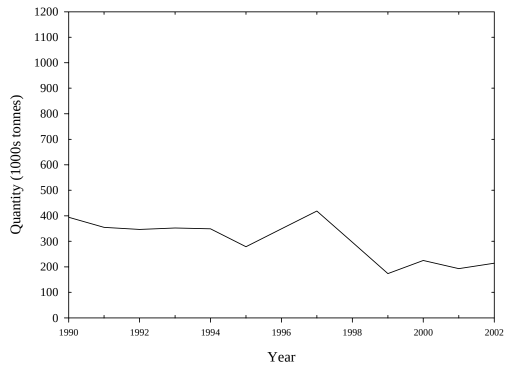


Trinidad & Tobago Exports of Sugar 1990-2002

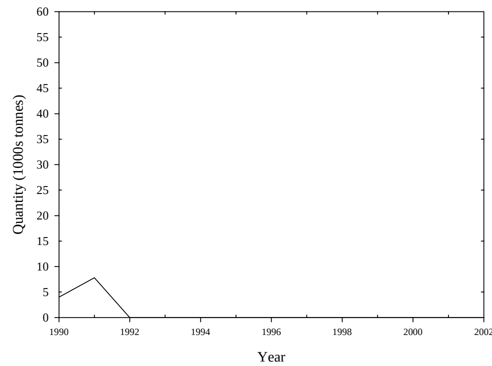


Caribbean ACP total exports of sugar 1960-2002
Non-Protocol exporters

Dominican Republic Exports of Sugar 1990-2002

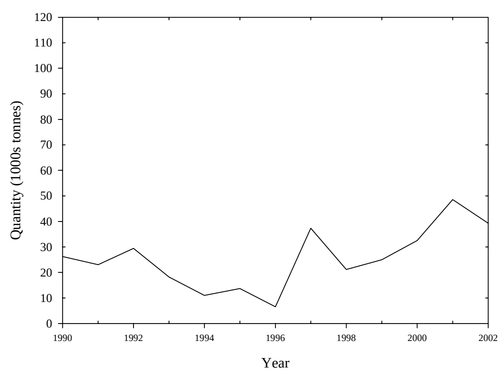


Haiti Exports of Sugar 1990-2002

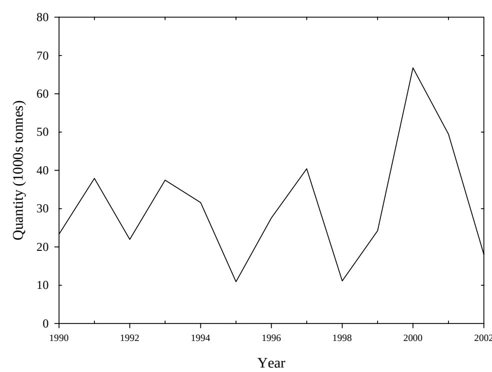


Non-Caribbean ACP total exports of sugar 1960-2002
Sugar Protocol beneficiaries

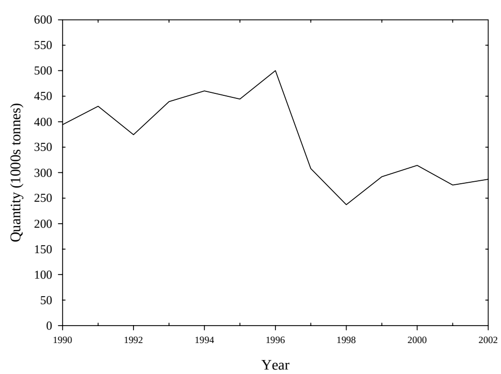
Congo Exports of Sugar 1990-2002



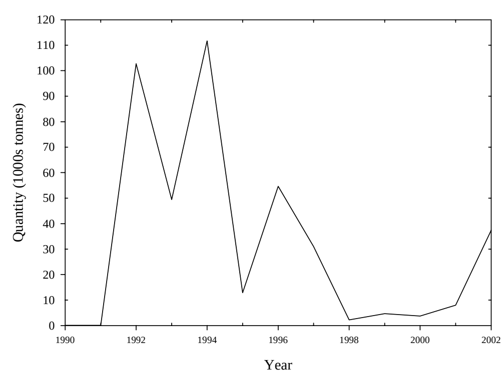
Côte d'Ivoire Exports of Sugar 1990-2002



