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Trade Gone Bananas:

A Study of Political Control over Trade

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Trade patterns and trade partners occur in ever-changing constellations. Allies becomes rivals and vice versa. This thesis examines what factors creates trade and with the example of the Banana wars, tests if the European Union's trade relation with its former colonies is driven by something other than neoclassical trade theory. Built on an inductive framework with a qualitative expectation of why the Banana wars occurred relevant sections are added to test the expectation. While much previous research focuses on the Banana wars and the consequences of it, little attention has been given the incitements for the European Unions continued banana trade with its former colonies. The findings presented in this thesis suggest that old neo-colonial structures still influences how governments and institutions set up trade agreements and after the agreement in the Banana wars finally was met, a gloomy picture for the future banana production in Europe's former colonies are drawn. The trade partnership between the old colonies and its former colonizers cannot meet the greater competition from Latin American banana producers and the EU market will most likely be dominated by a few large US owned banana producers. Adding to the ambiguity is the expanding European Union of Eastern-European states joining without any colonizing background. Although the EU previously has been successful in governing its banana trade, the future for the banana producers of the former colonies looks uncertain according to this thesis.

Keywords: the Banana wars, EU, ACP states, neo-colonialism, Geneva deal

Words: 17 144

“Although bananas may only look like a fruit, they represent a wide variety of environmental, economic, social and political problems. The banana trade symbolizes economic imperialism, injustices in the global trade market, and the globalization of the agricultural economy”.

-Rebecca Cohen, Global Issues for Breakfast: The Banana Industry and its Problems, The Science Creative Quarterly, Issue 3, September 07 – April 08

For my Master thesis I have chosen to work with political control of trade. For many countries there has been a paradox between economic arguments advocating low trade barriers such as tariffs and customs while at the same time wanting to promote the political idea of a strong internal market and industry.

For years the trade relation between the US and Europe has been a fruitful and rewarding one. It is considered the world’s most integrated economic relationship and is currently the largest bilateral trade relationship in the world. EU countries exported € 242.1 billion worth of goods to the US in 2010 and imported € 169.5 billion worth of US goods the same year. The total investment from the US in the EU is three times higher than in the whole of Asia and according to the Commission, the EU invests around eight times the amount of what it invests in India and China together in the US alone.[1]

During the years there have of course been a number of trade disputes between the two sides. For my thesis I have chosen to study the so called “Banana wars”.

The European banana trade came to be in the early trade of bananas between the Canary Islands and the United Kingdom. The Caribbean trade relation to Europe began when the British Secretary of State for the Colonies, Joseph Chamberlain in 1901 decided to help Jamaica – which was then a British colony – to develop its economy by farming bananas, thereby ending the banana trade between the Canary Islands and the United Kingdom.[2] Four years later the banana, together with oranges and apples, had become the most popular fruit in the United Kingdom.[3]

This conflict has its origin in the time just after the Second World War when European countries such as Britain, France and Spain gave preferential treatment to their former colonies in Africa, the Caribbean and Pacific (the ACP states)[4] by importing bananas from them while Germany on the other hand supported a free market for bananas without restrictions. The banana production in the former colonies was ineffective and costly but very important for the former colonies economy. It is estimated that one third of the total work force on the small Caribbean islands was employed in the banana production by the late 1980s.[5] However, while the bananas imported to Britain, France and Spain came from small, local producers the market was totally different in Germany where the banana market had been free from restrictions. The German banana market was dominated by the American-owned banana producer Chiquita with an estimated 45 % market share. In the early 1990s Chiquita saw the potential in the other European markets as well and decided, together with its main competitor Dole Food, to flood the Europe with more bananas than what was wanted, consequently dumping the European banana market.[6]

The plan to open the European market did not work for Chiquita and Dole Food and instead the EU decided in 1993 to expand the system with preferential treatment of the former colonies and introduced high quotas and tariffs on bananas from Latin America – where

1 European Commission (2011) Electronic source
2 Myers (2004) p. 5-6
3 Myers (2004) p. 9
4 See Appendix 2
5 Myers (2004) p. 2
6 Website Bananas. (2012) Electronic source

Chiquita and Dole Food had their banana production. The decision had severe consequences on both Chiquita's and Dole Food's profits. Chiquita contacted the US government to help them against the EU Commission in what was now a "Banana wars".[7]

The World Trade Organization became involved after the US filed a complaint to them against the EU and the WTO found the EUs strategy to be in breach of international trade rules. The WTO authorized the US to increase their own tariffs on luxury goods from Europe (for example German coffee machines, Scottish cashmere and French handbags) as a response to the EUs decision.[8]

The conflict finally came to an end in the so called Geneva deal in 2011 when the EU, currently the world's biggest banana importer, agreed to lower the tariffs on bananas imported from Latin America in stages.

Aim and research questions

My aim with this thesis is to examine if it is possible to govern trade markets politically. I am using the Banana wars in my research question as an example of when trade is controlled by politics and not economics. Hence, my research questions are:

1) How have the Banana wars been governed by the EU politically?
2) Has the EU been successful in governing the Banana wars?

With "politically" I mean in its external trade actions in relations to other trade partners such as the ACP countries, the US and within the World Trade Organization. With "the EU" I refer to decisions and actions in this conflict by the European Parliament.

There is a problem of defining and deciding what "successful" means in this matter. There is four sides in this; the EU, the former colonies, the US state and the American owned banana producers in Latin America. The definition of successful for the purpose of answering the above questions in this thesis will be addressed on page 27 in the discussion.

My main study question is the first question. It is important to define the unit of analysis in the study so it can be understood how the case study might relate to any broader body of knowledge and what it might be generalized to. To define the unit of analysis in my thesis I chose to address what is being studied in the main study question; the Banana wars. Alternatively, political intrusion of trade could be the unit of analysis but Yin writes that the unit of analysis is likely to be at the level being addressed by the main study question.[9]

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[7] Website Bananas (2012) Electronic source
[8] European Parliament (2011) Ending the Banana wars: Who wins and who loses? Electronic source
[9] Yin (2009) p. 31

Method

Approach

In the inductive approach knowledge is not seen as static and fixed as in the deductive approach. A phenomenon can be considered "true" until proven wrong by new knowledge. It is more an approach to develop new theory than validating existing knowledge. Grounded theory is perhaps the most well-known inductive method although grounded theory is considered more of a collection of methods which share certain similarities.[10] Grounded theory aims at developing and discovering theories "grounded" in empirical data by interacting intensely with the empirical material. The study starts in the empirical data which is based in the researcher's theory. Dey writes about "theoretical saturation" in collecting data, it means that the researcher unescapably comes to a point where there is no longer a need to collect more data since nothing new in the data continued to be collected is presented. When the theoretical saturation appears the researcher can start to analyze the data until an apparent core in the research becomes evident – grounded.[11]

The inductive approach is very flexible and can be useful to explore new areas of research rather than to base it on existing theories and resources.[12] But the approach has its weaknesses as well; there is for example no real consensus in how the much important coding in the grounded theory should be conducted, the risk is that the researchers imagination makes connections that does not really exist.[13]

Inductive framework

I have chosen to create a theoretical model drawing on Dey's theoretical saturation theory. The purpose with my model is to facilitate my research and connect all the chapters in a clear and rational way. This will ensure me reaching a conclusion and answering my research questions.

My theoretical model:

1) Set up a qualitative expectation of why the examined research problem occurred. In other words what I, the researcher, expect is the answer before the theory is written.
2) Analyze the result and compare with the initial expectation.
3) If necessary collect further theoretical knowledge and add new chapters.
4) When enough theoretical knowledge has been collected (grounded) the analysis can be conducted and a conclusion may be drawn.

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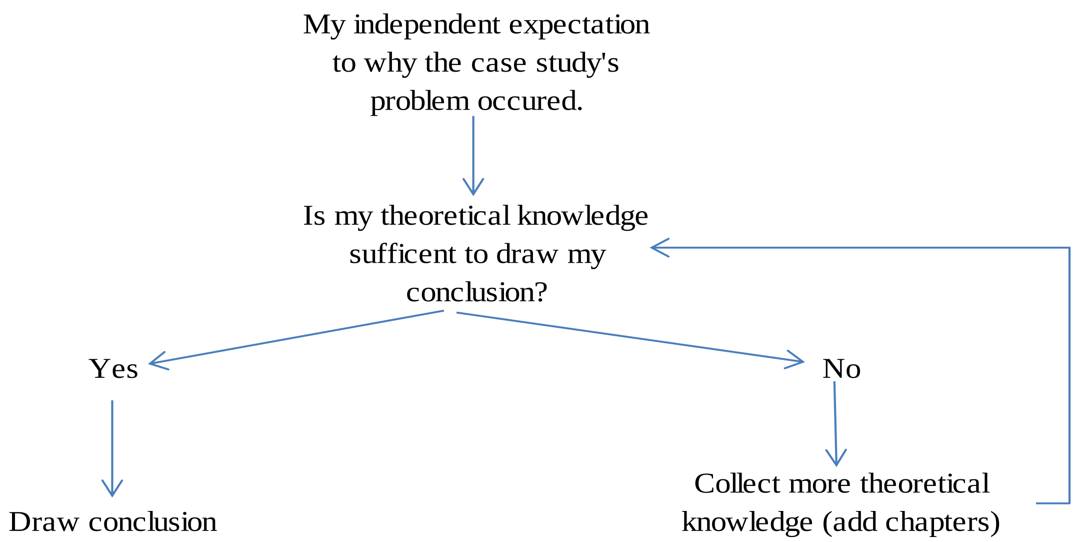
[10] Seale *et al.* (2004) p 80-81
[11] Seale *et al.* (2004) p 80-81
[12] Seale *et al.* (2004) p 90
[13] Seale *et al.* (2004) p 81

A figure of my theoretical model:



Applied to the research questions the onset of this thesis is:

1) If, as described in the introduction section, the banana trade between the EU and its former colonies in the ACP countries cannot be explained by trade theory what can?
2) In order to answer this my theory needs to include chapters about:
   (a) Trade theory.
   (b) The EU/ACP trade relation and agreements.
   (c) The EU/US trade relation and agreements.
   (d) The role of the WTO.
   (e) A description of the trade disagreement.
3) The theory chapters are then compiled and evaluated in the discussion and a conclusion may be drawn.

