THE BANANA WARS

Bananas are one of the most common and most eaten fruits worldwide and represent a serious business especially for countries in South America and the Caribbean. While countries like Brazil and India produce lots of this fruit for local consumption, the economy of some American countries quite depends on the trading of this fruit, mainly to their former colonial rulers.

The people of Europe peel back more than 2.5 billion tones of bananas every year. Now, this love of bananas has turned to war. Trade war.

The "banana wars" is the culmination of a six-year trade quarrel between the US and the EU. The US complained that an EU scheme giving banana producers from former colonies in the Caribbean special access to European markets broke free trade rules.

The problem with the US is that EU gave special protection to trade with South American countries and they got angry. The US government is concerned about their economy as their deficit has a current account deficit of over 300 billion dollars and they feel they can’t allow any protectionism from Europe which gets on their way.

The WTO is the only organism which can regulate International Trade and has a saying in rules of trading between countries. Based in Geneva, it superseded the General Agreement on Trade and Tariffs, GATT, in 1994.

 

The import duty that the US has slapped on a range of European products works as a bond which Europe's exporters must pay to US customs to cover the cost of duties that the US administration may impose in the future, if the WTO finds in its favour again.

This threatens EU exports worth about $520m a year. Thousands of jobs are at risk, including those in the Scottish cashmere industry in the Borders. Scottish cashmere producer Clan Douglas has warned that if it loses its £1.25m US exports it may have to cut 700 jobs.

The banana Industry also represents a major monopoly as only 5 companies are responsible for the production of some 80% of the total banana production in the World. Companies like Dale, Del Monte, Chiquita, Fyffes and Noboa.

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