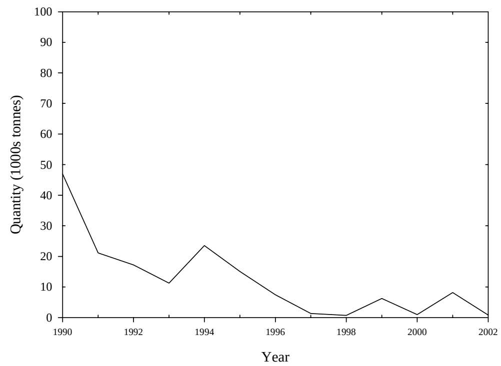
Fiji Exports of Sugar 1990-2002



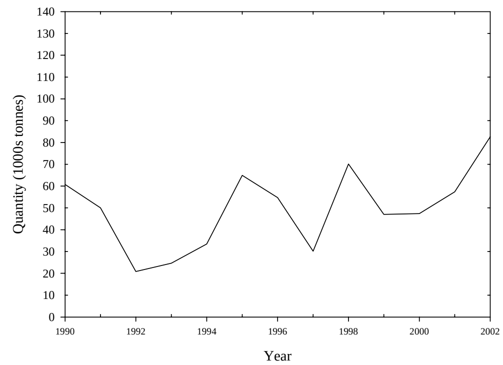
Kenya Exports of Sugar 1990-2002



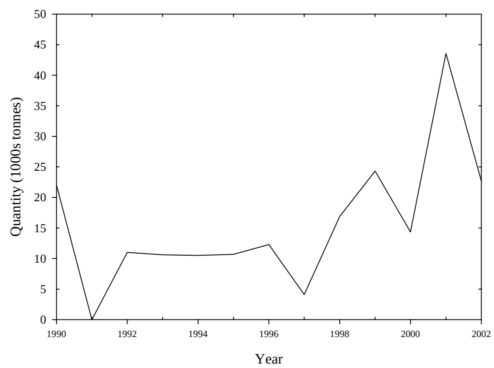
Madagascar Exports of Sugar 1990-2002



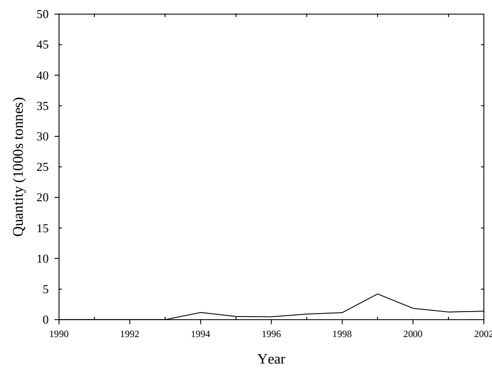
Malawi Exports of Sugar 1990-2002



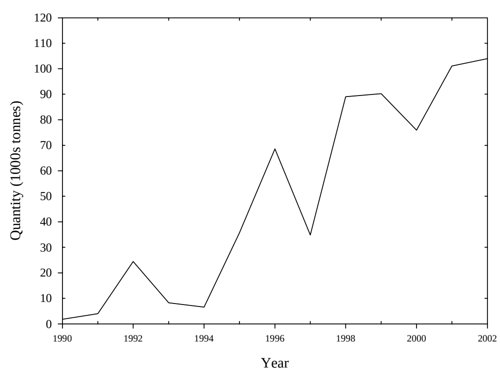
Tanzania Exports of Sugar 1990-2002



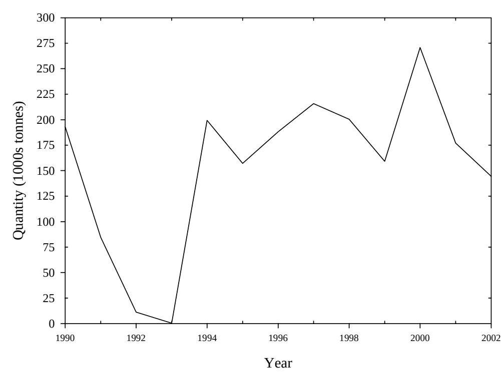
Uganda Exports of Sugar 1990-2002



Zambia Exports of Sugar 1990-2002

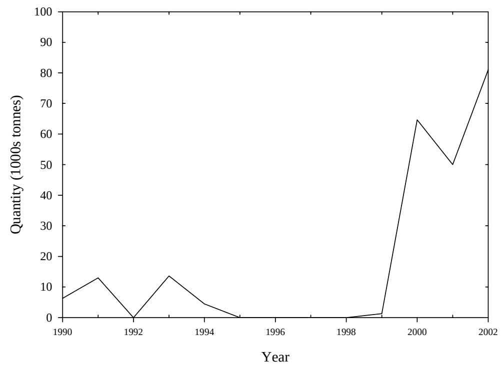


Zimbabwe Exports of Sugar 1990-2002

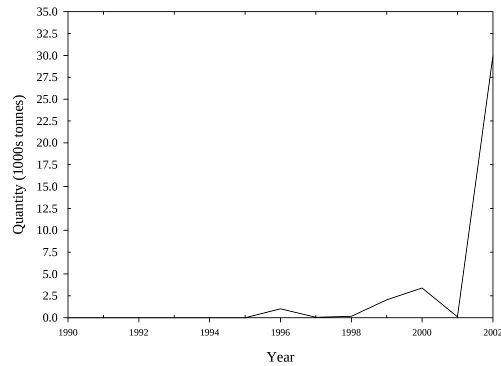


Significant ACP non-Protocol exporters

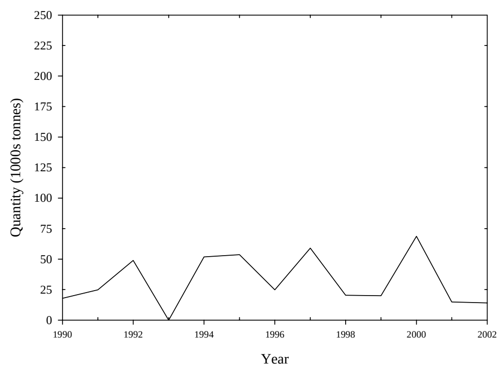
Ethiopia Exports of Sugar 1990-2002



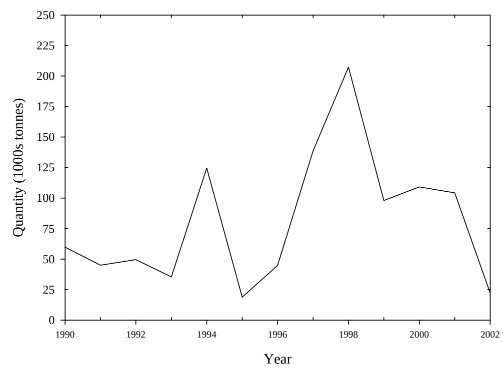
Ghana Exports of Sugar 1990-2002



Mozambique Exports of Sugar 1990-2002

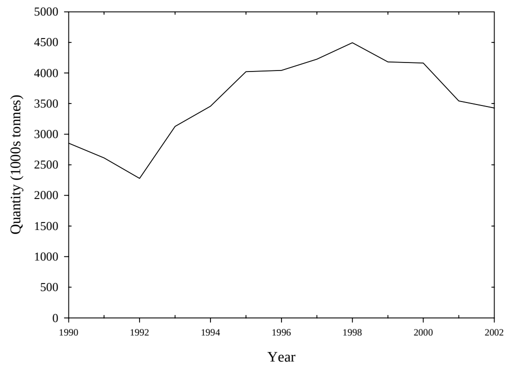


Sudan Exports of Sugar 1990-2002

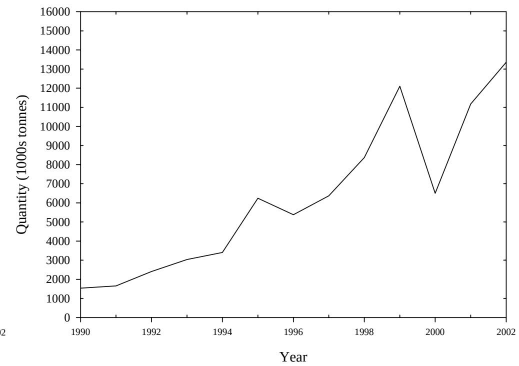


Non-ACP total exports of sugar 1960-2002

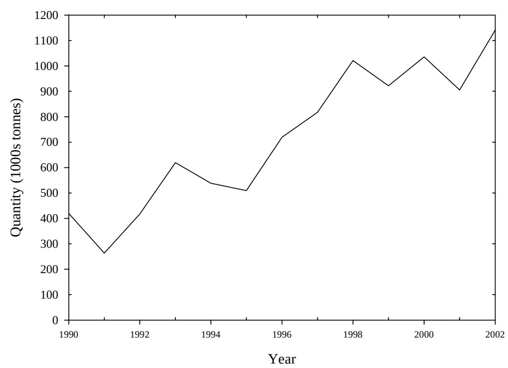
Australia Exports of Sugar 1990-2002



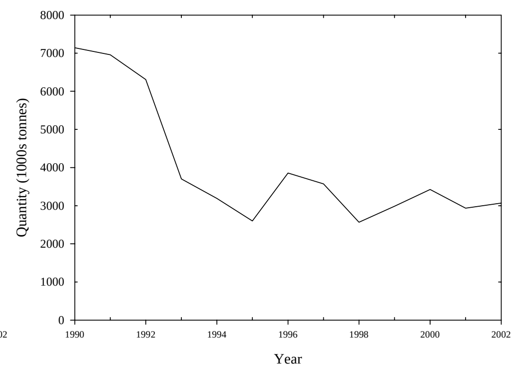
Brazil Exports of Sugar 1990-2002



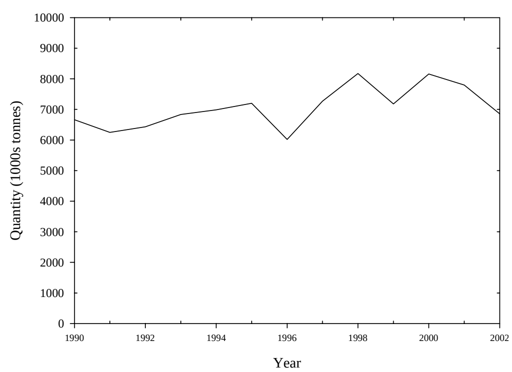
Colombia Exports of Sugar 1990-2002



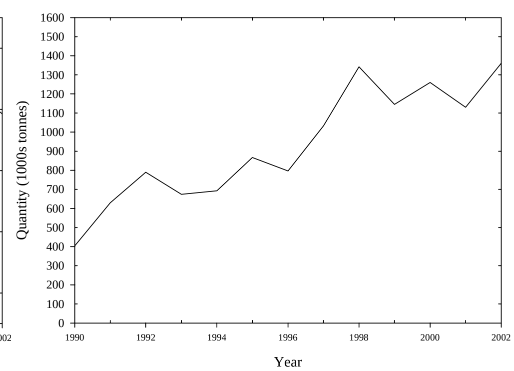
Cuba Exports of Sugar 1990-2002



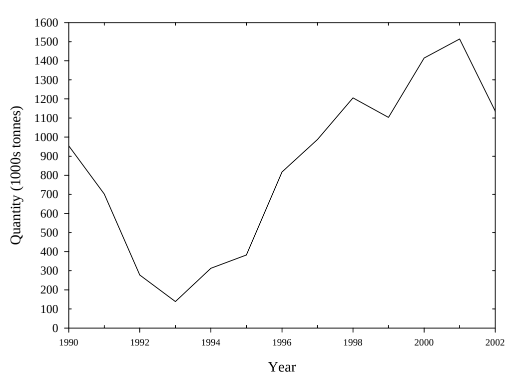
EU-15 Exports of Sugar 1990-2002



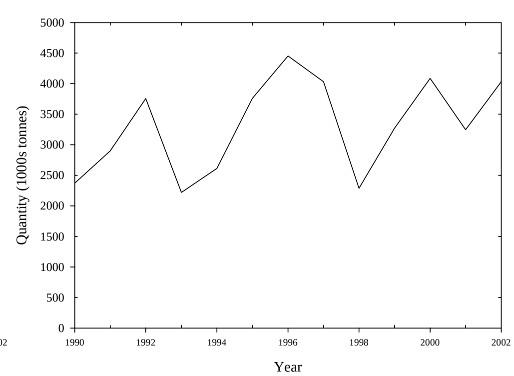
Guatemala Exports of Sugar 1990-2002



South Africa Exports of Sugar 1990-2002



Thailand Exports of Sugar 1990-2002



Appendix 6: Average annual banana imports 1997-2002 (metric tonnes)

Country	Imports	% of World	Country	Imports	% of World
USA	3,959,917	29%	Burkina Faso	3,781	0%
Germany	1,076,300	8%	Swaziland	3,767	0%
Belgium-Luxembourg	985,358	7%	Iceland	3,648	0%
Japan	956,446	7%	Namibia	2,829	0%
United Kingdom	738,740	5%	Lesotho	2,500	0%
Italy	569,012	4%	Nicaragua	2,318	0%
Russian Federation	546,801	4%	Zambia	2,304	0%
China	478,870	3%	Oman	2,206	0%
Canada	412,441	3%	Afghanistan	2,200	0%
France	338,888	2%	South Africa	2,072	0%
Poland	285,743	2%	Guatemala	2,025	0%
Argentina	281,377	2%	Moldova	1,951	0%
Sweden	182,280	1%	Barbados	1,942	0%
Iran	166,052	1%	China, Macao	1,844	0%
Saudi Arabia	165,768	1%	Azerbaijan	1,619	0%
Korea, Republic of	159,226	1%	Bahamas	1,450	0%
Netherlands	157,154	1%	Armenia	1,442	0%
Portugal	152,519	1%	Trinidad and Tobago	1,303	0%
Chile	151,012	1%	Guam	1,000	0%
United Arab Emirates	129,328	1%	Bermuda	906	0%
Spain	124,780	1%	Nepal	790	0%
Czech Republic	114,870	1%	Antigua and Barbuda	784	0%
Turkey	102,466	1%	Niger	770	0%
Austria	89,952	1%	Liberia	710	0%
Greece	80,486	1%	Djibouti	694	0%
Hungary	78,213	1%	Aruba	686	0%
Switzerland	73,583	1%	Bosnia and	662	0%
New Zealand	71,923	1%	Mauritania	548	0%
Syria	61,578	0%	Greenland	456	0%
Denmark	61,362	0%	Cyprus	417	0%
Finland	61,162	0%	Costa Rica	394	0%
Norway	60,329	0%	Faeroe Islands	362	0%
Slovakia	57,588	0%	Brunei Darussalam	343	0%
Serbia and Montenegro	56,013	0%	Mongolia	321	0%
Ukraine	54,262	0%	Maldives	274	0%
Hong Kong	53,733	0%	Uzbekistan	261	0%
Algeria	53,715	0%	Netherlands Antilles	233	0%
Ireland	50,988	0%	Kyrgyzstan	198	0%
Romania	50,642	0%	St. Kitts and Nevis	145	0%
El Salvador	49,449	0%	Malaysia	132	0%
Uruguay	47,394	0%	Israel	123	0%
Croatia	46,312	0%	Lebanon	86	0%
Lithuania	40,270	0%	Indonesia	82	0%
Colombia	38,086	0%	Kenya	33	0%
Singapore	36,364	0%	Australia	27	0%
Slovenia	30,740	0%	Brazil	18	0%
Bulgaria	25,931	0%	Zimbabwe	16	0%
Belarus	25,035	0%	Cayman Islands	12	0%
Kuwait	19,123	0%	Yemen	12	0%
Latvia	16,831	0%	Mexico	12	0%
Tunisia	13,570	0%	Venezuela, Boliv Rep	10	0%
Estonia	11,051	0%	Bangladesh	10	0%
Albania	10,312	0%	Bhutan	9	0%
Qatar	8,775	0%	Montserrat	8	0%
Senegal	8,576	0%	Pakistan	8	0%
Bahrain	8,189	0%	Philippines	8	0%
Botswana	7,702	0%	Cuba	4	0%
Malta	7,009	0%	Panama	2	0%
Libya	6,885	0%	American Samoa	2	0%
Egypt	6,209	0%	New Caledonia	2	0%
Georgia	5,941	0%	Comoros	1	0%
Mali	5,059	0%	Uganda	1	0%
Paraguay	5,029	0%	Congo, Dem	1	0%
Honduras	4,534	0%	French Polynesia	1	0%
Morocco	4,288	0%	India	1	0%
Macedonia	4,239	0%	Congo, Republic of	1	0%
Kazakhstan	4,123	0%	Seychelles	1	0%
Jordan	4,001	0%	**Total**	**13,804,676**	**100%**

Source: FAOSTAT (2004).

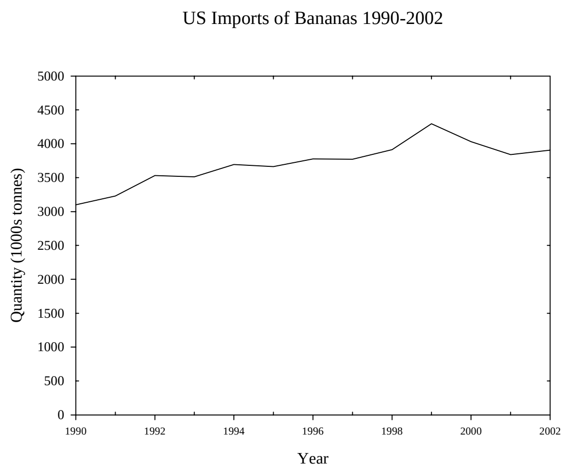
Appendix 7: Average annual sugar imports 1997-2002 (metric tonnes)