There is an issue of prejudice and preconception with my model since I myself chose what chapters I think is necessary to answer my research questions. Marshall and Rossman refer to Lincoln and Guba (1985) who set up procedures to ensure a high degree of validity in qualitative research and argued that one hundred percent objectivity in research is not possible. One of the procedures was the “peer debriefing method” where the researcher should triangulate by gathering data from multiple sources, methods and theoretical lenses.[14] In other words, I can only do my very best to be objective by using a variety of sources and perspectives when I chose which chapters to add to the theory section.

Previous studies

The Banana wars have been the longest running trade dispute in the EU’s history and consequently a lot of academic literature exists concerning the issue. A researcher should validate through other researchers’ publications the qualitative research tradition that the pro-

[14] Marshall and Rossman (2011) p. 40

posed design is following. This demonstrates knowledge of the historical and ongoing methodological discourse of qualitative research and the specific genre of the study.[15] The different studies of the Banana wars all use different views and perspectives on the dispute and the studies presented below are examples of alternative approaches to the dispute. The studies will first be presented followed by a discussion to relate my contribution to these previous studies.

In the first study Ames compiles the three most well-known trade disputes between the US and the EU in an article from 2001. He presents the background to the three disputes; the Banana wars, the beef dispute and the biotechnology dispute. Ames writes that these disputes stems from rent-seeking by special interests, consumers' fears about food safety and a mistrust of government regulation and enforcement. He argues that the EU´s refusal to abide the World Trade Organizations rulings threatens the integrity of the WTO since it cannot override domestic political concerns if the contracting parties disagree with their findings. Ames draws a parallel between the Banana wars and the debate over Corn Laws in the 18th century. The Corn Laws restricted the supply of grain which effectively increased the food prices while raising the rent on English land that produced grain. According to Ames the end result of the two disputes is the same; higher prices for consumers and rents to those who control access to the European market.[16]

The beef dispute origins from a 1980s EU prohibition of hormones in meat production which included US meat imports containing hormones as well. WTO rules permit such prohibitions but only if scientific evidence can be presented that support the reason for the ban. The US, together with Canada, made a formal complaint about the EU's prohibition to the WTO's Dispute Settlement Body which in 1997 concluded that the EU did not comply with WTO rules and the EU appealed the WTO ruling. According to Ames the beef dispute may have a different origin than the banana dispute but the results are the same; restrictions on imports and a difficult trade dispute between the trading parties. The third dispute Ames examines is the relatively new dispute over biotechnology and genetically modified seeds. According to the US the EU's imports of US produced agricultural and food products were restricted. The EU lifted the suspension of these biotechnology products by approving a special genetically engineered corn variety from the US. But a number of EU states continued the restriction and the WTO ruled that these states violated WTO rules.

Ames concludes that trade disputes like these could potentially jeopardize commerce between two of the world's largest trading blocs and that the EU has to respect and follow WTO rulings since not complying with them weakens the integrity of the world trading system. Complying with the WTO rulings on competition in banana imports may threaten a few international produce firms in Europe but the gains to consumers and the integrity of the world trading system should outweigh any losses by these few companies according to Ames.

Another study of the Banana wars has been made by Frundt in 2005 where he argued that the key to clarify the real issues involved in the dispute was to be found in the connection between *meaning* and *structure*. Debates surrounding globalization has often focused on "fair trade" vs. "free trade". He argues that the banana dispute began to test the connection between meaning and structure with a key question; do global elites hold ideological primacy over trade definitions, or can an alliance among trade activist forge alternative systems of meaning that repositions fairness as a required component of trade? According to Frundt different formulations and meanings predominates the discussion about the dispute at different times. Examples of such formulations can be "designated markets", "historic banana trade patterns", "encouragement of nationally-based independent producers" or "support of environmentally-sustainable banana cultivation". Frundt use social theories from Mannheim and Lukács to Gramsci and Habermas to explain the construction of "meaning". As a structural "backdrop"

[15] Marshall and Rossman (2011) p. 96
[16] Ames (2001) p. 214-222

to the conflict Frundt use (1) the American-owned banana producers in Latin America, (2) the various state and regional regulations, (3) the nationally-based associate banana producers, (4) the strong banana-unions and (5) the expanding capacity of consumers to examine the conditions under which their purchased bananas are produced. Frundt use the different meaning of "fair trade" which was used when the conflict broke out in 1993. The structural groups above asserted hegemonic control by attempting to control the public perceptions of "fair trade" as:

1) Fair trade as a struggle to protect small producers vs. the control by the US controlled producers in Latin America.
2) Fair trade as protection for traditional markets and interests.
3) Fair trade as an opportunity for local "independent" producers.
4) Fair trade as assurance of worker rights and conditions.
5) Fair trade as concern for sustainable practices.

Frundt examines each of these meanings and how they contended with a proposed new banana policy. In his conclusions he argues for an interaction among these five meanings of fair trade discourse had been taking place. According to Frundt an elite ideology was succeeded by grassroots praxis. The dispute illustrates what happens when an imperial free trade structure and ideology is replaced: the proponents gradually triumphed over the oppositional elite hegemonies. Since unions collaborate with fair trade advocates, environmentalists and smallholder organizations Frundt sees the hegemonic meaning of fair trade to replace the structural strengths of the free trade approach permanently.[17]

Since the studies by Ames and Frundt are written before the Banana wars finally ended in 2011 my main advantage and contribution compared to their studies is my ability to involve the Geneva deal in mine. Where Ames study is interesting from a world trade perspective it just examines *what* has happened in the banana disagreement and not *why* it has happened as my study aims to do. My study involves the former colonies and developing countries in a more explicit manner than Ames who only sees the conflict from an EU/US perspective. My contribution compared to Ames study is to include these states to the world trading system and hopefully provide a more nuanced view on why the EU has acted as it has in the conflict.

A very different study on the subject is made by Frundt with the focus on fairness as a required component of trade. Although fair trade does not seem to have been a strong argument in the Geneva deal perhaps an increased focus on fair trade instead of free trade, as Frundt concludes, exist can give incitement for a continued banana production in the EUs former colonies. Ames study represents a stand for free trade and Frundt can be said to represent the more political stand of fair trade. As my contribution, I hope to combine these perspectives to see how the EU has acted in the Banana wars, and if it has been successful.

[17] Frundt (2005) p. 215-237

Theory

In order to see if the banana trade between the EU and its former colonies in the ACP countries can be explained by something other than trade theory it is required to see what trade theory is and what components create trade.

Trade

Trade theory identifies two main forces behind international trade; the differences between countries and economies of scale in production. There is however no clear division between them in real life but any country's specific trade pattern can be explained by these two forces in different constellations.[18]

One of the most recognized trade theories is David Ricardo's neoclassical theory of comparative advantage in the production of certain goods. The theory explains trade patterns on the differences between countries and on the assumption of perfect competition. It is called "comparative" since the focus is on opportunity costs (the value of the next-highest-valued alternative use of that resource).[19] In other words; The cost advantage of producing a certain type of goods is compared and measured relative to the cost of producing other kinds of goods. Ricardo's theory suggests that gains can be made in international trade if a country specializes in the production of a certain good where it holds a comparative advantage ergo; where the opportunity costs of producing the goods are lower than in its trading partners and the countries gets the most output per input.[20]

Expanding on Ricardo's theory is the Heckscher-Ohlin theory which can be viewed as a factor-proportions model of international trade. The theory suggests that the differences between countries (the comparative advantage), lie in the different endowment of resources and technology of production between the countries. A country will have a comparative advantage in producing and exporting goods which relies most on the locally abundant factors of production and import products that use their scare factors. If a country for example has an abundance of labor it should produce and export labor-intensive goods and a country with a relative abundance of capital should produce and export capital-intensive goods. The theory however makes a number of assumptions and conditions to work. A crucial assumption is for example that both countries have identical production technology. It also depends on that the relative availability of capital and labour are differing internationally and that a state of perfect internal competition exists in the trading countries where labour or capital does not have the power to affect prices or factor rates by limiting the supply. Furthermore there can be no barriers to trade in the theory and capital and labor movements are not allowed since this would equalize the relative abundances of the two production factors.[21]

The New Trade Theory claims that trade can be conducted even if the endowments of inputs between countries are identical. Instead of comparative advantages, international trade is driven by product differentiation and increasing returns to scale. Since consumers demand alternative product varieties they will be better off with an increased selection of differentiated products according to the theory. The increasing returns to scale will make countries specialize in a limited range of goods and owing to the international trade market the countries will have access to markets abroad as well. This makes it possible to exploit economies of scale to a larger degree. The product differentiation will make trade consisting of import of

[18] Drud Hansen (2001) p. 111
[19] Henderson (2008) Electronic source
[20] Drud Hansen (2001) p. 111
[21] Drud Hansen (2001) p. 111

product varieties which are not produced domestically and exporting of varieties that are. If the Heckscher-Ohlin theory can be considered an inter-industry trade the New Trade Theory is more of an intra-industry trade since a two-way trade within the same product category is conducted.[22]

It is understood through the comparative advantage theory that trade should be free and is most effective without trade barriers such as tariffs, quotas or other subsidies.[23]

Trade theory assumes there is a difference between countries, and governments have the power to regulate these differences to some extent by taxations on its imported and exported goods. These taxations oppose the theory of free trade. The next section will present how a tariff works and the EUs relation to tariffs on food.