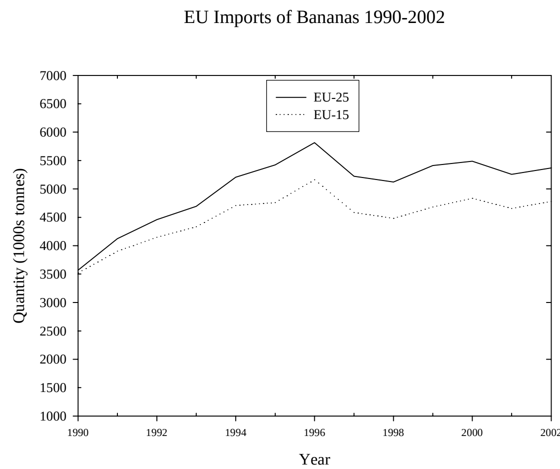
Country	Imports	% of World	Country	Imports	% of World	Country	Imports	% of World
Russian Fed.	4,451,902	13%	Guinea	68,165	0%	Congo, Republic	18,431	0%
United States	1,808,713	5%	Finland	67,292	0%	Hungary	17,622	0%
Japan	1,445,040	4%	Poland	65,908	0%	Ethiopia	17,191	0%
China	1,375,651	4%	Viet Nam	62,747	0%	Netherlands	16,752	0%
Korea, Republic	1,348,800	4%	Macedonia	62,570	0%	Cape Verde	14,719	0%
Indonesia	1,342,335	4%	Mexico	61,719	0%	Turkey	14,514	0%
United Kingdom	1,330,913	4%	Albania	59,825	0%	Myanmar	14,431	0%
Malaysia	1,102,810	3%	Slovakia	57,241	0%	Rwanda	13,956	0%
Canada	1,022,481	3%	Serbia	56,024	0%	Brazil	13,668	0%
Iran	961,101	3%	Tajikistan	51,963	0%	South Africa	12,633	0%
Nigeria	922,471	3%	Ecuador	50,911	0%	Iceland	12,496	0%
Belgium-Lux	897,580	3%	Czech Rep	50,415	0%	Lithuania	11,925	0%
UAE	863,742	2%	Korea, Dem	49,433	0%	Suriname	11,838	0%
Algeria	832,030	2%	Trinidad Tob	48,591	0%	Sierra Leone	11,488	0%
Egypt	758,342	2%	Turkmenistan	89,702	0%	Fiji Islands	11,297	0%
Saudi Arabia	535,360	2%	Uruguay	86,976	0%	Honduras	11,090	0%
Syria	514,992	1%	Mali	86,659	0%	Eritrea	10,931	0%
Morocco	503,863	1%	Estonia	80,888	0%	Barbados	10,659	0%
Sri Lanka	495,793	1%	Palestine	76,991	0%	Guyana	10,591	0%
Belarus	461,466	1%	Jamaica	73,957	0%	Bahamas	9,833	0%
Israel	448,085	1%	Gambia	71,507	0%	Liberia	9,081	0%
Italy	421,124	1%	Kuwait	70,790	0%	Guatemala	8,703	0%
India	409,085	1%	Armenia	68,973	0%	Brunei	8,589	0%
Yemen	407,086	1%	Congo	45,832	0%	Zambia	8,556	0%
Spain	390,954	1%	Namibia	45,646	0%	Maldives	8,517	0%
Pakistan	390,617	1%	Senegal	45,638	0%	Costa Rica	8,259	0%
Romania	383,874	1%	Kyrgyzstan	45,634	0%	French Polynesia	8,018	0%
France	364,533	1%	Botswana	43,731	0%	St. Lucia	7,720	0%
Germany	353,922	1%	Cameroon	42,778	0%	Bolivia	7,195	0%
Portugal	291,792	1%	Uganda	42,734	0%	New Caledonia	6,405	0%
Kazakhstan	281,505	1%	Dom Republic	42,159	0%	Grenada	6,403	0%
Venezuela	280,580	1%	Sweden	42,042	0%	Paraguay	6,138	0%
Uzbekistan	273,753	1%	Niger	41,568	0%	Samoa	5,902	0%
Peru	268,943	1%	Côte d'Ivoire	39,642	0%	El Salvador	5,597	0%
Tunisia	266,219	1%	Ireland	33,921	0%	Guinea-Bissau	5,530	0%
Ukraine	260,971	1%	Greece	33,609	0%	Malawi	5,497	0%
Bulgaria	235,354	1%	Colombia	33,070	0%	St. Vincent	5,200	0%
Bangladesh	232,915	1%	Latvia	32,821	0%	Comoros	4,413	0%
Philippines	228,720	1%	Austria	32,755	0%	Kiribati	4,394	0%
New Zealand	226,678	1%	Djibouti	32,138	0%	Central Af Rep	4,385	0%
Chile	214,395	1%	Mauritius	31,743	0%	Seychelles	3,772	0%
Jordan	184,171	1%	Croatia	30,136	0%	Thailand	3,436	0%
Norway	182,888	1%	Cyprus	29,982	0%	Dominica	3,326	0%
Libya	167,666	0%	Benin	29,369	0%	Timor-Leste	3,188	0%
Switzerland	164,568	0%	Nepal	29,330	0%	Panama	3,150	0%
Mauritania	142,867	0%	Slovenia	29,301	0%	Swaziland	2,852	0%
Angola	142,833	0%	Moldova	28,961	0%	Solomon Islands	2,838	0%
Mozambique	133,961	0%	Sudan	27,900	0%	Vanuatu	2,475	0%
Ghana	131,243	0%	Madagascar	27,774	0%	Antigua and	2,418	0%
Haiti	127,909	0%	Laos	25,612	0%	Nicaragua	2,388	0%
Netherlands	125,669	0%	Lesotho	24,455	0%	Burundi	1,877	0%
Tanzania	125,230	0%	Malta	23,326	0%	Bermuda	1,653	0%
Kenya	120,670	0%	Burkina Faso	22,652	0%	Sao Tome	1,606	0%
Lebanon	109,045	0%	Chad	22,567	0%	St. Kitts	1,491	0%
Bosnia	109,000	0%	Argentina	22,153	0%	Zimbabwe	975	0%
Georgia	105,657	0%	Australia	22,000	0%	Gabon	534	0%
Azerbaijan	105,114	0%	Cuba	21,182	0%	Belize	134	0%
Cambodia	104,876	0%	Mongolia	20,480	0%	**Total**	**35,105,392**	**100%**
Denmark	93,119	0%	Togo	19,859	0%			

Source: FAOSTAT (2004).

Appendix 8: Major importers of bananas 1990-2002

Source : FAOSTAT (2004).

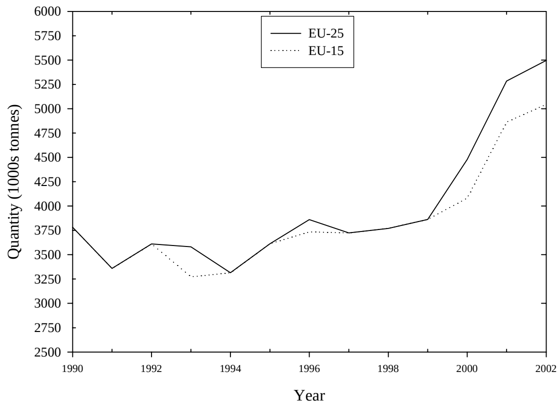




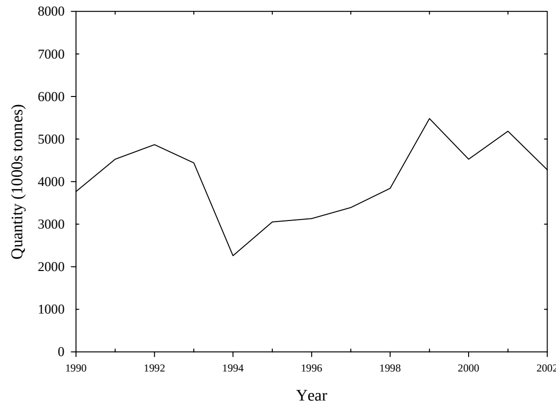
Appendix 9: Major importers of sugar 1990-2002

Source: FAOSTAT (2004).

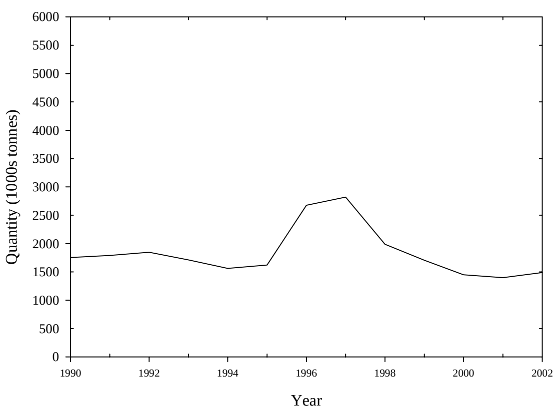
EU Imports of Sugar 1990-2002



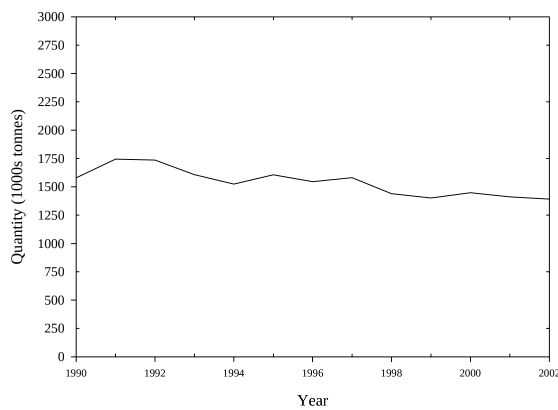
Russia Imports of Sugar 1990-2002



US Imports of Sugar 1990-2002



Japan Imports of Sugar 1990-2002



Appendix 10: Sources of US, Japan and EU-25 banana imports (2002)

US

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in US banana imports %
Total	**1,430,590**	**4,144,659**	**100%**
Ecuador	385,662	1,094,619	26.4%
Guatemala	314,628	968,941	23.4%
Costa Rica	307,061	914,235	22.1%
Colombia	225,756	601,316	14.5%
Honduras	149,362	449,227	10.8%
Mexico	16,300	42,476	1.0%
Nicaragua	10,443	29,830	0.7%
Peru	8,894	23,212	0.6%
Venezuela	8,082	14,377	0.3%
Dominican Republic	2,169	3,886	0.1%
Philippines	1,294	1,384	0.0%
Panama	453	1,003	0.0%
Jamaica	238	50	0.0%
India	165	45	0.0%
Thailand	49	27	0.0%
Dominica	11	18	0.0%
Brazil	19	11	0.0%
Bolivia	2	1	0.0%
Sri Lanka	2	1	0.0%

Japan

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in Japan banana imports %
Total	**499,967**	**911,502**	**100%**
Philippines	410,712	743,550	81.6%
Ecuador	79,928	157,289	17.3%
China	3,003	3,814	0.4%
Mexico	2,598	2,562	0.3%
Colombia	1,112	1,483	0.2%
Dominican Republic	1,268	1,461	0.2%
Thailand	1,269	1,266	0.1%
United States	45	63	0.0%
Vietnam	14	10	0.0%
Uganda	16	2	0.0%
Sri Lanka	3	1	0.0%

Source: UN (2004).

EU-25 (excludes intra-EU trade)

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in EU banana imports %
Total	**2,703,699**	**4,668,683**	**100%**
Ecuador	714,699	1,307,638	28.0%
Costa Rica	563,811	915,394	19.6%
Colombia	512,183	909,056	19.5%
Panama	324,746	529,585	11.3%
Cameroon	152,148	278,598	6.0%
Cote d'Ivoire	147,100	278,566	6.0%
Dominican Republic	82,027	125,826	2.7%
St. Lucia	33,020	49,313	1.1%
Jamaica	28,094	40,602	0.9%
Brazil	18,393	39,616	0.8%
Belize	22,184	39,129	0.8%
Honduras	25,088	38,229	0.8%
St. Vincent Grenadines	22,860	34,014	0.7%
Bermuda	17,782	25,481	0.5%
Dominica	11,810	17,650	0.4%
Venezuela	10,679	13,369	0.3%
Peru	3,992	6,780	0.1%
Suriname	3,391	6,000	0.1%
Ghana	3,092	3,954	0.1%
Mexico	768	1,598	0.0%
Guatemala	629	1,285	0.0%
Madagascar	441	891	0.0%
Nicaragua	482	853	0.0%
Unspecified	319	770	0.0%
Philippines	884	765	0.0%
Grenada	373	557	0.0%
South Africa	308	494	0.0%
Chile	308	418	0.0%
Vietnam	231	292	0.0%
Liberia	108	209	0.0%
Egypt	121	207	0.0%
Canada	106	189	0.0%
Thailand	476	158	0.0%
Uganda	221	129	0.0%
Kenya	106	104	0.0%
Argentina	70	99	0.0%
Mauritius	62	98	0.0%
Malaysia	38	88	0.0%
Bahamas	26	77	0.0%
Australia	42	58	0.0%
Rwanda	97	50	0.0%
Uruguay	15	45	0.0%
Bulgaria	13	42	0.0%
St. Helena	16	30	0.0%
Macao	17	21	0.0%
Croatia	12	20	0.0%
Cook Islands	10	20	0.0%
Pitcairn	11	20	0.0%
Bahrain	9	20	0.0%
India	73	20	0.0%
Turkey	15	19	0.0%
Morocco	5	8	0.0%
United States	15	6	0.0%
China	9	6	0.0%
Sri Lanka	20	6	0.0%
Hong Kong	7	5	0.0%
Lao PDR	8	3	0.0%
Cuba	3	3	0.0%
Equatorial Guinea	15	3	0.0%

Appendix 11: Sources of EU-25, Russia, US and Japan sugar imports (2002)

Russia

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in Russia sugar imports %
Total	**892,960**	**4,604,428**	**100%**
Brazil	385,522	2,013,452	43.7%
Cuba	279,963	1,492,902	32.4%
Thailand	98,620	490,139	10.6%
Guatemala	21,718	109,927	2.4%
Colombia	20,511	104,474	2.3%
Nicaragua	20,119	100,318	2.2%
El Salvador	13,521	70,912	1.5%
Poland	9,659	40,353	0.9%
Costa Rica	6,700	34,706	0.8%
France	6,674	28,027	0.6%
Netherlands	5,546	22,238	0.5%
Germany	4,534	17,713	0.4%
Honduras	3,952	19,758	0.4%
Sweden	3,755	12,530	0.3%
Korea, Rep. of	2,895	12,000	0.3%
Guyana	1,929	10,794	0.2%
Moldova	1,868	5,969	0.1%
Denmark	1,381	5,000	0.1%
Kyrgyzstan	982	2,673	0.1%
Belgium	941	3,853	0.1%
Finland	897	3,075	0.1%
Czech Republic	727	2,200	0.0%
Kazakhstan	191	500	0.0%
Mauritius	27	62	0.0%
Italy	18	26	0.0%
Lithuania	13	23	0.0%
Hungary	11	10	0.0%
India	0	0	0.0%

Source: UN (2004).