Tariffs

Tariffs are defined as a tax levied when goods are imported into a country that will increase the price of the imported goods by a certain amount. It is the oldest form of a trade policy instrument. A tariff gives rise to both costs and benefits for the country imposing the tariff and for the different domestic socio-economic groups; costs in higher consumer prices which will lead to a decreased demand and loss of consumer surplus and benefits in an increased demand for goods not affected by the tariff which now can be sold at higher prices. The government will also benefit from the revenue income from the tariffs. But there is a risk that tariffs will lead to an overall efficiency loss since the increased prices will distort the incentives of the consumers and producers which in time will lead to a distortion loss of the tariff.[24]

A tariff is an example of political supervision over trade. Figures have been presented suggesting that the EU, in comparison to the US and Japan imposes the highest tariff on food products of the three. While the efforts for trade liberalization has increased in recent years, the EU has taken a rather protectionist stance in its food industry. The same patterns can be seen regarding anti-dumping actions; while the OECD countries in total cut the number of actions from 536 in 1993 to 314 in 1998 the EU increased its actions from 81 in 1993 to 117 in 1998 according to OECD statistics. This suggests a relative increase in trade protection from the EU.[25]

As we now have seen different trading partners have different potential to export or import certain goods. The next section will examine how trade theory explains why some states gain a larger market share of for example the banana production than others.

Competition & Competiveness

Competiveness can be seen as a concept which covers a lot of different factors and relates to both micro- and macroeconomic issues. The exporter has to have a comparative advantage which will appear if a country is relatively better at producing a good than another country.[26]

Cost-competiveness is defined as the ability to conquer market shares. This depends to a large extent on quantitative factors such as relative wages, relative productivity and the nominal exchange rate which determines the relative unit cost of production. Other factors that

[22] Drud Hansen (2001) p. 112
[23] Drud Hansen (2001) p. 111
[24] Drud Hansen (2001) p. 113
[25] Drud Hansen (2001) p. 115-116
[26] Drud Hansen (2001) p. 135

affect the cost-competiveness are the quality and design of the product, company image, marketing and financing as well as the ability to execute export orders.[27]

The Banana wars are not a unique example of a trade and competition dispute between the EU and the US. The mutual application of extraterritorial measures from both sides has been the source of many disputes. Both the EU and the US have anti-trust policies (known as competition policy within the EU) with extraterritorial application, although it is a relatively new policy for the EU. The EU often complained about the US attempting to enforce its anti-trust laws outside its territory on businesses based inside the EU, but since the EUs Merger Regulation from late 1989 was introduced this has changed. The EU has increasingly studied and interfered in mergers and acquisitions in other countries, which in return has caused angry reactions from the US. In the provisions of the EU competition policy a merger of companies requires the approval of the European Commission if a set of conditions are met. But since these conditions are not applied to only EU based companies a number of purely American mergers have had to be approved by the European Commission. The main objectives behind both the EUs competition policy and the US anti-trust legislations are to maintain plurality and competition on their respective domestic markets to avoid the building of oligopolies or monopolies.[28]

Factors and theories to what creates trade has been presented, equally important is the power politicians have to impact trade since they have a strong and often more short-sighted perspective on how trade should be conducted.

Political influence on trade

In order to promote its trade a government can for example join a free trade zone, a customs union, the WTO or sign bilateral agreements with other states. But the will to influence trade might not always come from the politicians themselves but rather from private interests. The most well-known example in the banana conflict is the influence Chiquita had over the American politicians in the beginning of the 1990s. The American businessman Carl Lindner, who controlled Chiquita, gave more than $ 500 000 to the Democratic Party in an attempt to put the Banana wars on the political agenda.[29] Consequently; the Republican Senator Bob Dole (who had received large donations from Lindner for many years), the then House Speaker Newt Gingrich, and members of the Clinton Administration all helped Chiquita to open the European markets to its bananas even though relatively few American jobs was at stake in this matter.[30] One could therefore argue that private interests paid politicians to act in the banana trade dispute.

Political influence can also be used to even the score between two large trading partners. An example of this is the case between the EU and the US concerning unlawful tax concessions. This was a complaint which has been seen as EUs retaliation for the Banana wars. For many years the US gave domestic companies a reduction in US federal income taxes for profits derived from exports called Foreign Sales Corporations (FSCs). In 1999 the then EU Trade Commissioner launched proceedings against these provisions in the World Trade Organization. According to the EU, the FSCs provided US companies with illegal tax concessions worth up to $ 4 billion a year which gave them a significant advantage in international trade compared to European competitors. Although the FSCs had been sanctioned within the GATT (General Agreement on Tariffs and Trade) in 1981 the WTO upheld the Commissions complaint and authorized the EU to impose countervailing tariffs worth up to $ 4 billion. The

[27] Drud Hansen (2001) p. 133-134
[28] Marsh and Mackenstein (2005) p. 122
[29] Myers (2004) p. 165
[30] WGBH educational foundation. (1995-2012) Electronic source

EU however has not imposed any tariffs and most likely uses the WTOs decision instead as a threat in negotiations with the US to obtain concessions in other areas.[31]

But sometimes the differences between two trading partners are too vast for a single WTO ruling to even the score. The interaction between developing and industrialized governments in their trade has raised issues of the possibility of an equal treatment of the two. According to Myers one of the most difficult questions triggered by the banana dispute is whether anything can be done at international level to mitigate the risk of a "race to the bottom" for producers of a commodity in world surplus in a free market with increasingly fierce competition. The WTO insists on absolute parity of treatment between contracting parties in the terms of imports and is on the other hand total indifference to the conditions under which those imported goods are produced. It is doubtful that the WTO will ever permit differential terms of access and the existing non-governmental organizations pressing for provisions of this kind will likely prove a long haul.[32] The GATT has a number of provisions permitting preferential treatment of developing countries, but the only relevant special provision in the banana dispute to help the ACP countries was a general facility in an article for a waiver from specific rules. This waiver could however not be used until the US agreed to support the use of it. This is an example of how the dominating trading blocs and especially the US, governs international trade agreements. The anti-globalization protests during the 1999 WTO Ministerial Conference in Seattle was partly fuelled by the notion that "the few dominant powers were using the WTO to penalize the slightest deviation from free-trade rules when it suited their interest to do so, regardless of the consequences for small states" according to Myers, and many felt WTO procedures appeared to be manipulated against the Caribbean states at the behest of the US. [33]

In order to protect its domestic market politicians can conduct a protectionist policy by restricting and regulating trade with other states through tariffs and quotas. Ricardo's theory of comparative advantages suggests that states gains from a specialization in the production of goods where they have their comparative advantage; protectionism therefore holds back our development and such markets should be liberated.

Trade liberalization

Trade liberalization is defined as the removal of protectionist measures. Trade liberalization can be either regional or global. The simplest form of regional trade liberalization is to establish a free trade area between several countries.[34] According to economic integration theory economic integration has four stages; the set-up of a free trade area, then evolvement towards a customs union, the establishment of a common market and the final creation of a full economic union.[35]

The idea behind a free trade area is that a product produced in another country, also part of the area, can be cheaper to import rather than producing it domestically if there are no trade barriers. This way trade within the area is created. Consequences of a free trade area can include countries getting specialized in certain products in order to maintain the trade relation and other, third countries outside the free trade area losing production to countries where the product now is cheaper within the area. Founding a free trade area is usually quite uncontroversial in the participating countries since is usually gives economic benefits for its members without reducing their political freedom in any substantial way.

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[31] Marsh and Mackenstein (2005) p. 122
[32] Myers (2004) p. 165
[33] Myers (2004) p. 160
[34] Drud Hansen (2001) p. 113
[35] Marsh and Mackenstein (2005) p. 28-29

The second step of a customs union usually follows naturally when a deeper economic integration between the participating countries is sought. The main difference between a free trade area and a customs union is the common external tariff towards third countries outside the customs union, a common external trade policy and an agreement on how the revenues from the common external tariff should be divided. Since a customs union requires common policies between the members the political integration within the union deepens.

This makes the third step; the creation of a common markets an easy one to take. The participating countries agree to merge their national markets into one, allowing goods, capital, services and people to move freely across the territory of the common market. Mutually accepted rules and regulations have to be established and tariffs, quotas, border and capital controls has to be abolished to achieve a common market. Third countries outside the common market might lose some of their trade as intra-common market deals within the market become easier but the common market should not – at least not theoretically – lead to any higher trade barriers for third countries outside the common market.

If this is the case, the common market has probably taken the fourth step; the economic union with common monetary and fiscal policies which are meant to push the internal integration ahead.[36]

Trade policy is seen as the area where the EU comes closest to being a federal state and it is perceived as successful in creating internal trade liberalization.[37]

We have now looked at what trade theory suggests triggers trade. Still some EU member states has not imported their bananas from effective and competitive banana producers in Latin America but rather from small and austere producers in former colonies contradictive to for example Ricardo's theory of comparative advantages. The next section will examine the EU's relation to some these states in the African, Caribbean and Pacific Group of States (ACP).

The EU-ACP relationship

"The Common Market is a European scheme designed to attach African countries to European imperialism, to prevent the African countries from pursuing an independent neutral policy, to prevent the establishment of mutually beneficial economic ties among these countries, and to keep the African countries in a position of suppliers or raw materials for imperialist powers."