EU-25 (excludes intra-EU trade)

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in EU sugar imports %	Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in EU sugar imports %
Total	**1,067,984**	**2,150,175**	**100%**	Turkey	365	567	0.0%
Mauritius	293,956	577,730	26.9%	Ecuador	459	456	0.0%
Guyana	91,139	185,148	8.6%	Philippines	550	445	0.0%
Yugoslavia	100,135	169,627	7.9%	China	348	414	0.0%
Fiji	79,330	162,323	7.5%	Estonia	267	381	0.0%
Swaziland	74,833	151,654	7.1%	Bosnia	82	144	0.0%
Jamaica	67,695	138,564	6.4%	Ukraine	66	133	0.0%
Cuba	28,811	89,611	4.2%	Chile	37	109	0.0%
Brazil	22,449	76,214	3.5%	Sri Lanka	202	89	0.0%
Croatia	40,197	63,818	3.0%	Tunisia	106	88	0.0%
Trinidad	25,969	53,744	2.5%	Norway	92	35	0.0%
Belize	25,309	53,629	2.5%	Bolivia	26	33	0.0%
India	25,542	53,131	2.5%	UAE	12	32	0.0%
Zimbabwe	20,955	42,051	2.0%	Hong Kong	28	31	0.0%
Malawi	24,247	41,402	1.9%	Thailand	40	29	0.0%
Barbados	19,574	39,459	1.8%	Papua New G	13	24	0.0%
Zambia	13,070	27,050	1.3%	Uruguay	14	24	0.0%
Tanzania	10,276	22,120	1.0%	Mauritania	14	22	0.0%
Congo, Rep.	10,879	21,396	1.0%	Peru	9	19	0.0%
St. Kitts	10,067	20,452	1.0%	Pakistan	8	16	0.0%
Cote d'Ivoire	10,946	19,851	0.9%	Canada	96	10	0.0%
Sudan	7,964	16,801	0.8%	Morocco	11	9	0.0%
Mozambique	7,774	16,753	0.8%	Russia	3	6	0.0%
Ethiopia	7,103	14,555	0.7%	Egypt	7	6	0.0%
Aruba	8,038	12,589	0.6%	Niger	12	6	0.0%
Kenya	5,948	11,956	0.6%	Iran	7	5	0.0%
South Africa	3,878	11,660	0.5%	Nicaragua	2	3	0.0%
Burkina Faso	3,482	7,131	0.3%	Singapore	4	3	0.0%
Romania	2,175	6,903	0.3%	Mexico	1	2	0.0%
Netherlands Ant	3,225	5,922	0.3%	Taiwan	2	1	0.0%
Paraguay	2,840	5,791	0.3%	Saudi Arabia	1	1	0.0%
Argentina	2,410	4,667	0.2%	Israel	1	1	0.0%
Macedonia, FYR	2,311	4,617	0.2%	Monaco	0	0	0.0%
Madagascar	1,533	3,102	0.1%	Iceland	1	0	0.0%
United States	4,085	3,045	0.1%	Korea, Rep.	26	0	0.0%
Switzerland	1,254	2,936	0.1%	Dominican Rep	0	0	0.0%
El Salvador	977	2,607	0.1%	Vietnam	1	0	0.0%
Myanmar	1,939	2,333	0.1%	Nigeria	1	0	0.0%
Australia	468	1,382	0.1%	Cape Verde	1	0	0.0%
Costa Rica	925	1,248	0.1%	Indonesia	0	0	0.0%
Colombia	658	1,069	0.0%	Lebanon	0	0	0.0%
Free Zones	700	991	0.0%	Libya	0	0	0.0%

Source: UN (2004).

US

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in US sugar imports %
Total	**614,174**	**1,407,263**	**100%**
Mexico	88,074	187,844	13.3%
Dominican Republic	76,437	169,556	12.0%
Brazil	55,834	126,688	9.0%
Guatemala	45,791	122,406	8.7%
Australia	40,900	91,053	6.5%
Philippines	33,943	75,692	5.4%
Colombia	31,911	79,184	5.6%
Argentina	29,664	65,351	4.6%
South Africa	22,599	58,558	4.2%
El Salvador	19,275	55,557	3.9%
Peru	18,228	41,757	3.0%
Canada	16,683	22,255	1.6%
Panama	16,237	37,904	2.7%
Belize	11,733	45,190	3.2%
Zimbabwe	11,361	24,163	1.7%
Nicaragua	9,632	21,366	1.5%
Paraguay	8,062	15,651	1.1%
Bolivia	7,647	16,258	1.2%
Costa Rica	7,166	15,274	1.1%
Mozambique	6,350	13,227	0.9%
Papua New Guinea	5,983	13,658	1.0%
Guyana	5,344	12,114	0.9%
Honduras	4,762	10,173	0.7%
Taiwan	4,454	12,213	0.9%
Malawi	4,244	8,840	0.6%

Japan

Exporters	Imported value 2002 (US$ thousand)	Imported quantity 2002 (Tonnes)	Share in Japan banana imports %
Total	**272,777**	**1,477,615**	**100%**
Australia	137,148	773,789	52.4%
Thailand	75,742	403,483	27.3%
South Africa	33,553	186,848	12.6%
Fiji	10,434	56,945	3.9%
Brazil	8,988	46,490	3.1%
China	3,691	6,483	0.4%
France	1,073	491	0.0%
United States of America	570	288	0.0%
Korea, Rep. of Korea	435	1,369	0.1%
Bolivia	369	483	0.0%
Philippines	155	206	0.0%
Indonesia	121	202	0.0%
Netherlands	105	100	0.0%
Germany	97	129	0.0%
Belgium	88	100	0.0%
Taiwan	59	23	0.0%
Viet Nam	56	78	0.0%
Costa Rica	30	30	0.0%
Chile	16	19	0.0%
Mauritius	12	20	0.0%
Paraguay	10	19	0.0%
Cuba	0	0	0.0%
India	0	0	0.0%

Source: UN (2004).

Appendix 12: World banana tariffs

Country	MFN Tariff	Country	MFN Tariff	Country	MFN Tariff
Albania	10	Grenada	40	Papua New Guinea	50
Algeria	30	Guatemala	15	Paraguay	12
Antigua	40	Guayana	40	Peru	25
Argentina	11.5	Guinea-Bissau	20	Philippines	10
Armenia	10	Honduras	15	Poland	51
Australia	0	Hong Kong	0	Qatar	4
Azerbaijan	15	Hungary	20	Romania	20
Bahamas	30	Iceland	0	Russian Federation	5
Bahrain	5	India	35	Rwanda	5
Bangladesh	37.5	Indonesia	5	St. Lucia	40
Barbados	40	Iran	10	Saudi Arabia	12
Belarus	5	Israel	12.5	Senegal	20
Belize	40	Jamaica	40	Seychelles	50
Benin	20	Japan	22.5	Singapore	0
Bermuda	5	Jordan	30	Slovak Republic	14
Bhutan	20	Kazakhstan	5	Slovenia	2
Bolivia	10	Kenya	35	Solomon Islands	70
Bosnia	5	Korea, Republic of	30	SACU	5
Brazil	11.5	Kuwait	0	Sri Lanka	25
Brunei Darussalam	0	Kyrgyzstan	0	St. Kitts-Nevis	40
Bulgaria	7	Laos	40	St. Vincent	40
Burkina Faso	20	Latvia	0.5	Sudan	0
Cambodia	7	Lebanon	70	Suriname	40
Cameroon	30	Libya	30	Syrian Arab	75
Canada	0	Lithuania	0	Taiwan	134
Cen Af Rep	30	Macedonia	30	Tajikistan	10
Chad	30	Madagascar	10	Tanzania	25
Chile	7	Malawi	10	Thailand	46
China	25	Malaysia	73	Togo	20
Colombia	15	Maldives	15	Trinidad	40
Congo	30	Mali	20	Tunisia	100
Costa Rica	45	Malta	5	Turkey	119
Cote d'Ivoire	20	Mauritania	20	Turkmenistan	0
Croatia	10	Mauritius	40	Uganda	15
Cuba	10	Mexico	23	Ukraine	20
Cyprus	32.3	Moldova	10	Uruguay	12.5
Czech Republic	0	Montserrat	40	US	0
Dominica	40	Morocco	53.5	Uzbekistan	30
Dominican Rep	20	Mozambique	25	Vanuatu	25
Ecuador	15	Myanmar	15	Venezuela	15
Egypt	40	Nepal	10	Vietnam	40
El Salvadoor	15	New Zealand	0	Yemen	25
Equatorial Guinea	30	Nicaragua	15	Yugoslavia	25
Estonia	0	Niger	20	Zambia	25
Ethiopia	20	Nigeria	100	Zimbabawe	40
EU	31.9	Norway	0		
Gabon	30	Oman	0	***Mean***	*23.8*
Georgia	12	Pakistan	25		
Ghana	20	Panama	13.8		

Source: World Bank (2004a).

Appendix 13: World sugar tariffs

Country	MFN Tariff	Country	MFN Tariff	Country	MFN Tariff
Albania	5	Grenada	40	Papua New Guinea	85
Algeria	5	Guatemala	20	Paraguay	30
Antigua	40	Guayana	20	Peru	14.5
Argentina	22.5	Guinea-Bissau	40	Philippines	57.5
Armenia	10	Honduras	40	Poland	96
Australia	0	Hong Kong	0	Qatar	4
Azerbaijan	15	Hungary	74	Romania	35
Bahamas	0	Iceland	0	Russian Federation	40
Bahrain	5	India	60	Rwanda	25
Bangladesh	25	Indonesia	0	St. Lucia	40
Barbados	40	Iran	0	Saudi Arabia	12
Belarus	1	Israel	0	Senegal	20
Belize	40	Jamaica	40	Seychelles	25
Benin	20	Japan	137	Singapore	0
Bermuda	0	Jordan	5	Slovak Republic	75
Bhutan	10	Kazakhstan	0	Slovenia	45
Bolivia	10	Kenya	27.5	Solomon Islands	2
Bosnia	10	Korea, Republic of	3	SACU	41.5
Brazil	17.5	Kuwait	0	Sri Lanka	15
Brunei Darussalam	0	Kyrgyzstan	0	St. Kitts-Nevis	40
Bulgaria	50	Laos	10	St. Vincent	40
Burkina Faso	20	Latvia	0	Sudan	20
Cambodia	30	Lebanon	5	Suriname	40
Cameroon	0	Libya	20	Syrian Arab	58
Canada	30	Lithuania	35	Taiwan	7
Cen Af Rep	30	Macedonia	10	Tajikistan	5
Chad	8	Madagascar	15	Tanzania	25
Chile	90	Malawi	25	Thailand	357
China	25	Malaysia	0	Togo	20
Colombia	20	Maldives	0	Trinidad	40
Congo	30	Mali	20	Tunisia	15
Costa Rica	48	Malta	0	Turkey	142.5
Cote d'Ivoire	20	Mauritania	5	Turkmenistan	0
Croatia	20	Mauritius	15	Uganda	15
Cuba	10	Mexico	6.6	Ukraine	50
Cyprus	8	Moldova	15	Uruguay	80
Czech Republic	67.5	Montserrat	40	US	5
Dominica	40	Morocco	35	Uzbekistan	0
Dominican Rep	15	Mozambique	7.5	Vanuatu	25
Ecuador	19.8	Myanmar	0.5	Venezuela	20
Egypt	7.5	Nepal	25	Vietnam	30
El Salvadoor	40	New Zealand	0	Yemen	5
Equatorial Guinea	30	Nicaragua	55	Yugoslavia	23
Estonia	0	Niger	20	Zambia	25
Ethiopia	5	Nigeria	15	Zimbabawe	25
EU	80	Norway	0		
Gabon	30	Oman	0	***Mean***	*27.3*
Georgia	12	Pakistan	20		
Ghana	10	Panama	152		

Source: World Bank (2004a).

Appendix 14: Source of EU banana imports 1996-2002 (1000s Euros)

Exporter	1996	1997	1998	1999	2000	2001	2002	% Increase
Ecuador	352,357	368,667	285,136	366,655	364,856	410,071	500,393	42%
Costa Rica	349,298	355,804	380,110	388,679	370,205	394,169	451,965	29%
Colombia	326,181	305,170	279,138	298,472	335,015	355,545	356,564	9%
Panama	162,486	194,805	229,882	260,446	236,422	215,012	180,929	11%
Cameroon	*97,091*	*94,481*	*72,903*	*98,393*	*129,807*	*145,760*	*139,468*	*44%*
Ivory Coast	*89,242*	*98,939*	*97,013*	*100,823*	*103,340*	*129,807*	*117,137*	*31%*
Dominican R.	**30,854**	**26,184**	**27,917**	**21,864**	**32,994**	**50,521**	**61,140**	**98%**
St. Lucia	**61,982**	**46,334**	**50,400**	**49,998**	**51,596**	**24,136**	**35,031**	**-43%**
Jamaica	**52,594**	**59,966**	**48,906**	**39,455**	**33,625**	**33,303**	**29,770**	**-43%**
St. Vincent	**25,477**	**19,411**	**28,356**	**28,830**	**30,226**	**21,438**	**23,114**	**-9%**
Belize	**26,341**	**24,407**	**24,212**	**34,865**	**41,144**	**29,970**	**22,823**	**-13%**
Brazil	24	114	104	2,008	6,464	8,160	17,084	69,973%
Honduras	59,370	33,388	85,090	38,709	66,836	66,713	15,742	-73%
Dominica	**21,633**	**23,815**	**20,120**	**21,390**	**19,687**	**12,354**	**12,558**	**-42%**
Suriname	**17,369**	**20,778**	**15,051**	**26,063**	**30,061**	**19,520**	**3,986**	**-77%**
Peru	5	45	0	0	0	769	3,336	64,054%
Ghana	*1,717*	*2,625*	*3,223*	*1,529*	*2,146*	*3,079*	*2,789*	*62%*
Nicaragua	6,706	15,479	7,287	10,080	14,277	967	526	-92%
Thailand	202	203	384	558	356	385	492	144%
Grenada	**1,133**	**51**	**41**	**470**	**549**	**417**	**395**	**-65%**
Philippines	347	182	122	198	320	154	337	-3%
Uganda	*24*	*129*	*110*	*99*	*119*	*278*	*241*	*916%*
Chile	0	0	2	0	49	31	196	
Mexico	861	1,799	2,842	6,975	1,020	181	149	-83%
Egypt	9	0	0	21	29	0	123	1,227%
Canada	102	0	0	7	0	0	118	15%
Liberia	*19*	*0*	*257*	*0*	*0*	*0*	*114*	*488%*
Rwanda	*13*	*12*	*69*	*135*	*144*	*79*	*103*	*703%*
South Africa	0	1	2	0	6	11	85	
India	15	16	22	34	67	74	79	413%
Guatemala	29,042	29,800	28,266	20,352	14,316	1,571	31	-100%
Kenya	*59*	*49*	*33*	*36*	*25*	*7*	*28*	*-52%*
Sri Lanka	12	13	45	31	21	27	17	38%
Eq. Guinea	*0*	*0*	*0*	*4*	*0*	*0*	*16*	
Bulgaria	0	0	0	0	0	0	13	
China	0	0	5	0	1	2	9	
Laos	0	0	0	0	2	3	8	
Australia	0	0	0	0	8	0	7	
Hong Kong	0	0	0	0	0	0	7	

Exporter	1996	1997	1998	1999	2000	2001	2002	% Increase
Turkey	1	2	0	0	0	0	4	549%
Indonesia	19	7	8	1	12	2	1	-97%
Algeria	65	0	0	0	0	0	0	-100%
Andorra	0	18	0	0	0	0	0	
Angola	10	0	0	0	0	0	0	-100%
Anguilla	0	0	0	0	2	0	0	
Argentina	5	133	0	0	3	0	0	-100%
Bahamas	**0**	**122**	**78**	**0**	**0**	**237**	**0**	**-100%**
Barbados	**964**	**0**	**0**	**0**	**0**	**0**	**0**	**-100%**
Bermuda	0	0	126	0	0	230	0	
Bolivia	1	38	26	0	19	15	0	-100%
Burundi	*117*	*20*	*8*	*5*	*2*	*0*	*0*	*-100%*
Cape Verde	*0*	*0*	*0*	*10*	*2*	*0*	*0*	
Congo (Dem.	*2*	*0*	*0*	*0*	*29*	*50*	*0*	*-100%*
Cuba	129	0	0	0	0	0	0	-100%
El Salvador	0	37	0	0	0	0	0	
Ethiopia	*0*	*0*	*0*	*0*	*1*	*0*	*0*	
Gaza Strip	0	0	3	0	0	0	0	
Guinea	*34*	*68*	*61*	*57*	*62*	*15*	*0*	*-100%*
Guyana	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**-100%**
Israel	581	215	333	281	50	1	0	-100%
Lebanon	0	2	0	0	0	0	0	
Malaysia	1	0	0	6	2	0	0	-100%
Mali	*48*	*0*	*0*	*0*	*0*	*0*	*0*	*-100%*
Mauritius	*0*	*12*	*0*	*0*	*0*	*0*	*0*	
Morocco	18	8	0	0	0	0	0	-100%
Mozambique	*0*	*1*	*0*	*0*	*0*	*0*	*0*	
Nigeria	*0*	*0*	*2*	*10*	*6*	*0*	*0*	
Pakistan	0	0	0	0	0	0	0	
Paraguay	12	0	0	0	0	0	0	-100%
Senegal	*0*	*1*	*0*	*0*	*0*	*0*	*0*	*-100%*
Singapore	0	0	4	0	2	0	0	
Somalia	*10,699*	*11,870*	*4,059*	*0*	*0*	*0*	*0*	*-100%*
South Korea	51	0	0	1	0	0	0	-100%
St. K. and Nevis	**0**	**0**	**0**	**3**	**0**	**0**	**0**	
Taiwan	316	135	0	0	40	0	0	-100%
Togo	*60*	*38*	*35*	*7*	*1*	*0*	*0*	*-100%*
Trinidad	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Tunisia	0	0	0	1	0	0	0	

Bold: Caribbean ACP countries.
Italics: Non-Caribbean ACP countries.

Source: World Bank (2004a).

Appendix 15: EU sugar production (1000s tonnes)

	Total	Under quota			Outside quota	
		Total	**A**	**B**	**C**	**% of A + B**
EU-6						
1968	7,038	7,004	6,330	674	34	0%
1969	7,376	7,297	6,406	891	79	1%
1970	7,108	6,985	6,307	678	123	2%
1971	8,071	7,445	6,216	1,229	626	8%
1972	7,664	7,448	6,301	1,147	216	3%
EU-9						
1973	9,528	8,858	7,522	1,336	670	8%
1974	8,575	8,363	6,983	1,380	212	3%
1975	9,703	9,606	8,532	1,074	97	1%
1976	9,973	9,820	8,599	1,221	153	2%
1977	11,543	10,750	8,885	1,865	793	7%
1978	11,720	10,916	9,003	1,913	804	7%
1979	12,243	10,797	9,005	1,792	1,446	13%
1980	12,212	11,021	8,910	2,111	1,191	11%
EU-10						
1981	14,037	11,507	9,382	2,125	2,530	22%
1982	13,844	11,419	9,366	2,053	2,425	21%
1983	11,879	10,928	9,268	1,660	951	9%
1984	11,965	11,186	9,270	1,916	779	7%
1985	12,448	11,226	9,300	1,926	1,222	11%
EU-12						
1986	13,837	12,525	10,343	2,182	1,312	10%
1987	13,218	12,399	10,236	2,163	819	7%
1988	14,094	12,501	10,296	2,205	1,593	13%
1989	14,747	12,474	10,239	2,235	2,273	18%
1990	15,468	13,338	10,933	2,405	2,130	16%
1991	14,822	13,249	10,885	2,364	1,573	12%
1992	15,602	13,337	10,937	2,400	2,265	17%
1993	16,273	13,355	10,934	2,421	2,918	22%
1994	15,245	13,262	10,889	2,373	1,983	15%
EU-15						
1995	15,709	14,128	11,722	2,406	1,581	11%
1996	16,535	14,166	11,716	2,450	2,369	17%
1997	17,486	14,338	11,785	2,553	3,148	22%
1998	16,251	14,218	11,738	2,480	2,033	14%
1999	17,680	14,295	11,761	2,534	3,385	24%
2000	17,663	13,886	11,424	2,462	3,777	27%
2001	15,466	14,146	11,697	2,449	1,320	9%
2002	16,654	13,390	11,044	2,346	3,264	24%
2003	15,436	13,394	11,168	2,227	2,042	15%
EU-25						
2004 (estimate)	18,434	16,482	14,114	2,368	1,954	11%

Source: European Commission (2004c).

Appendix 16: EU sugar and beet prices

Marketing year	Intervention price for white sugar	Minimum beet price	
		A	B
1968/69	212.30	17.00	10.00
1969/70	212.30	17.00	10.00
1970/71	212.30	17.00	10.00
1971/72	226.10	17.00	10.00
1972/73	233.40	17.68	10.40
1973/74	235.70	17.86	10.50
1974/75	264.80	19.78	11.63
1975/76	304.50	22.75	22.75
1976/77	331.40	24.57	17.20
1977/78	328.30	25.43	17.80
1978/79	334.90	25.94	18.16
1979/80	410.90	31.83	22.28
1980/81	432.70	33.10	23.17
1981/82	469.50	35.19	24.42
1982/83	514.10	38.53	23.79
1983/84	534.70	40.07	24.74
1984/85	534.70	40.07	24.74
1985/86	541.80	40.07	24.74
1986/87	541.80	40.07	24.74
1987/88	541.80	40.07	24.74
1988/89	541.80	40.07	24.74
1989/90	531.10	39.27	30.30
1990/91	531.10	39.20	24.20
1991/92	531.10	39.20	27.15
1992/93	531.10	39.20	24.20
1993/94	523.30	38.69	26.85
1994/95	523.30	38.69	26.85
1995/96	631.90	46.72	32.42
1996/97	631.90	46.72	32.42
1997/98	631.90	46.72	32.42
1998/99	631.90	46.72	32.42
1999/2000	631.90	46.72	32.42
2000/2001	631.90	46.72	32.42
2001/2002	631.90	46.72	32.42
2002/2003	631.90	46.72	32.42
2003/2004	631.90	46.72	32.42

Price per tonne in unit of account from 1968 to 1979, in ECU from 1979 to 1998 and in Euro since 1999.

Source: European Commission (2004c).

Appendix 17: Change in income transfers under reform of the EU's Sugar Regime

Change in income transfers from the EU

	Simulation 1			Simulation 2			Simulation 3			Simulation 4		
	a	*b*	*c*	*a*	*b*	*c*	*a*	*b*	*c*	*a*	*b*	*c*
Barbados	-1,822	-6.7	-0.8	-4,915	-18.1	-2.2	-8,077	-29.7	-3.5	-18,398	-67.7	-8.1
Belize	-1,666	-6.7	-1.1	-4,493	-18.1	-3.0	-7,384	-29.7	-5.0	-16,819	-67.7	- 11.3
Congo, Rep.	-73	-6.6	0.0	-196	-17.8	0.0	-322	-29.3	0.0	-733	-66.7	0.0
Côte d'Ivoire	-368	-6.7	0.0	-993	-18.1	0.0	-1,632	-29.7	0.0	-3,716	-67.6	0.0
Fiji	-5,498	-6.8	-0.9	-14,834	-18.4	-2.3	-24,376	-30.2	-3.8	-55,523	-68.8	-8.6
Guyana	-6,863	-6.6	-1.5	-18,515	-17.9	-4.0	-30,425	-29.4	-6.5	-69,301	-67.1	- 14.9
Jamaica	-5,227	-6.7	-0.4	-14,102	-18.2	-1.2	-23,174	-29.9	-1.9	-52,784	-68.2	-4.3
Kenya	-134	-6.7	0.0	-362	-18.1	0.0	-594	-29.7	0.0	-1,354	-67.7	0.0
Madagascar	-557	-6.8	0.0	-1,502	-18.3	0.0	-2,468	-30.1	0.0	-5,621	-68.5	0.0
Malawi	-1,382	-7.2	0.0	-3,728	-19.3	0.0	-6,126	-31.8	0.0	-13,954	-72.4	0.0
Mauritius	-20,361	-6.6	-1.4	-54,932	-17.9	-3.6	-90,269	-29.5	-6.0	-205,611	-67.1	- 13.7
St. Kitts	0	n.a.	0.0	0	n.a.	0.0	0	n.a.	0.0	0	n.a.	0.0
Suriname	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.
Swaziland	-6,352	-6.7	-0.8	-17,137	-18.0	-2.1	-28,161	-29.5	-3.5	-64,143	-67.2	-7.9
Tanzania	-499	-6.7	-0.1	-1,347	-18.1	-0.3	-2,213	-29.7	-0.4	-5,040	-67.7	-1.0
Trinidad & Tobago	-1,652	-6.8	0.0	-4,458	-18.2	0.0	-7,326	-29.9	0.0	-16,687	-68.2	0.0
Uganda	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	n.a.
Zambia	-545	-6.7	-0.1	-1,470	-18.1	-0.2	-2,415	-29.8	-0.3	-5,501	-67.9	-0.7
Zimbabwe	-2,245	-6.7	-0.1	-6,056	-18.1	-0.4	-9,951	-29.7	-0.6	-22,666	-67.7	-1.5
Protocol total	**-55,243**	**-6.6**	**-0.4**	**-149,037**	**-17.8**	**-1.1**	**-244,913**	**-29.3**	**-1.8**	**-557,850**	**-66.8**	**-4.2**

Source: Compiled from Milner *et al.* (2003).