-Joint communiqué by President Nkrumah of Ghana and President Brezhnev of the Soviet Union, July 24, 1961

It can be seen as if it was the ACP countries that had most at stake in the Banana wars even though the disagreement essentially was between the US and the EU. These developing countries, especially in the Caribbean, are all economically vulnerable since their economy often rests on one single product – in this case bananas – with small populations, remoteness of markets, lack of natural resources and proneness to climate disasters.[38]

Traditionally the ACP countries, together with the remaining EFTA states, have been at the top of the countries closely tied to the EUs external relationships and agreements with the most structured relationships, greatest entry to the single market and access to the European Development Fund.[39]

The EU has a history of artificial price-setting. During the 1960s the Union (then the EEC) had, through the Common Agricultural Policy (CAP), fixed prices on for example milk,

[36] Marsh and Mackenstein (2005) p. 30
[37] Drud Hansen (2001) p. 139
[38] Myers (2004) p. 163
[39] Marsh and Mackenstein (2005) p. 63

wine, butter and beef with the aim of becoming self-sufficient, stable the prices for consumers and stable the income for those employed in the farming sector. Third countries outside the Community were either prevented from accessing the European market altogether or had to sell at a price artificially inflated by a levy designed to fall below a reference price. Farmers in member countries were even allowed to sell their products outside the Community while receiving subsidies from the CAP effectively keeping the global prices at an artificial low since third country farmers could not compete with their prices.[40]

All ACP member states (except Cuba) has been signatory to cooperation agreements with the European community. The next section will further examine first the Lomé Conventions and then the Cotonou Agreement to see what political commitments the EU has and has had towards their former colonies.

The Lomé Conventions

"We are dependent on the Third World here and now as well as in the future. It, in turn, depends on us to a considerable degree. Our interests are linked. We should, therefore, try to express this dependence clearly and irrevocably."

-Former European Commissioner for Development and French Foreign Minister Claude Cheysson on the importance of the Lomé Agreement.

When the Treaty of Rome was signed in 1957 the decolonization process had just started and some of the member countries still had colonies and other dependent countries and territories. The dependencies were, at start, linked to the EEC through special association agreements which combined aid, trade and political cooperation. In article 131 in the EEC Treaty the overall aim of the agreement to "promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole" was expressed. However, when the former colonies gained independence the special association agreements lost its relevance and was replaced with the articles 228 and 238 in EECT which dealt with association agreements signed between the EC/EU and fully independent and sovereign third countries but the spirit and objectives of the original associations with the former colonies were maintained.[41] The EU has, ever since the Treaty of Rome increasingly recognized the need for special, differential treatment of peripheral and remote regions of the Community. Article 299 (previously 227) of the Treaty of Rome (amended in Amsterdam 1997) states that the Community shall take account of handicaps imposed by ”their remoteness, insularity, small size, difficult topography and climate, economic dependence on a few products, the permanence and combination of which severely restrain their development". The same factors have been arguments to give special treatment in international trade for states with the same handicap.

As a consequence of their new independence the EC set up a convention regarding trade, financial and technical assistance between the EC members and the former colonies. The first convention, the Yaoundé Convention, was signed in 1963 between six original EEC members and seventeen African states, plus Madagascar with a follow up in 1969. As the EC expanded the number of former colonies grew, especially when the United Kingdom became an EC member in 1973. Two years later, in 1975 the Yaoundé Convention was replaced by the Lomé Convention. The Lomé Convention had the same basic target areas of trade, financial and technical assistance but concerned an increased number of countries; nine EEC members and 46 ACP countries.[42] The Lomé Convention can be seen as the start of the EECs Development Policy. As the members on both sides grew the Lomé Convention has regularly been

[40] Marsh and Mackenstein (2005) p. 32
[41] Marsh and Mackenstein (2005) p. 227
[42] Myers (2004) p. 163

renewed in Lomé II (1979), Lomé III (1984) and Lomé IV (1989). A few of the arrangements in the Lomé Conventions included free access to the ECs market for 99 % of all ACP produced products while ACP countries was allowed to impose tariffs on European imports as long as they did not discriminate against the ECs in favor of other industrial countries. With the respect to the Development Policy there was also a system called STABEX in place to ensure stable revenues for the ACP countries for their exports. The system guaranteed the ACP countries a minimum income from their most important export goods. If the revenue from the exports fell below the average from the previous year the ECs, up to a certain maximum amount and under certain preconditions, balanced out this loss with a bridging loan or a non-refundable grant. The Lomé Conventions did not give the perceived effects, the share of ECs trade with ACP countries halved from 7 % in 1975 to between 3 and 4 % in the mid-1990s. The STABEX system did not have the capacity to bridge the gap between the loss of income from exports and the income levels from the previous years and the last Lomé Convention, Lomé IV expired finally in February 2000.[43]

The Cotonou Agreement

When the Lomé Convention had expired it was replaced with a more WTO-oriented framework of cooperation between the EU and its former colonies. The Cotonou Agreement replaced the non-reciprocal trade preferences, which had existed in the Lomé Convention, with economic partnership agreements (EPAs) since they would most likely prove less advantageous to the ACP countries and instead promoting a sustainable development in these countries. The aim of preservation of traditional benefits of each ACP state in the Community market in the Lomé Convention was replaced in the Cotonou Agreement with a general commitment in the Community to maintain the viability of the ACP banana industries.

The EU persuaded the ACP countries that a new partnership agreement between the two was needed. The new agreement emphasized the importance of free trade between the ACP countries themselves in a way the Lomé Agreements never did.[44]

In two meetings in December 1999 and February 2000 the new agreement was formed with its base in five interdependent pillars; the political dimension, the participation pillar, a poverty-reduction strategy, a new framework for economic and trade cooperation and a reform of financial cooperation. Through WTO compliant transitional agreements the existing preferential EU-ACP trade relationship was kept in place during an interim period up to 2008 when a regional free trade between the ACP countries themselves was expected.[45] The fourth pillar of the Cotonou Agreement; the framework for the economic relationship between the EU and the ACP countries overhauled the previous trade relation and was now replaced with a more balanced economic integration through WTO-compatible trading arrangements. These arrangements was aimed at removing trade barriers between them step by step as well as enhancing cooperation in all areas related to trade.[46]

Just as they do with the ACP countries, the EU shares a common culture and history with the US too and the parties have always dependent on each other's loyalty. As previously mentioned, the EU and the US trade relation are very important for their respective economies. But perhaps the dependency relation has weakened somewhat the last decades, agreements concerning trade between the EU and the US has been presented but rather than an increased cooperation it seems that the competition between them has amplified.

[43] Marsh and Mackenstein (2005) p. 228
[44] Myers (2004) p. 120-121
[45] Marsh and Mackenstein (2005) p. 229
[46] Marsh and Mackenstein (2005) p. 231

The EU-US relationship

Looking at trade statistics there is no doubt that the EU-US trade relationship is "*the most important bilateral economic relationship for both parties in terms of trade and FDI*" (Foreign Direct Investment) according to Marsh and Mackenstein. They use figures from 2002 when the US was the EUs largest trading partner in goods with 18 % of all EU imports and 24 % of all EU merchandise exports. The gap to the second largest exporter to the EU; China, was immense only accounting for 8, 3 %. The EU in its turn was the US second most important export market (exceeded by Canada) with 22 % of the US external merchandise trade. But the EU was however the largest merchandise importer to the US with market shares of 21 % in 2002.[47]

Although there have been a lot of obstacles in the US-EU trade relation they are not as problematic as the increasing number of cases concerning economic competition which has degenerated into trade wars between the two are. Strictly speaking the US is the subject to the normal EU external trade regime under the Common Commercial Policy dating back to 1970. The bilateral relationship is based on respective unilateral provisions restricted only by the agreements entered into under the GATT and the WTO. And even though they are in place to prevent trade disputes an increasingly number of cases has occurred, especially following the establishment of the WTO.[48] The main explanation for this is the WTOs appeals mechanism, the Dispute Settlement Body. Members of the GATT could not appeal if and when another signatory to a given deal failed to its own promises, but the WTO offered a forum which disputes could be debated and judged with the possibility of imposing sanctions in non-compliance cases. Historically the US has been more inclined to appeal in trade disputes (most of them concerning the CAP) than the EU, but since the founding of the WTO in 1995 however; the EU has gained an increasing confidence to use the WTO against the US as well.[49]

US Trade Representative Robert Zoellick claimed that it is economic links rather than security alliances that have become the "glue" of the post-Cold War EU-US relationship. It is a relation that has evolved from post-WW2 with the dominating US and the assisting European to one of economic parity after the Cold War, and it is therefore only natural that both sides has had to make continual adjustments along the way. The EU is, after the Cold War, no longer dependent on the US for its security and with its membership in the WTO; the Union now has a quasi-judicial forum through which to seek redress over trade disagreements.[50] There has been a change in the relation, from trade partners to trade rivals, or as the former U.S. Ambassador to the European Union; Rockwell Schnabel described the EU-US economic relationship in a speech in 2002 - "a global partnership different from any other in history".[51]

The New Transatlantic Marketplace and the Transatlantic Economic Partnership

There was a transition in the relationship between the US and Europe in the 1980s when the US had a growing concern of a relative American economic decline. This gave Europe enhanced confidence to act on its own as an assertive international economic actor. The US has also criticized the EU for its "continental corporatism" which mainly has to do with the European social democratic model for trade compared to the American free market model.[52]

The Clinton administration promoted US exports to increase and launched several programs and projects aimed at the European market during the 1990s. The New Transatlantic

[47] Marsh and Mackenstein (2005) p. 111
[48] Marsh and Mackenstein (2005) p. 116
[49] Marsh and Mackenstein (2005) p. 117
[50] Marsh and Mackenstein (2005) p. 128-129
[51] United Stated Diplomatic Mission to Italy (2002*)* Electronic source
[52] Marsh and Mackenstein (2005) p. 111-112

Agenda for example with its accompanying Joint Action Plan launched in 1995 specified the establishment of a "New Transatlantic Marketplace" between the US and the EU. The aim was to progressively reduce or eliminate barriers that hinder flows goods, services and capital between the two partners. This plan showed an early ambition of creating a common market between the US and the EU.[53]

The development however was slow and three years later, in 1998 the Transatlantic Economic Partnership was launched to re-ignite the economic relationship between the US and the EU and address the continuing barriers to trade and investment that still existed. The Partnership was far more detailed than the New Transatlantic Marketplace had been and with provisions on how to proceed and with explicit target dates. The partners stated that "Our re-inforced partnership can be instrumental in setting the agenda for a more open and accessible world trading system and at the same time can greatly improve the economic relationship between the EU and US, reduce frictions between us, and promote prosperity on both sides of the Atlantic" through their "determination to maintain open markets, resist protectionism and sustain the momentum of liberalization." Among others, both the US and the EU expressed a shared objective of "The full implementation of WTO commitments and respect for dispute settlement obligations" in the Transatlantic Economic Partnership.[54]

Yet the Transatlantic Economic Partnership has progressed far less quickly than expected, and the Commission reported in 2002 that a number of impediments still needed to be tackled despite the significant cooperative efforts that had been undertaken.[55]

The Banana wars has been a global disagreement between the EU, the US and banana producers in Latin America. The scene for the disagreement has been the World Trade Organization. This has been the relevant forum for the trade dispute such as the Banana wars and it is expected that rulings by the Organization are to be followed by its members.