Change in net income transfers

	Simulation 1			Simulation 2			Simulation 3			Simulation 4		
	a	*b*	*c*	*a*	*b*	*c*	*a*	*b*	*c*	*a*	*b*	*c*
Barbados	-1,822	-6.7	-0.8	-4,915	-18.1	-2.2	-8,077	-29.7	-3.5	-18,398	-67.6	-8.1
Belize	149	0.6	0.1	-1,101	-4.4	-0.7	-3,631	-14.6	-2.2	-12,036	-48.3	-7.3
Congo, Rep.	1,690	153.7	0.1	3,101	281.9	-0.2	3,325	302.3	-0.2	3,914	355.8	0.2
Côte d'Ivoire	1,149	20.9	0.0	1,843	33.6	0.1	1,506	27.4	0.1	281	5.1	0.0
Fiji	-1,936	-2.4	-0.3	-8,173	-10.0	-1.4	-17,008	-20.7	-3.0	-46,133	-56.2	-8.2
Guyana	-4,649	-4.5	-1.0	-14,376	-14.0	-3.0	-25,847	-25.2	-5.4	-63,467	-61.9	-13.3
Jamaica	-4,879	-6.3	-0.4	-13,450	-17.2	-1.1	-22,453	-28.7	-1.8	-51,865	-66.4	-4.2
Kenya	-134	-6.7	-0.0	-362	-18.1	0.0	-594	-29.7	0.0	-1,354	-67.7	-0.1
Madagascar	-320	-3.9	-0.0	-1,059	-12.8	-0.1	-1,978	-23.8	-0.2	-4,996	-60.2	-0.5
Malawi	-135	-0.7	-0.0	-1,397	-6.8	-0.5	-3,547	-17.2	-1.1	-10,668	-51.8	-3.4
Mauritius	-18,071	-5.9	-1.2	-50,649	-16.7	-3.3	-85,532	-28.1	-5.6	-199,574	-65.6	-13.1
St. Kitts	663	n.a.	1.9	1,241	n.a.	3.5	1,372	n.a.	3.9	1,749	n.a.	5.0
Suriname	0	n.a.	0.0	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	0
Swaziland	6,492	6.8	0.8	6,877	7.2	0.8	-1,595	-1.7	-0.2	-30,290	-31.9	-3.7
Tanzania	-499	-6.7	-0.1	-1,347	-18.0	-0.2	-2,213	-29.5	-0.3	-5,040	-67.2	-0.7
Trinidad & Tobago	-1,101	-4.5	-0.0	-3,427	-13.9	-0.1	-6,185	-25.0	-0.1	-15,233	-61.7	-0.3
Uganda	0	n.a.	0.0	0	n.a.	n.a.	0	n.a.	n.a.	0	n.a.	0
Zambia	3,881	47.9	0.5	6,805	84.0	0.8	6,739	83.2	0.8	6,164	76.1	0.7
Zimbabwe	6,158	18.4	0.4	9,655	28.8	0.6	7,429	22.2	0.4	-519	-1.6	-0.0
Protocol total	**-13,363**	**-1.6**	**-0.1**	**-70,732**	**-8.6**	**-0.3**	**-158,290**	**-19.2**	**-0.7**	**-447,465**	**-54.2**	**-2.0**

Source: Compiled from Milner *et al.* (2003).

a Changes in US$ thousands, 2001 prices.
b Changes as a percentage of sugar exports to the EU.
c Changes as a percentage of total exports.

Appendix 18: The evolution of the EU's Banana Regime

Bananas have been a controversial product since the beginning of the European Economic Community. In 1957, during negotiations for the Treaty of Rome, it became apparent that the future Member States had different interests in the banana sector. While some wanted a regulated and protected regime, others had a strong interest in liberal banana trade. As such different Member States have operated different import controls.

<u>Agreements before 1993: national regimes</u>

Until 1993, a diverse set of national import regimes existed in spite of a common commercial policy. Under Article 115 in the Treaty of Rome the European Commission could authorise national protective measures restricting intra-EU trade if trade measures implemented by Member States, in accordance with EU law, threatened to be undermined by re-routed trade flows or if differences between such national measures caused economic difficulties in one or more Member States. Under this provision, permission to restrict intra-EU trade in bananas was given to France, Greece, Italy and the UK (Becker-Çelik, 1996). Spain and Portugal did not use this provision but also restricted imports authorised under transitional arrangements in their accession treaties.

France imported bananas from its overseas territories[1] and (with the UK) from several ex-colonies[2] duty free. Latin American bananas could not be imported without nationally-issued licenses and the payment of a tariff. Spain and Greece (in the Canary Islands and Crete, respectively) produced their own bananas in sufficient quantities for their own domestic consumption. Portugal (in Madeira and the Azores) met half of its consumption with domestic production, while Italy imported from Somalia (an ex-colony). The Netherlands, Belgium, Luxembourg, Denmark and Ireland sourced their bananas from Latin America on which they charged the 20 percent common external tariff.[3] Germany had a completely free market (including a derogation to permit a zero tariff) for bananas from all sources but largely supplied by Latin American bananas (otherwise known as dollar bananas). The different national regimes in the individual Member States strongly influenced consumption (and prices) among them (see Figure 1).

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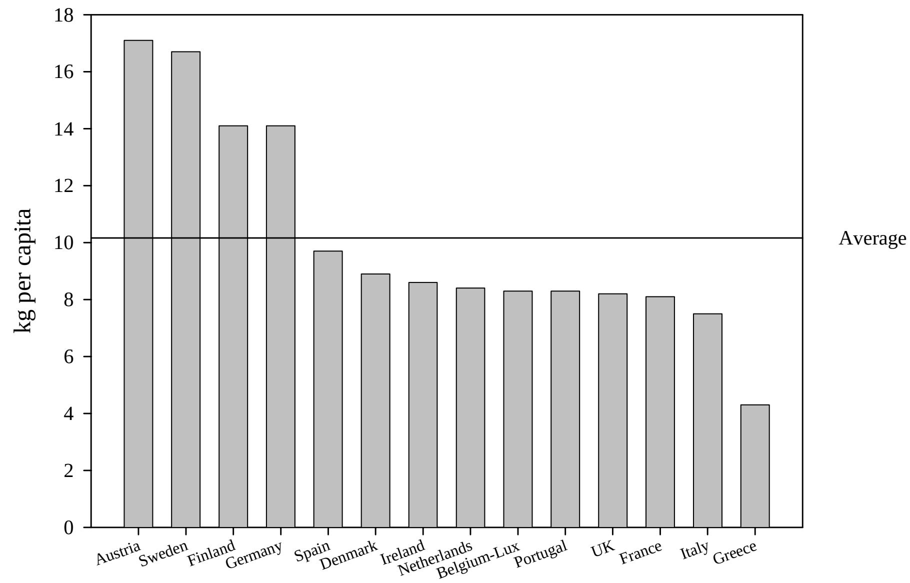
[1] The Caribbean islands of Martinique and Guadeloupe form part of Metropolitan France and are represented in the French National Assembly. As such, they are subject to French social and employment laws, which increase production costs.

[2] The Windward Islands (Dominica Grenada, St. Lucia, St. Vincent and the Grenadines), Jamaica, Belize, Suriname, Cameroon and Côte d'Ivoire.

[3] With the minor exception of a 5 percent share of ACP bananas in the Danish market (mainly from the Dominican Republic).

Figure 1

Per Capita Consumption (kg) of Bananas in the EU, 1990



Source: Verissimo (2001).

The common organisation of the market in bananas

Given the disparity in traditional-supplier interests among the EU Member States, and the large differences in their national banana policies, free intra-EU trade in bananas was only established following the introduction of the Single European Market in 1992. With this, national regimes were forced to an end with the elimination of border controls which made it technically impossible to restrict the flow of goods between Member States, undermining preferential treatment that some granted to their overseas territories and the ACP (because dollar bananas could be imported into Germany duty-free).[4]

In 1993, the EU introduced the common organisation of the market in bananas (COMB) with the objectives of maintaining adequate incomes for traditional suppliers in the ACP States; achieving a single market for bananas (allowing their free intra-EU movement); and implementing a common trade regime for imports from third countries (European Communities, 1993a). EU banana producers were entitled to deficiency payments[5] which were designed to protect EU banana producers against any price decline resulting from policy changes made after the introduction of the Single European Market.[6] These payments were limited on a maximum

[4] Recourse to Article 115 should have been removed under the Single European Act but it managed to survive this and even subsequent amendments made in the Maastricht and Amsterdam Treaties.
[5] Calculated as the difference between a 'reference income' in 1991 and the 'average production income' earned on domestic bananas in the current year.
[6] At the same time the EU also introduced a Special System of Assistance (SSA) for ACP banana exporting countries to compensate for losses experienced as a result of changes to their preferences. This provided ACP banana exporting countries with additional funding (95 million ECU) for projects aimed at improving marketing and the quality and competitiveness of their bananas.

quantity of 854,000 tonnes per year.[7] The COMB also established country-specific duty-free quotas for traditional ACP[8] imports totalling 857,700 tonnes.[9] A second quota was established, of 2 million tonnes, for third-country and non-traditional ACP bananas which was increased in 1994 to 2.1 million tonnes, then to 2.2 million tonnes in 1995. ‘Non-traditional’ ACP bananas were those imports from newer suppliers among the ACP countries (e.g. Ghana) and sales above traditional ACP quantities. In-quota banana imports from non-ACP countries faced a specific tariff of 100 ECU/tonne, while ACP bananas entered duty free. Imports in excess of the quota were subject to high specific tariffs (850 ECU/tonne for dollar bananas and 750 ECU/tonne for ACP bananas).

Although the tariff quota would enable import volumes to be controlled, there remained the problem of providing an incentive for importers to buy EU or traditional ACP bananas. As such, a licensing system was established for the allocation of quotas. These were issued by the Commission and served to cross-subsidise bananas from the traditional ACP suppliers and overseas territories by linking the allocation of licenses for imports of dollar bananas to the volume of bananas that each company imported from traditional ACP suppliers and the overseas territories.

The traditional ACP quota was allocated to the various ACP countries on a broadly historical basis. Importers in the EU had free access to licenses for these bananas, which did not carry any value as the quota on traditional ACP bananas was large enough not to be restrictive. The situation was different for the quota on third-country (mostly dollar) bananas. This quota was very restrictive such that licenses for imports under it carried significant value.

The allocation of licenses was done by operator categories. Licenses for 66.5 percent of the valuable third-country quota were allocated to operators who had marketed dollar and/or ‘non-traditional’ ACP bananas in the past (category A). Thirty percent of the licenses to import third-country bananas were made available to firms that had imported traditional ACP and/or sold EU bananas in the past (category B). The remaining 3.5 percent was allocated to newcomers that started marketing bananas other than EU and/or traditional ACP bananas from 1992 (category C).

Licenses for dollar bananas had a value, and in order maximise quota rents through obtaining as many third-country import licenses as possible, companies imported more bananas from the traditional ACP and overseas territories than they otherwise would have. The resulting expansion of demand for these preferred bananas increased their price. Making licenses tradable enhanced the process further. Most of the trade in licenses was from importers of traditional ACP / overseas territories bananas to importers of dollar bananas because the licenses allocated to dollar banana importers were often for quantities significantly less than they wanted to import (Verissimo, 2001).

The COMB added a further complication in the allocation of import licenses. There was a risk of conflicting and overlapping claims for quota share in respect of the same consignments because of wide divergences in commercial practices across EU importers. The Commission therefore decided to determine entitlement to quotas according to three different activities, grouping importers according to their functions. Licenses to 57 percent of category A and B imports were

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[7] This quantity exceeded the average production of the preceding 3-year period by 7 percent and was never fully utilised following the introduction of the EU Banana Regime (Verissimo, 2001).
[8] The traditional ACP banana exporting countries are: Côte d’Ivoire, Cameroon, Saint Lucia, Jamaica, Belize, Saint Vincent and the Grenadines, Dominica, Suriname, Somalia, Grenada and Cape Verde.
[9] The equivalent of their cumulated ‘best’ annual exports before 1992.

reserved for primary importers (those that produced or purchased from the producer and sold bananas in the EU); 15 percent were reserved for secondary importers (owning supplying and releasing bananas from free circulation in the EU); and, 28 percent were reserved for ripeners. More than one operator could qualify under one or more of these categories and an individual operator could qualify under more than one category for the same consignment so entitlement was calculated on a points basis.

Challenges to the COMB

It was not long after the introduction of the COMB that the EU was forced to make successive changes to it in order to meet challenges both from within the EU and, much more significantly, from the WTO. A recurring debate throughout has been that between the Caribbean, arguing the negligible global consequences of preferences and the threat of increased drug traffic as a potential consequence of preference erosion, and those countries favouring reform of the COMB, highlighting that only a fraction of the benefits of EU banana preferences actually accrue to Caribbean producers - 7.5 cents to the ACP out of every dollar programme cost (Borrell, 1994, 1999). Those countries opposed to the COMB have also argued that ACP growers cannot continue indefinitely to rely on tariff preferences and that it would be in the interest of the countries concerned for the COMB to be replaced by direct aid to finance diversification.

In May 1993, a number of banana-importing companies based within the EU initiated proceedings against the COMB, arguing that the new arrangements for trade with third countries adversely affected them. However, the complaint was considered inadmissible by the European Court of Justice (ECJ) because the complainants were found to be not directly and individually affected by the COMB (Cascante and Sander, 1999). This was followed by a number of challenges from the governments of Germany, Belgium and the Netherlands (European Communities, 1993b,c). Their complaints, politically linked to the proceedings initiated by the companies (Wessels, 1995), argued that the COMB was inconsistent with the objectives of the Common Agricultural Policy; allocated import licenses in a manner inconsistent with EU competition policy; violated rules on non-discrimination; adversely affected non-traditional ACP exports of bananas (violating the Lomé Convention); and, conflicted with the EU's obligations under the GATT. Despite numerous court cases the ECJ never ruled against the COMB which demonstrated the dominance of producer interests (lobbied by Britain and France) over German consumers of bananas (Dickson, 2002). One of the resulting problems was that the ECJ decisions essentially gave EU legislation priority over GATT rules, creating a legal conflict for EU Member States. However, other legal challenges have proved more effective in reforming the COMB.

The first panel ruling

In March 1993, a GATT panel was established at the request of Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela to investigate the complaint that the EU's national regimes (pre-1993) were not compatible with the GATT. During the panel procedure the ACP was represented by Jamaica, Cameroon, Côte d'Ivoire, Senegal and Madagascar. Significantly the Windward Islands were unable to participate directly since, at that time, they were not Contracting Parties to the GATT.[10] On 19 May 1993, the panel ruled the quantitative restrictions imposed by France, Italy, UK, Spain and Portugal and the tariff preferences granted to the ACP

[10] By June 2004 Dominica, St. Lucia and St. Vincent had become GATT Contracting Parties, although Grenada was not to do so until February 1994.

(some of which were not even GATT members) to be in violation of GATT Article I (Most Favoured Nation treatment) and requested that the EU equalise tariff rates for all banana imports from GATT Members (GATT, 1993).

The EU put forward various arguments in defence of the national regimes, including that the complainants were not allowed to object by having knowingly consented to the measures for many years. The panel did not accept that the failure by one party to invoke a right at a particular time could be regarded as releasing other contracting parties from their obligations. The panel also rejected an EU argument that the quantitative restrictions were exempt under the ‘grandfather clause’, signed by the original contracting parties of the GATT in 1947 which bound each to apply the agreement provisionally to the extent that it was not inconsistent with existing legislation. The panel indicated that this provision was only intended as a temporary measure and could not be invoked forty years later. The EU also tried to argue that the Lomé Convention was a free trade area and thereby exempt from Article I but this failed on the grounds that Lomé did not require reciprocity.

The GATT panel ruling was largely symbolic since by the time the final report had been released the national regimes in question had expired and had been replaced by the COMB (introduced on 1 July 1993). As such, the EU claimed that its recent reforms its obligations under the GATT.

The second panel ruling

On 11 February 2004, the COMB itself was subject to a complaint in the GATT. A panel – established at the request of the same five countries that initiated the complaint in 1993 – ruled several elements of the EU regime to be in violation of the GATT. First, the GATT panel found the COMB to be in violation of the MFN principle (Article I). Like its predecessor the tariff preference for imports of bananas from the ACP gave them preferential terms of entry denied to other members. Second, with respect to the allocation of quotas, specific duties levied by the EU on imports of bananas were ruled to be above bound levels (Article II).[11] Third, the panel examined the allocation of import licenses and found the system to be inconsistent with MFN (Article I) and the allocation of licenses to firms that had purchased ACP bananas in the past was deemed to violate the principle of national treatment (Article III) (GATT, 1994). By providing incentives to import bananas from certain countries, the COMB discriminated between contracting parties and the same incentives similarly favoured domestic producers over third countries.

Although this challenge to the COMB was successful, its adoption was blocked by the EU and ACP. Under the GATT dispute system the EU could resist panel decisions with its vote (rulings required unanimity for acceptance). Yet the panel did offer a constructive suggestion for the way forward. In its concluding remarks, the panel stated that it was aware of the economic and social effects of the COMB on the ACP banana exporting countries but that the rules of the GATT had to be applied. The proper course of action, therefore, was to seek a waiver (Article XXV) to provide exemption from the rules. In 1994, the EU obtained a GATT waiver for preferential treatment for Lomé IV countries.

[11] The panel upheld an objection by the complainants against the new in-quota tariff of 100 ECU/tonne since the previous duty of 20 percent was shown to be lower and had been bound in the EU’s schedule of concessions.

The Banana Framework Agreement

After the Uruguay Round, at the Marrakesh Ministerial Meeting in 1994, a number of Latin American countries threatened to withdraw support for the negotiations unless their concerns over the COMB were met. The European Commission was anxious to resolve the issue since although the previous GATT panel reports had not been adopted they constituted an embarrassment and a threat for the future of the Round. The EU was able to persuade four of the five complainants (Colombia, Costa Rica, Nicaragua and Venezuela) to drop their efforts to have the COMB reformed in exchange for country-specific quotas (established in 1995).

Under the terms of the Banana Framework Agreement (BFA), which significantly reduced the protection afforded to the ACP and further complicated the operation of the COMB, the third-country tariff quota was first increased from 2 million tonnes to 2.2 million tonnes and then (autonomously) to 2.553 million tonnes (to account for EU admission of the new member countries – Austria, Sweden and Finland).[12] The BFA provided the four Latin American countries with significantly increased market access through allocating them specific shares of the total third-country quota allocation: Colombia received 21 percent; Costa Rica, 23.4 percent; Nicaragua, 3 percent; and Venezuela 2 percent. Any unused quota allocation from one member was reallocated to the others. The BFA also provided these countries the authority to issue export certificates for 70 percent of their country-specific quotas which enabled them to determine which suppliers could take advantage of the EU import licenses. In addition, specific tariffs on in-quota bananas from third countries were decreased from 100 'green' ECU to 75 'commercial' ECU/tonne, an effective reduction of 38 percent.

The BFA reserved half of the dollar quota to four countries, which rendered the deal unacceptable to those who were not party to it. This was none more so than for Ecuador which had been invited to participate in the BFA with an allocation of 20 percent of the tariff quota. Ecuador, as a highly competitive producer, declined the offer to be party to the BFA perceiving it as a constraint to future growth in the sector. In addition, the ACP were not consulted before the BFA was signed and although it was intended to serve the interests of ACP (and EU banana growers) in ending the dispute, the deal served to reduce the protection afforded to them by the COMB. The reduction of the common external tariff and the increases in the third-country tariff quota placed downward pressure on EU banana prices. However, the EU did offer the ACP some measures in partial compensation. The Dominican Republic, as an ACP country that had only recently started exporting bananas on a commercial scale, had not previously qualified as a traditional ACP supplier but following lobbying from its government non-traditional ACP bananas were reserved 90,000 tonnes of the third-country quota. This increased banana exports from the Dominican Republic, Ghana, Belize, Côte d'Ivoire and Cameroon.

Within the EU, Member States had differing views on the BFA. German opposition was based on the sentiment that it could have undermined the possibility that the COMB (which was against German consumer interests) would be challenged in the GATT. Germany was also opposed to discrimination among Latin American suppliers to its market.

The BFA was rejected by Ecuador, Mexico, Honduras, the Dominican Republic and Guatemala (the fifth GATT complainant). It was also opposed by the US. Until this point the US had taken a *laissez faire* approach to the banana market and disputes with banana exporters because the US

[12] Prior to joining the EU, each of these countries allowed duty-free access of banana imports. The autonomous quota of 353,000 tonnes to allow for the new entrants was 24 percent below the level of their imports in 1994.

was not a banana producer and was a major consumer of bananas with low tariffs and no import quotas. In addition, Latin American complainants had discouraged direct US involvement fearing their interests would be lost in a US versus EU dispute. Meanwhile, US-based banana multinationals witnessed a reduction in their EU market share under the COMB and the BFA. Chiquita International, which had found the USTR reluctant to take action in the past, lobbied the US Congress and Administration to act (Rosegrant, 1999). On 2 September 1994, Chiquita and the Hawaiian Banana Industry Association petitioned the US administration to file a Section 301 case against the EU under the US Trade Act. In October 1994 the USTR began the investigation claiming that the COMB discriminated against Chiquita's ability to market and export bananas from Latin America. Another US multinational, Dole Foods, chose not to be party to the petition since it had already taken steps to better position itself in the EU market: in anticipation of the COMB, it had invested heavily in banana production in Africa and purchased ripening facilities in the EU to increase its allocation of third-country import licenses. Nevertheless, in January 1995 the USTR threatened retaliatory measures and announced that the COMB was costing US multinationals hundreds of millions of dollars.

In October 1995, the Section 301 investigation was terminated, without a negotiated settlement having been reached. Instead, the US decided to pursue the complaint under the Dispute Settlement Mechanism (DSM) which had been strengthened following the Uruguay Round. If successful the EU would no longer be able to reject a panel decision with its vote since under the WTO blocking now required a negative consensus (the ruling can only be blocked if the benefiting party votes to reject the decision).

The first WTO case

In September 1995, the US supported by Mexico, Honduras and Guatemala initiated a WTO complaint against the COMB. Ecuador, which had just been admitted to the WTO and the world's largest banana exporter, joined the complaint a few months later. In January 1996, Colombia and Costa Rica (signatories of the BFA but facing US retaliation under a Section 301 complaint) signed a Memorandum of Understanding with the US to support a liberalised EU market for bananas.[13]

The complainants argued that EU measures were inconsistent with a number of Articles in the GATT, the Agreement on Agriculture and the General Agreement on Trade in Services (GATS). The ACP were only allowed third party rights at the panel hearings, which meant that they were grouped with countries who had no direct interest in the dispute (WTO, 1997). On 22 May 1997, the panel issued its report and upheld several elements of the complaints ruling the COMB to be inconsistent with the EU's obligations under the WTO. The substantive issues considered by the panel covered three elements of the COMB: i) tariffs; ii) quota allocation; and, iii) the import licensing regime.

On tariffs, the panel ruled in favour of the EU. The complainants had argued that the different tariff rates charged on third-country and non-traditional ACP imports of bananas was a violation of GATT Article I (MFN). Crucially, no objection was lodged against traditional ACP preferences. The EU successfully argued that the Lomé waiver was adequate to cover all ACP imports and not just traditional ACP trade quantities.

[13] The US did not challenge Nicaragua or Venezuela since their banana exports were deemed to be too small to affect its multinationals.

The panel ruled against the EU in the case of quota allocation. The complaint surrounded whether the allocation of quotas was consistent with GATT Article XIII which stipulated that they should be allocated on a minimally trade-distorting and non-discriminatory basis. Some countries (the ACP and those which had signed the BFA) had country-specific quotas, while other countries had no such quotas but had to compete for a small share of the third-country quota. Moreover, the complainants argued that the country-specific quotas were too large and did not reflect market realities. The EU argued that the Lomé waiver covered any discrimination under Article XIII as well as Article I. It also argued that it was running, in effect, two parallel import regimes and thus any discrimination between countries covered by different quota schemes was not discriminatory. The panel ruled that the EU only had one quota regime for the purposes of Article XIII, regardless of how the different quotas were administered. It ruled that the GATT permitted country-specific allocation of the tariff quota to a substantial supplier, but only if shares were allocated to all other substantial suppliers (those accounting for more than 10 percent of the market affected). Equally, if shares were allocated to any country not having a substantial market share, then they must be allocated to all others. Two substantial suppliers who were WTO members (Colombia and Costa Rica) and two others who joined the WTO later (Ecuador and Panama) were outside the BFA and the ACP. In addition the BFA included two non-substantial suppliers (Nicaragua and Venezuela) but not others. As such, the BFA was ruled to be in violation of Article XIII but the panel decided that the country-specific quotas to the ACP *were* covered under the Lomé waiver. The latter was a crucial decision for the Caribbean ACP countries since their individual country allocations guaranteed them access to the EU market, but they were non-substantial suppliers. If the BFA ruling had been extended to the ACP then these countries would not have been permitted to have allocations unless similar provisions were made to all other non-substantial suppliers. This would have rendered preferences impractical.