The WTO

"We feel betrayed by the WTO, because we joined the Organisation believing that its primary purpose was to bring about improved living standards and equity and fairness in international trade… What we find is that the WTO has ended up by being a system in which the legitimate interests of small countries will always be sacrificed once they conflict with those of the major players".

-The then Dominican Prime Minister Edison James in a speech following the results from the complaint of 1997.

For the US the trade with Europe has after the Second World War been of great importance. The economic and political relationship between the two was not just based on the US need of allies towards the Soviet bloc during the Cold War but also as a fast growing market for American export goods. The US was pushing Europe towards accepting trade liberalizations under the General Agreement on Tariffs and Trade (GATT) to further integrate the European market in 1947 and a formal economic relationship began with the establishment of the European Coal and Steel Community (ECSC) in 1952. The trade relation evolved even more with the creation of the World Trade Organization (WTO) in 1995. Trade exchanges needed thereafter to be conducted in accordance with the rules of a higher authority and any trade disagreements had to be submitted to the legally binding judgment of the WTO Dispute Settlement Body.[56] The impact of the rulings of the WTO is however limited by the fundamental right of each state to decide how to implement WTO rulings. The WTO can au-

[53] Marsh and Mackenstein (2005) p. 114
[54] Delegation of the European Commission to the United States (1998) Electronic source
[55] Marsh and Mackenstein (2005) p. 115
[56] Marsh and Mackenstein (2005) p. 110

thorize a state to impose sanctions but cannot impose a solution or fine itself since this would conflict with the principle of sovereign independence of each contracting party.[57]

Myers view is shared by Jörgensen, Lüthje and Schröder who writes that the WTO still has the features of an agreement rather than an organization since it is still governed by consensus politics. In other words, the decision-making in the WTO is based on willingness of the participating countries to implement and enforce the WTO decisions.[58] In the case of the EUs influence over global trade liberalization, trade negotiations in the WTO are one of the areas where its supranational role is most pronounced. Owing to the fact that the EU member states has their own representation in the WTO as well as representation from the EU, a united Europe becomes a powerful actor around the negotiation table.[59]

There is an increased flexibility in WTO's treatment of small and highly vulnerable states as a result of the banana disputes. After influence from WTO members and Doha Round trade negotiations the WTO Agricultural Committee stated 2003 in a report that "special and differential treatment for developing countries shall be an integral part of all elements of the negotiations". However, special dispensations for small vulnerable economies and what form these might take is not as agreed upon in the WTO. Suggestions have been made that small vulnerable economies for example should be given access of such countries to WTO proceedings in which they are third parties in and to provide funding for such states to establish and maintain mission to the WTO. Other suggestions includes to exempt small vulnerable economies from the condition that benefits in regional free trade agreements should be mutual and safeguard their existing preferences in moves towards greater liberalization. Such concessions could be helpful for the vulnerable ACP states to move towards regional, or other, agreements scheduled under the Cotonou Agreement.[60]

If trade theory cannot explain EU´s actions in the Banana wars and if the importance of the EU's relation to both the ACP states and the US has been examined it is necessary to see what has actually happened in this trade conflict to understand what has induced the EU to maintain its banana imports from the ACP states. It is also necessary to examine this in order to answer my research questions of how the EU has governed the Banana wars politically and if it has been successful in doing so.

The Banana wars - Pre-1993-2000

Since the EU only produces one fifth of its own banana consumption, banana trade with the former European colonies in Africa and the Caribbean has been a good way of combining a supply to the European market with bananas with supporting the EUs Development Policy programs. Although competing Latin American bananas from American owned companies was imported too, these were treated much differently than the other bananas. In the completion of the Single European Market (SEM) in 1993 it was decided that "home produced" bananas was supported by way of subsidization and compensation payments if, or when banana prices fell below a certain level. And while bananas from the ACP countries was guaranteed a tariff-free access to the European Union market for almost all their production, bananas from Latin America had more than double the import quota of the ACP bananas as well as a tariff on € 100 per tonne (later reduced to € 75 per tonne in 1994).[61] The EU allowed unrestricted banana imports from its overseas territories and former colonies such as the ACP countries and others was tariff-free up to 857 000 tons of bananas. Banana imports from Latin America and other "third countries" was assigned a tariff rate quota of 2.2 million tons with

[57] Myers (2004) p. 162
[58] Drud Hansen (2001) p. 114
[59] Drud Hansen (2001) p. 116
[60] Myers (2004) p. 163-165
[61] Marsh and Mackenstein (2005) p. 118

between 20 and 30 % in-quota tariffs “ad valorem” – a tariff which can vary since it is based on the total value of the imported good. Furthermore, the regime imposed an additional 250 % “ad valorem tariff” and issued licenses assigned to the quotas among the banana distributors. The new SEM regime restricted the access to the European market for banana producing countries outside the preferential areas, where bananas from Latin American represented an estimated 99.36 % of the non-preferred production.[62]

Bananas was imported under an assortment of national practices on an individual member level before the completion of the SEM; France and the United Kingdom, Italy, Portugal and Greece relied on its Overseas Departments or their former colonies while Spain was supplied by its domestic production in the Canary Islands. Germany operated a free trade policy while others such as Belgium, Denmark, Ireland, Luxemburg and the Netherlands imposed a relatively small tariff of 20 %.[63]

One of the major beneficiaries to the SEM regime was the Caribbean countries. The Windward Islands in the eastern Caribbean for example accounted to 3 % of the banana trade but supplied the EU with 20 % of the imported bananas. The fear from the ACP countries to be driven out of business if the preferences was eliminated was not without root; a metric ton of bananas produced in Ecuador cost $ 162 while a metric ton of ACP produced bananas could cost up to $ 515.

The US together with Honduras, Guatemala, Ecuador and Mexico complained about certain parts of the SEM regime to the WTO in 1996. The complaining countries said to be discriminated unfairly against their interests. The Dispute Settlement Body of the WTO ruled one year later that the EUs banana import regime did indeed breach the WTOs rules since its system of assigning licenses was discriminating growers and marketing companies in the challenging countries. The EU presented a revised version of its regime which was established on January 1st 1999 were a tariff rate quota of 2 553 million metric ton with an additional quantity of 850 000 metric ton was assigned to the ACP countries. However, the new regime was also ruled illegal by the WTO since it set aside a quantity of bananas imported exclusively from the ACP countries and since the system of assigning licenses still discriminated.[64] Even though some of the EU member states like Germany for example wanted to reform the EUs banana regime a lot of the European banana producers such as Spain and Greece, and the former colonizing members like France and the United Kingdom were not as keen. And since the opponents of a substantial change to the EUs banana regime had a majority in the Council the changes that were decided in 1999 was largely cosmetic.

Subsequently, the US and the co-complaining Latin American countries complained once again to the WTO about the EUs banana regime less than a month after the changes had been presented. The American Clinton administration imposed punitive sanctions through heavy tariffs on fifteen randomly selected European luxury products after the Dispute Settlement Body allowed the US to initiate compensatory retaliation. The tariffs were estimated equivalent to an annual cost of € 215.2 million.[65]

The EU discussed with the US what would constitute as a banana import regime which would comply with WTO rules before presenting a new proposal in October 2000. In the revised proposal three quotas for bananas was suggested – 850 000 tons for the ACP countries, 2.2 million tons plus an additional 353 000 tons of Latin American bananas. The EU proposed an in-quota duty of € 75 per ton on Latin American bananas and a € 300 per ton tariff preference on ACP produced bananas. In effect this meant the ACP produced bananas would be imported duty free to the EU. The Office of the US Trade Representative (USTR) claimed that a separate quota for ACP bananas guaranteed them to export their entire production while

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[62] Chacón-Casante and Crespi (2006) p. 115
[63] Hanrahan (2001) Electronic source
[64] Hanrahan (2001) Electronic source
[65] Marsh and Mackenstein (2005) p. 118-119

Latin American bananas would continue to be restricted and the US subsequently rejected the proposal. The US insisted instead on the allocation of import licenses for bananas which would be based on an historical licensing period that would retain or enhance the market share for US owned banana producers. Rather than re-entering the WTO Dispute Settlement Body once more, the US and the EU discussed how to resolve the disagreement over the banana trade on their own.

The Banana wars - 2001-2009

"This proves there is no trade issue which lies beyond the reach of WTO members when they exhibit good will and a spirit of compromise."

-WTO Director General Pascal Lamy commenting the 2009 Geneva deal in a press release

An agreement was met in April 2001 where the EU would establish a tariff-only regime for bananas by 2006. The EU agreed to implement an import regime for bananas on the basis of historical licensing in 2001 and a quota with tariff preferences would be kept for developing country exporters of bananas to the EU market. The US agreed to terminate its increased duties on luxury goods imported from the EU. Using historical licensing from 1994-1996 as a reference period with only a smaller proportion of licenses allocated to newcomers was primary beneficiary for the US owned banana companies Chiquita and Dole. It was estimated that these two companies would share about 44 % of the licenses with two-thirds of the share going to Chiquita and the remaining third to Dole. Their share would be guaranteed until 2006 when the tariff-only regime would be introduced.[66]

The EU started a consulting process in 2002 to define the new regime which had been agreed in 2001, even though the new policy was not implemented until 2006. The new regime allowed all banana producers to compete solely on the basis of tariff differences with no extra quotas for Latin American bananas. The regime taxed Latin American bananas € 176 per tonne compared to the previous € 75 per tonne with a quota and allowed ACP produced bananas to be duty free up to a quota level of 775 000 ton after which the bananas also would be taxed € 176 per tonne.[67]

In a press release from the 15th December 2009 the WTO gives a broad description of what happened after the 2001 agreement when defining a tariff, a process which Chacón-Cascante and Crespi describes as "diverse and complicated".[68] According to the WTO press release the EU, under WTO rules had to re-negotiate with all the countries supplying the EU with bananas on a non-preferential basis and reach an agreement on the details of the agreed tariff-only system. The purpose of the negotiation was to ensure that the EU market share for these suppliers was not be less than they had been before. The negotiations were finally over in January 2005 and the EU informed the WTO that its new banana tariff would be € 230 per tonne. Two months later, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, and Venezuela requested a WTO arbitration panel to rule if the proposed tariff would maintain existing market access for non-preferential banana producers. The panel ruled against the EU's suggested € 230 per tonne and in September 2005 the EU presented a revised tariff of € 187 per tonne. But the non-preferential negotiating partners would not accept the arbitration panels advised tariff. The EU presented a modified suggestion of a tariff of € 187 per tonne on their most favored nation (MFN) and a 775 000 ton tariff quota on bananas imported from the ACP countries. The arbitration panel issued a new report stating that the EU's proposition would not result in in "at least maintaining total market access for MFN banana suppliers" and said the EU had failed to rectify the matter. In November 2005

[66] Hanrahan (2001) Electronic source
[67] Chacón-Casante and Crespi (2006) p. 125
[68] Chacón-Casante and Crespi (2006) p. 126

the EU adopted a new tariff of € 176 per tonne for MFN bananas and a zero tariff for ACP produced bananas up to 775 000 tons. Consultations between the EU and the concerned banana producing countries followed and in 2007 a panel from the WTO Dispute Settlement Body ruled that the latest proposal by the EU was in violation with article 1, 2, 3 and 13 of the GATT. During the same year, both Colombia and Panama filed new disputes against the EU. The EU spent most of the first half of 2008 engaged in discussions with the Latin American banana producers in order to conclude a comprehensive agreement to set the new EU bound tariff duty. The EU also reported regularly to the Dispute Settlement Body about its progress in settling its six disputes and two arbitrations processes in the WTO. The WTO held several meetings between Colombia and the EU and Panama and the EU as well as with interested WTO members and ACP banana producers. In July 2008 a number of Ministers attended a meeting of the Trade Negotiating Committee (TNC) in Geneva to partake in the Doha Round negotiations to reach an agreement on the targets in agriculture and industrial products. A full solution of the banana issue was part of these larger Doha Round negotiations but the TNC was not capable to reach an agreement on the Doha Round targets or the banana issue. However, all parties agreed to continue the discussions to find a solution and on the 15th December 2009 they finally did agree to the “Geneva deal”.

The deal was that the EU would lower its tariffs on bananas in stages from 2009 up to 2017, from € 148 per metric tonne to € 114 and it was agreed that the EU would maintain a most favored nation (MFN) tariff-only regime for its importation of bananas.[69] In other words, ACP produced bananas would still be imported duty free to the EU market. To further help the ACP countries adjust to the gradually harder competition from Latin America the EU agreed to support these countries with up to € 200 million from its budget.

The European Commission president, José Manuel Barroso was quoted in New York Times calling the agreement “a compromise that works for all sides.” A solution to the dispute was in the EUs interest as well since the banana dispute had undermined the EUs ability to take other trade associates to task for breach of WTO rules. The ruling opens for Latin American banana producers to increase their export to the EU and Professor Giovanni Anania of the University of Calabria in Italy projected in a report that European imports of bananas would increase with 6 % after the tariff cuts.[70]

In the beginning of February 2011 the Geneva deal was finally past in the European Parliament (501 votes for and 114 votes against). The European United Left–Nordic Green Left and the Greens–European Free Alliance voted against the deal in the International Trade Committee since they believed the deal would endanger the basic rights of small producers by strengthening the monopoly-liked position of the large US owned companies in control of the banana market in the Latin American countries.[71]

Discussion

In my method section my ambition was to set up a qualitative expectation of why the examined research problem occurred. We have seen that neoliberal trade theory suggest trade to be free and without any tariffs or quotas in order to be most effective. In other words; the banana trade between the EU and its former colonies in the ACP countries cannot be explained by trade theory. I have tried to answer what can by adding relevant chapters and “grounded” my theoretical knowledge. I will now continue with a discussion including both my research questions and how I interpret the contents in the preceding chapters.

Previously I have described my definition of politically as EU’s external trade actions in relations to other trade partners such as the ACP countries, the US/Latin American countries

[69] World Trade Organization (2009) Electronic source
[70] Castle (2009) Electronic source
[71] European Parliment (2011) End 16-year Banana wars, says International Trade Committee. Electronic source

and within the World Trade Organization. With “the EU” I refer to decisions and actions in this conflict by the European Parliament.

The answer to how the EU has governed the Banana wars politically can only be seen as a result of the European colonial heritage. The rational way to look at the banana disagreement from a trade theory perspective suggests that it cannot be anything but political values behind this quarrel. Seen from Ricardo’s perspective the US, thanks to its Latin American banana production, has the comparative advantage compared to the ACP countries. Spinning on the Heckscher-Ohlin theory the pressure on the ACP banana producers will get even stronger as the comparative advantages between the Latin American producers and the European market will be even clearer as trade barriers gradually disappear with the agreement. The New Trade Theory demands the ACP countries to be on an equal level with the EU to achieve an intra-industry trade relation – something that neither the size of population, economy or climate permits.

Could the actions in the dispute by the EU be explained by a loyalty on a state-level towards their old colonies? One way of examining this is to compare the former colonizers trade export to the former colony with a similar European states export to the same former colony. By using statistics from the United Nations Commodity Trade Statistics Database a clear pattern is revealed; the former colonizers export is far greater than the similar “neutral” state’s export. France had for example a total export to Cameroon worth $ 790 723 487 in 2010 while the United Kingdom’s export to Cameroon was only worth $ 62 567 721. The United Kingdom on the other hand had an export to the Windward Island of Saint Lucia worth $ 23 455 484 in 2010 while Germany´s export was valued $ 3 519 244. Spain´s export to its former colony of the Dominican Republic was $ 348 592 373 in 2010 compared to France export of $ 107 829 063 the same year.[72] It is clear that a relationship between the former colonizer and colony still exists, the reason might be explained by a shared political and cultural background and a shared history but it is not likely to be explained by gains following strict trade theory.

In their book “The Geography of World trade” (Världshandelns geografi 1983) Alvstam and Lundin writes that the trade relation between Europe and its colonies was not equal or in both parties interest but rather a way for Europe to acquire raw materials at a low-cost. According to Alvstam and Lundin there was never a question of any real trade relation between the two sides taking place, European colonialists exploited their colonies to drain as much resources as possible from them.[73] They draw on the same idea as Martin´s theory of “Eurafrica” where Europe and Africa complement each other; Europe requires Africa´s raw materials and markets while Africa needs the capital, technology and know-how from Europe. The explanation to this is, according to Martin´s theory, found in the colonial days of the late nineteenth and early twentieth centuries when the ruling classes of Europe (politicians, military, merchants, missionaries) justified their political domination, economic exploitation and cultural subjugation of Africa. One of the most serious and far-reaching consequences for Africa is according to Martin the complete dependency of the European market.[74]

Martin sees the practice of neo-colonialism taking place (in his definition “the survival of the colonial system in spite of formal recognition of political independence in emerging countries which become the victims of and indirect and subtle form of domination by political, economic, social, military or technical means”) in the relationship between Europe and Africa. One of the main consequences of this has been the continued economic domination of the newly independent nations from their former colonizers side. Martin refers to Nkrumah, the first President of a Ghana, and his definition in his text “Neo-colonialism: the last stage of imperialism” (1965) of the essence of neo-colonialism as being a state theoretically independ-

[72] See appendix 1
[73] Alvstam and Lundin (1983) p. 49
[74] Martin (1982) p. 226

ent and which has all the outward trappings of international sovereignty but with its economic system and thus its political policy directed from the outside.[75]

The one-way trade Alvstam and Lundin write about has led to the former colonies – often developing countries – being specialized on exporting one single or very few produce or product. This makes the developing countries more vulnerable and dependent on their export to the often uncertain world market than most industrialized countries is. While it is rare for an industrialized country to have more than 20 % of their total export from their most important goods the developing, former colonies can receive well over 90 % of their export income from one single product. This makes them especially vulnerable to price and volume fluctuations according to Alvstam and Lundin.[76] The relation between the former colonizers – the EU – and its former colonies –the ACP countries – cannot be said to be a traditional trade relation that can be terminated without any severe consequences for the parties involved. When applying Ricardo's and Heckscher-Ohlin's trade theories the ACP countries can be said to have a comparative advantage producing bananas compared to EU states. However the Latin American banana producers have an even greater advantage (made clear by their lower production cost), especially when the unfair trade conditions disappear in the implementation of the Geneva deal. This is why the tariffs and customs on bananas from the EU were needed in the first place – to keep the relative comparative advantage between the ACP and the EU on bananas intact.