The import licensing system of the COMB came in for the most severe criticism by the WTO panel. The complainants argued that the licensing system favoured firms that historically imported bananas from the traditional ACP and the French overseas territories, contrary to Articles I (MFN) and III (national treatment) of the GATT. It was also charged that the COMB violated Article X which requires that countries administer trade measures, including import licenses, in a uniform and impartial manner. The arrangement was also accused of violating the TRIMS agreement since the requirement that firms had to purchase bananas from ACP producers in order to apply for dollar licenses was inconsistent with national treatment for purchasing requirements (WTO, 1997).

Perhaps the most significant challenge to the import licensing regime was the suggestion that it was inconsistent with the market access and national treatment provisions of the GATS. The US argued that the import licensing system made it more difficult and expensive for US wholesale trade services to compete with those based in Europe.[14] The EU defended its position by suggesting that it should not have been made to justify its policy under the GATS, as it had not imposed any measure that *directly* discriminated against the provision of services.

The panel ruled that a single measure could violate both the GATT and the GATS. Under the latter, the exact manner in which the COMB distributed licenses, by operator, category and activity, was found to adversely affect US wholesale trade services providers. In addition, the Lomé waiver was ruled to not apply to services.

[14] The EU had scheduled wholesale trade services as one of the sectors it had committed to the market access and national treatment disciplines of the GATS in 1995.

The EU appealed against the ruling and criticised the US for challenging the COMB on the grounds that the trading interest of US-based multinationals did not constitute an excuse for the US government to issue a complaint.[15] The US, supported by Mexico, claimed that if Chiquita and Dole suffered in the EU market, US interests were involved. Moreover, its producers in Hawaii and Puerto Rico were affected directly by the impact on world banana markets. The panel ruled in favour of the US and Mexico and established the principle that the DSM does not require actual trade interests to be involved before a Member can request consultations.

The revised COMB

The EU still had its commitments to the traditional ACP under the Lomé Convention but the WTO was greatly reducing its ability to fulfil them. The US and several Member States, led by Germany and Sweden, argued that the EU should abolish the COMB and adopt a tariff-only regime with no tariff quotas. In addition, there had been some shift in the political balance of the EU since the COMB had been first agreed in 1993. In particular, none of the new Member States that had acceded to the EU in 1995 (Sweden, Austria and Finland) had historic ties with the ACP and all favoured a more liberal regime.

On 26 June 1998, the EU adopted a number of reforms to the COMB which became effective on 1 January 1999. These provided traditional ACP suppliers will much less market support than in the past. The country-specific allocations which existed under the traditional ACP quota (847,700 tonnes) were removed which gave more scope for the competitive banana suppliers in the group to expand exports. More significant were the provisions relating to trade with dollar and non-traditional ACP imports of bananas. In particular, the EU eliminated all regulations related to the BFA and reviewed the third-country quota. The revised COMB maintained the 2.2 million tonne tariff quota for dollar and out-of-quota ACP imports but made permanent the increase of 353,000 tonnes additional to this to account for EU enlargement. This was allocated to each country on the basis of its historical EU market share in the 1994-96 period: Ecuador, Costa Rica, Colombia and Panama received over 90 percent of the total quota. The new allocation of the third-country quota implied that the four dollar zone countries could each, and on aggregate, export more bananas to the EU than ever before (including Costa Rica and Colombia who had previously benefited from a larger quota share under the BFA). Under the revised COMB the arrangements for imports from non-traditional ACP source were changed dramatically. Their EU market access arrangements were improved by replacing their duty-free quota of 90,000 tonnes (allocated under the BFA) by a share in the third-country quota of 9.43 percent i.e. 240,748 tonnes. For imports above the revised tariff quota of 2.553 million tonnes the specific tariff was reduced to €737/tonne for dollar bananas and €537/tonne for ACP bananas.

Finally, the revised COMB reformed the administration of the tariff quotas. Unlike before, the distribution of import licenses to EU-based banana importers was managed in common for the aggregate of the traditional ACP and the third-country quota. Furthermore the operator categories (A, B and C) were abolished as well as the classification by activity function (primary importer, secondary importer, ripener). The system of licenses was replaced by a distinction between ‘traditional’ and ‘non-traditional’ operators. Traditional operators would receive 92 percent of the licenses with the remainder being allocated to non-traditional. As a result the (controversial) allocation of 30 percent of the quota for third-country bananas to traders of bananas from traditional ACP suppliers and overseas territories was removed. Licenses were allocated to

[15] Even though Chiquita is a significant US business concern, most of its workers are based in Honduras and Guatemala (Clegg, 2002).

operators based on their imported quantities in a fixed reference period (1994-96) and independent of their source. This discriminated against traditional importers of dollar bananas relative to their situation before the introduction the COMB but eliminated the incentive to import more bananas from the traditional ACP and overseas territories in order to obtain larger volumes of third-country licenses. As a result, cross-subsidisation of traditional ACP bananas from rents on dollar bananas was removed.

It soon became clear that the changes to the COMB introduced by the EU did not meet with universal approval. The revised arrangements failed to meet the demands of Ecuador (launching a new complaint in the WTO) and the US (threatening to impose duties on EU exports under Section 301). The US argued that a separate tariff quota for the traditional ACP was discriminatory and that adequate protection could be given in other ways: by a system of deficiency payments or 'negative tariffs'.[16] Ecuador complained that the revised regime failed to conform to the previous rulings.

The EU Panel

Plans for US retaliation were condemned by the EU as being illegal under the WTO: sanctions were only allowed when authorised by the DSM. In an unusual move, the EU requested the DSM to establish a panel to examine whether a Member should be deemed to be in compliance with a ruling unless a panel found to the contrary (normally it is the complainants who request a panel to be established). The US argued that the EU, as respondent in the banana case, could not bring a complaint to establish the conformity of its own policies in the WTO. The panel argued that they had no way of compelling the US and other complainants to seek a panel to challenge the EU changes. It agreed with the EU that there was an assumption that a trade measure was deemed to be consistent with the WTO if not challenged but that this did not imply that the absence of a challenge at any particular time could be taken as an indication that all parties agreed to its consistency.

The dispute worsened and on 14 January 1999 the US published a list of 16 products on which it was threatening to impose prohibitive tariffs on imports from the EU. On 25 January 1999, the US requested DSM approval of these sanctions covering imports to the value of US$520 million. The EU protested at the amount, not least because it argued (again) that the US was not a banana producer and requested the DSM to arbitrate. Simultaneously, Dominica, St. Lucia and Côte d'Ivoire succeeded in delaying the US request for approval of sanctions by blocking the adoption of the agenda.

A compromise was agreed on 29 January 1999. The US agreed to postpone the imposition of sanctions until the 12 March if, in return, the panel established to review the revised COMB was reconvened to arbitrate on the issue of the value of concessions that the US could withdraw in order to offset the loss of trade. In order to do this the panel would establish whether the revised COMB was WTO-compatible.

The arguments put before the panel were not unfamiliar. The US argued that the new division of quota into the non-country-specific traditional ACP quota and the allocated third-country quota

[16] For the EU this was a non-starter. They were opposed to deficiency payments to third-country growers on the grounds of precedent and cost. Above all, they needed a tariff quota system to limit the cost of support to their own producers.

still contravened Article XIII. The new license procedure also drew criticism: the base period for import quantities (1994-96) had been established under the old, WTO-inconsistent regime. The expanded licenses for non-traditional firms favoured EU-based firms under the rules for establishing competency. The EU argued that the traditional ACP quota was required under the Lomé Convention and was therefore outside the third-country quota and the scope of Article XIII.

On 12 April 1999, the panel ruled that the revised COMB remained in breach of Articles II and XIII because traditional ACP imports of bananas were treated more favourably than banana imports from Latin American countries. In addition, the traditional ACP quota was ruled to be too large and the criteria established for non-traditional importers (under the import licensing system) was also found to discriminate against Latin American suppliers.

The panel also authorised the withdrawal of US trade concessions totalling US$191.4 million in tariffs - under half the amount it had originally threatened (WTO, 1999a,b). Although the level of sanctions could not be increased, the US increased pressure against the EU by adopting the Carousel Sanctions Bill (in May 2000) which threatened (although never actually used) to rotate the product mix against which sanctions were imposed, thereby increasing the number of EU exporters affected.

The Ecuador Panel

While the EU had made efforts to demonstrate that the US had overstated the value of trade displaced by the COMB, Ecuador had been pursuing a separate complaint. On 13 November 1998, Ecuador requested that a panel be convened to examine whether the findings of the previous panel rulings had been implemented (WTO, 1999c). An added task was given to the panel: to assist the DSM in recommendations that might resolve the dispute. The panel came up with a similar conclusion to that which they were developing in the EU Arbitration hearing - the COMB still fell short of ensuring compliance with WTO rules – but three options were highlighted as to what form a WTO-compatible regime might take:

- A tariff-only system without tariff quotas which could include a tariff preference for banana imports from the ACP.
- A tariff-only system with a tariff quota only for banana imports from the ACP.
- A tariff quota system similar to the (then) current regime but either without any country-specific quotas or with such quotas subject to agreement by all major suppliers.

The options established by the Ecuador panel were beyond the remit of the WTO (as an adjudicatory body) but had a significant impact on the discussions which followed.

In November 1999, Ecuador requested agreement from the WTO to withdraw concessions on EU imports valued at US$450 million (WTO, 1999d). As total imports of goods from the EU were only US$17 million, retaliatory tariffs would not have been effective. The answer was to propose retaliation involving the withdrawal of concessions in services (as negotiated under GATS) and intellectual property (under the TRIPS Agreement). The EU considered the amount excessive and in March 2000 the Arbitrators ruled that Ecuador could impose sanctions on the EU worth US$201.6 million a year (WTO, 2000).

The new COMB

It was becoming clear that the EU could no longer sustain a Banana Regime that did not meet its obligations in the WTO. Views as to how the next COMB should operate differed widely. Ecuador and Panama were opposed to country-specific quota allocations between the principal Latin American suppliers. Costa Rica and Colombia held the view that the BFA had appropriately set their share of the third-country quota. The US and Ecuador preferred a tariff-only regime, possibly after a transitional period in which quotas continued to apply. Traditional ACP banana producers continued to favour the use of a quota system which provided them with duty-free access.

At one extreme, a WTO-compatible regime would avoid the use of tariff quotas, and the associated import licensing system, and simply allow imports of bananas from ACP countries to enter at zero or preferential rates. However, a high tariff would be needed to make it profitable for traditional ACP producers to ship high-cost bananas to the EU market, and this would create problems for third-country suppliers. At the other extreme, a system of tariff quotas regulating ACP and third-country bananas would have to be negotiated with those countries to avoid continued challenges in the WTO: the system would become ineffective given that demand in the EU market was limited compared to granting every country a quota to which they thought they were entitled to.

In November 1999, the Commission put forward a proposal for a two stage scheme in which tariff quotas would remain in force until 2006. After this, a tariff-only regime would be adopted (European Communities, 2000).

The first phase of the new regime (effective between 1 July and 31 December 2001) made the three quotas open to imports from *all* sources. Imports from non-ACP countries were subject to a specific tariff of €75/tonne within the bound third-country quotas (Quota A - 2.2 million tonnes and Quota B - 353,000 tonnes), and €300/tonne within the quota which used to be reserved for traditional ACP producers (Quota C - 850,000 tonnes). In-quota imports from *all* ACP countries were duty free and out-of-quota imports from *all* ACP countries received a preferential margin of €300/tonne. The second phase of the 2001 regime (effective from 1 January 2002 to the present) increased quota B by 100,000 tonnes. The third quota (C) was reserved for *all* ACP imports and was reduced by 100,000 tonnes.

For quota allocation, traditional importers of Latin American bananas would receive 83 percent[17] of the A and B quota and 17 percent was allocated to newcomers. Licenses for quota C were allocated in a similar manner on a 83/17 basis to traditional and non-traditional operators, where imports of traditional ACP bananas during the reference period determined whether operations were traditional or non-traditional for the purposes of quota C.

[17] This mainly benefited Chiquita because of the reference period (1994-96) chosen (Dickson, 2002).