To continue the trade relation between the colonizers and its former colonies the EU has sought to create trade agreements between them, first with the Yaoundé Convention, followed by the Lomé Agreements and later the Cotonou Agreement. The trade agreements may seem to be purely economic at a first glance but actually there are a lot of politics in them as well. Hurt writes that the ACP countries strongly refuted to see the Lomé Agreements as anything but economic agreements and it was not until the signing of the Lomé III that politics came into the picture. Politics was further emphasized in the Cotonou Agreement with focus on political dialogue and aid. Hurt argues that in fact the EU-ACP relation has always been political and not economic and that claiming anything else only shows the false neo-liberal idea the EU has had of itself. [77] Martin compares the first Lomé Agreement with neo-colonialism and sees the new division of labour where the Third World specialize in production and exportation of raw materials and agricultural products while industrialized countries reserve for themselves the most capital-intensive, technologically-advanced types of production. This is, according to Martin, evidence for a continued unequal exchange between the EU and the ACP countries. Martin claims that the first Lomé Agreement was nothing but a neo-colonial pact which linked Europe and Africa to a contractual relationship of little value to the latter, but of great benefit to the former.[78] And by the looks of it, little has changed with the Cotonou Agreement; a coalition of 22 NGOs called "Eurostep" aimed at "ensuring that the policies and practices of the European Union and national European governments promote people centered sustainable development in all parts of the World" published a critical report in May 2000 about the agreement. The ACP-EU relation is still a very unequal one according to Eurostep's report, if for example anything in the agreement is breached by an ACP country the EU can suspend funding with consultations taking place between a single ACP State on one side and all EU member states on the other. Eurostep also acknowledges that even though the Cotonou Agreement addresses a wider range of issues outside traditional development cooperation, it has failed to provide the institutional mechanisms to do so and although poverty eradication plays a central role in ACP-EU relations the Agreement fails to safeguard this.[79]

[75] Martin (1982) p. 227
[76] Alvstam and Lundin (1983) p. 49-50
[77] Hurt (2003) p. 162-163
[78] Martin (1982) p. 230-231
[79] Eurostep (2000) Electronic source

Marsh and Mackenstein see the Cotonou Agreement as a demonstration of EUs commitment to spread free trade, not just between itself and its partners but also among its partners, although the Unions own discriminatory structures of for example the CAP still exists.[80] The EU-ACP relation will continue to be important but with a third actor involved; the WTO. Marsh and Mackenstein acknowledges that even though a new and higher authority has been created through the WTO the EU-ACP relationship will still probably encounter major difficulties along the way.[81] To use the WTO as the major justification in the Cotonou Agreement and towards the ACP as a whole has been a strategy from the EU's side to externalize responsibility for its own policy according to Hurt. The EU portrays WTO rules as fixed and immutable and not as politically constructed as they in fact are.[82]

It can be safe to conclude at this stage that the EU´s action in the Banana wars was a result of the interdependency relation between the EU and the ACP countries rather than any economic trade advantages. So what should the ACP countries do to become less dependent on the EU? Martin suggests that the Third World countries should develop preferential economic links with other developing countries in the pursuit of economic independence.[83] Alvstam and Lundin agrees with Martin and writes that an unequal trade relation between industrialized and developing countries can benefit the developing countries in a short perspective since they gain access to goods they do not produce themselves, however in a longer perspective it also enhances their dependence on a continued imbalanced trade with industrialized countries. This can be countervailed by the Import substitution industrialization (ISI) policy aimed at reducing states foreign dependency through a local production of industrialized products.[84] According to Alvstam and Lundin the developing countries would become more self-reliance if their trade with industrialized countries was replaced with trading with other developing countries.[85] That might be difficult since these countries does not have a history of trading with each other; Galtung writes that one of the main rules of neo-colonialism is making sure that the countries being dominated does not have much direct, horizontal contact with each other, particularly when it comes to trade. This pattern can be seen in both the US and the European background of colonization where trade between the colonizing state and its colony is dependent of each other and trade seems very vertical. Galtung writes that international contacts in neo-colonialism should not be with the periphery countries but rather just vertical towards the center.[86] This rule has no doubt rooted the EU-ACP interdependence relation even deeper.

Martin looks closer at the neo-classical theories of comparative advantages and the interdependence relation between the EU and the ACP countries where countries that remain strictly specialized in a specific type of production must necessarily import goods which are not made locally. This perpetuates the old neo-colonial relationship between them and maintains the ACP countries dependence of the EU according to Martin.[87] Väyrynen agrees with this view and regards the concept of interdependence as nothing but an ideological weapon which strives to consolidate capitalist countries against the Third World and for coercing them to compromise with imperialism by appealing to the “common destiny” of the upper classes of the Third World and the leading capitalist countries.[88] There is however a discrepancy between EU's presents view and how the European colonizers viewed this issue since

[80] Marsh and Mackenstein (2005) p. 241-242
[81] Marsh and Mackenstein (2005) p. 233
[82] Hurt (2003) p. 174
[83] Martin (1982) p. 235
[84] Brian (2009) p. 88
[85] Alvstam and Lundin (1983) p. 50
[86] Galtung (1973) p. 42
[87] Martin (1982) p. 233
[88] Väyrynen (1978) p. 19

both Martin's and Väyrenen's texts was written over 30 years ago when the EU consisted mainly of former colonizers.

So do the banana producers in the ACP countries have a future? On paper the EU has committed itself to ensure a continued viability of the ACP banana industry in the Cotonou Agreement. If the tariff quota system should be replaced by a single tariff, it would have to be fixed at a high enough level to allow the ACP counties to maintain their market share according to Myers. Just as Guyomard *et al*, Myers sees a differentiation between the ACP countries as necessary and that the EU only can live up to its commitments towards these countries by accepting the need of some form of direct aid to the most vulnerable banana growers in the Caribbean. According to Guyomard *et al* one major problem for the ACP countries is that they are seen as one, joined group when they really are very different from each other. The nature and geography in the Caribbean countries are very different from the West African countries which make it easier to produce bananas in Cameroon and Ivory Coast than in the Windward Islands for example. Even if the trade agreements would benefit the ACP countries there is a sort of "cannibalism" within the ACP group where the West African countries would be able to have a larger production and lower prices than the Caribbean countries.[89] Hurt writes that when drafting the Cotonou Agreement the European Commission suggested splitting the ACP countries into six different regions; West Africa, Central Africa, East Africa, the Southern African Development Community (SADC), the Caribbean Community (CARICOM) and the Pacific Region. The idea was to ease the internal competition between the APC countries but the proposal was not accepted.[90]

Guyomard *et al* suggests that the EU has to consider each ACP country on an individual level and not as a single group and that a gradual reform process to differentiate the countries should be realized. They also suggest a take on the New Trade Theory where the EU could assist the ACP countries in quality improvement and product differentiation such as organic and/or fair trade bananas as well as income support, aids to increased competiveness, diversification and restructuring.[91] There is also the suggestion by Myers to help the ACP countries reach greater liberalization by exempting small vulnerable economies from the condition that benefits in regional free trade agreements should be mutual and safeguard their existing preferences.[92] In the end, the survival of a Caribbean banana production depend on "whether the market can be induced to accept that price should not always be the sole or overriding criterion for purchase" Myers write.[93]

With a growing number of countries from the Eastern bloc joining the European Union Myers sees a very different future EU-ACP relation. The new member states have no historical ties with the Caribbean or with the ACP countries in general, and they prioritize low import prices of foodstuff that they do not produce themselves.[94]

Chacón-Cascante and Crespi refers to different authors who has tried to calculate a tariff level that is equivalent to the tariff-quota system that had been used before the agreement in 2001. The WTO enforced the EU to set its new tariff at a level that would allow full market access for other markets according to Chacón-Cascante and Crespi. The calculations by the different authors varies a lot in models and parameters but all the presented calculations points to the same result; it is impossible to maintain the old market structure with ACP produced bananas as a relevant competitor by using just a tariff restriction as decided in the agreement. In a calculation by Guyomard and Le Mouël (referenced in Chacón-Cascante and Crespi 2006, p. 125) a tariff of about € 182 per tonne was estimated to maintain the old mar-

[89] Guyomard *et al.* (2004) p. 15-16
[90] Hurt (2003) p. 173
[91] Guyomard *et al.* (2004) p. 6
[92] Myers (2004) p. 163-165
[93] Myers (2004) p. 154
[94] Myers (2004) p. 144-145

ket structure, compared to the agreed € 176 per ton, and that would only maintain the market shares for the first year – 2006. If the ACP countries were to uphold their 2005 market share for the subsequent years the import tax must increase further according to Guyomard and Le Mouël. A study by Arias *et al* (referenced in Chacón-Cascante and Crespi 2006, p. 125) in 2006 tested different market scenarios and how it would affect the corresponding tariff and concluded that the EU had to introduce a number of policy instruments if it was to achieve all policy objectives agreed. The 2001 agreement of a single tariff level would not allow the ACP countries the same market share as they have had. Arce *et al* (referenced in Chacón-Cascante and Crespi 2006, p. 126) tried to define the minimum tariff level to maintain the same market structure as during the tariff-quota system. Their estimation was that the EU would have to impose tariff levels of € 259.8 per tonne for maintaining the 2004 market structure. The Latin American countries had initially requested a tariff level of € 75.[95] In other words; the future for the banana production in ACP countries looks gloomy.

My definition of "successful" for the purpose of this thesis and its research question is "has the European Union been able to uphold its trade with its former colonies". My view of EU's successfulness must be divided into the past, present and the future. Since the EU during the latest decade has evolved significant to include young states with no colonization heritage or history the previously prioritized issue of supporting the ACP countries relations with the EU has been downgraded on its agenda.

If the necessary conversions in their economies are executed the ACP are one of the main beneficiaries in the short perspective since they will have an assured market for their bananas up to 2017 and will still be imported duty free. As Chacón-Casante and Crespi has shown the final tariff of € 114 per metric tonne will not be enough for the ACP banana producers to compete with the Latin American producers in a longer perspective but it still gives the ACP countries time to diversify away from the high-cost banana production and establish a new industry. The € 200 million they will receive from the EU budget will probably assist them in this process.[96]

Conclusions

The purpose of this thesis was to see if it is possible to govern trade markets politically and on what grounds the EU has based its behavior in the longest running trade dispute so far. By using various sources my goal was to see what, if not trade theory, could explain the EU's actions in the Banana wars. The thesis summarize the main events of the conflict, explains how trade should be conducted in theory and tries to clarify the miscellaneous and complex tariff and quota regimes for banana imports that have existed in the last decade and how they came about. I will now answer my two research questions and see what conclusion may be drawn.

How has the Banana wars been governed by the EU politically?

According to my research the present trade agreements in place between the founding nations of EU and some of its former colonies – the Cotonou Agreement, undoubtedly have been made with the old colonial structures still intact. This is for example clearly visible in the export statistics in Appendix 1. This loyalty has affected EU policies concerning the banana trade and has probably been the main reason for the disagreement commonly known as the Banana wars.

[95] Chacón-Casante and Crespi (2006) p. 125-126
[96] Chacón-Casante and Crespi (2006) p. 125-126

The theories discussed in this thesis concerning trade make the assumption that free trade is the only and most effective way to nurture growth and wealth. Free trade is per definition the most efficient way of conducting business. My empirical findings and my analysis however shows that other more political factors should be addressed as well as the old neo-colonial structures which still influences how governments and institutions set up trade agreements. We then move from answering how the Banana wars have been governed by the EU politically to instead address political influence in bilateral trade agreements. I have in here identified a clear difference in how US based trade and EU based trade are conducted and governed. Where the US follows neoliberal trade theory, EU trade has more of political influence.

The importance of old colonial structures gradually declines in the EU because of the intake of new members of the Union. This leads to a decreased interest in supporting old colonies of the founding nations of the EU and effectively cut the ties between the EU and the ACP countries when the Geneva deal was signed. The US history however shows a close co-operation between corporations and the government. Where European economy through its trade policies is influenced by its politics through its colonial heritage, the US politics through trade policy is influenced by their economy i.e. their major corporations. It seems as the real colonialism today can be found in the US in its reluctance to give anyone else but themselves a chance to produce bananas in Latin America.

Looking at the responsibility taken by the EU for its former colonies a political change is visible. From the special treatment in international trade based on article 299 in the Treaty of Rome and in the Lomé Convention to a much less visible responsibility in the Cotonou Agreement with a more general commitment to maintain the viability of the ACP countries and an increased emphasis on the World Trade Organizations role instead.

Since the Geneva deal makes the future for ACP banana producers uncertain the future for the Latin-American banana producers has not changed compared to before. The Geneva deal together with the gradual improvements in the ACP/EU agreements starting with the Lomé agreements and ending with the Cotonou agreement which the EU refers to as its commitment to spread free trade marks this change while the relation between the American companies and their Latin American counterparty remains in a status quo. In the long run the ACP countries are given the incitements to diversify their production and reduce their dependence of one single export market and commodity. In the short run however the Geneva deal challenges their ability to compete with the Latin American banana producers who most likely will benefit from increased shares on the European banana market.

Has the EU been successful in governing the Banana wars?

As I previously stated in my definition of the successfulness of EU's ability to upheld trade with its former colonies, the question needs to be viewed in the historical as well as future context. Since the EU during the last decade has grown significant the present Union does not prioritize the upholding of the neo-colonial structures of some of the founding EU members. As I previously have shown in Appendix 1 the old colonial powers still have relative large portion of their trade with its former colonies and they are therefore likely to support continued ACP banana trade. However since the EU agreed on the Geneva deal this indicates a paradigm shift in the focus of EU governing where the issue seems to be less important. Taking into consideration that the trade between EU and its founding nations and ACP countries for centuries has been going on at prices above market terms one has to agree that the EU, and the former colonizing countries before that, has been successful in upholding the trade. It is my beliefs however that in the short term due to the Geneva deal and the new blend of members in the Union this will effectively normalize the price of bananas in the EU to be more at market-terms. In the long term the Geneva deal could lead to higher prices of bananas. The aim of the agreed deal is that the greater competition from Latin American banana producers in the EU market will lead to cheaper bananas for the European consumers. But in the longer perspective it is more likely that the ACP countries will see both their market share and incomes decline as the EU market will be dominated by a few large US owned banana producers. The Latin American producers have the financial muscles to dump banana prices to bust their competitors, just as they did when they established themselves on the German market. Fewer competitors usually lead to higher prices.[97] My conclusion is that the EU has been successful in upholding the trade with its former colonies for such a long time, the prices of bananas for the consumers should in the short term go down however the future is more uncertain. The Geneva deal rulings will according to studies made by Chacón-Casante and Crespi make it impossible for ACP produced bananas to compete with Latin American produced bananas, this has to be viewed as a failure in the EU's ability to govern the future banana import for the European market, thus not successful. On the other hand, looking at the Cotonou agreement the EU seem to be less interested in governing this issue at the moment and the colonial heritage will probably receive even less attention in the future EU with states from the former Eastern bloc joining.

The EU's relation to the ACP countries shows the tangible relation trade creates. It is equally evident in the trade relation between the EU and the US. Much of the EU's stamina in this trade conflict has come after a change in the relationship between Europe and the US during the last decades. When the Cold War ended Europe became less dependent of the US for its security and with the creation of the WTO, a perfect forum to test the limits of global trade was formed. Although still an important trade partner, the US has to find itself less important now than it once was for the EU and the EU has to accept the reverse too.

I concur with Guyomard *et al* suggestion that the forthcoming banana production in the ACP countries should depend on a variation on the New Trade Theory; the consumers demand for alternative products. If these bananas had better taste, was of better quality or had other apparent merits there could still exist a demand for ACP bananas on the European market. However, it would have to be an inter-industry trade relationship. But I doubt that there is a real possibility for this, although the climate might be right in the ACP countries for producing bananas the Latin American producers has vast advantages regarding the size of labour force and croplands which enables them to always be cheaper than the ACP producers as neoliberal trade theories suggests. If the ACP producers find a product differentiation within the banana production, Latin American producers would probably soon offer a similar product at a lower price.

My contribution and suggested topics for future research

A master thesis should not just describe a process or a phenomenon; I am also expected to contribute to the research with my own material. Since this is a relatively explored subject, my contribution is to share my view of the solution presented and made visible by the Geneva deal. The EU agreed last year to allow the American owned banana produces a higher access to the European market in steps until 2017; this is what I refer to as the Geneva deal. My contribution has been to predict the future consequences of this and whether the Banana wars now has ended or not. My contribution has also been to add the relevant pieces of the puzzle together to show that it has been something other than economic motives in this conflict namely also to show that politics seems to have played a larger part in the outcome of the Banana disagreement than what first seems to be the case.

The WTO rulings have placed the economies in the small and vulnerable economies of the ACP countries under threat. Since they are highly dependent on just one product, bananas,

[97] Friedman (2002) p. 208

some other form of employment and earnings must be found. A build-up of an alternative industry requires a degree of protection for these sensitive economies and it is important that the WTO recognize this and enable these countries to maintain subsidies to offset their cost disadvantages. It seems as the US controlled, Latin American banana producers in the end has the most to gain from the Geneva deal and that the EU has only protracted the inevitable dénouement. The banana trade between the EU and the ACP countries was founded on the wrong reasons and should have been terminated several years ago. As a consequence of the dispute the EU has had sanctions imposed for its non-compliance on a selection of goods exported to the US. The WTO imposed penalties on businesses which was totally unrelated to the banana issue. The WTO also authorized Ecuador to impose sanctions on EU goods but Ecuador did not exercise it since the sanctions would only damage its own economy. In the future it would perhaps be more rational to penalize industries active in the same sector as the product of controversy or as Myers suggests, that compensation should take the form of obligatory liberalization by the offending state instead of additional trade restrictions by the winning side. [98] This would be more consistent with the WTO objective to foster and liberalize trade. This goal contradicts the real outcome of the Geneva deal where the US controlled trade seems to be the real beneficiary. My suggestion for a future research study is whether the current sanctions used by WTO can be more precise and narrowly applied to better solve the complex issues and to be more in line with WTO's objectives.

[98] Myers (2004) p. 162

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Appendix 1

Value of export 2010 (Former colonizer in bold)

Country statistics from the United Nations Commodity Trade Statistics Database (comtrade.un.org/db/)

West Africa:

Year	Exporting state	Importing state	Value
2010	**France**	**Cameroon**	**$790,723,487**
2010	Germany	Cameroon	$167,759,029
2010	United Kingdom	Cameroon	$62,567,721

2010	**France**	**Senegal**	**$946,924,912**
2010	Germany	Senegal	$96,410,859
2010	United Kingdom	Senegal	$787,150,696

2010	**France**	**Côte d'Ivoire**	**$1,082,757,771**
2010	Germany	Côte d'Ivoire	$151,958,206
2010	United Kingdom	Côte d'Ivoire	$81,521,194

The Caribbean:

Year	Exporting state	Importing state	Value
2010	**United Kingdom**	**Jamaica**	**$105,770,512**
2010	France	Jamaica	$22,722,762
2010	Germany	Jamaica	$33,685,898

2010	**Spain**	**Dominican Rep.**	**$348,592,373**
2010	Germany	Dominican Rep.	$201,381,326
2010	United Kingdom	Dominican Rep.	$167,713,988
2010	France	Dominican Rep.	$107,829,063

2010	**United Kingdom**	**Dominica**	**$8,951,155**
2010	Germany	Dominica	$1,128,914
2010	France	Dominica	$2,317,080

2010	**United Kingdom**	**Saint Lucia**	**$23,455,484**
2010	Germany	Saint Lucia	$3,519,244
2010	France	Saint Lucia	$8,066,037

2010	**United Kingdom**	**Grenada**	**$8,674,888**
2010	Germany	Grenada	$1,926,574
2010	France	Grenada	$2,277,313

Appendix 2

List of ACP Countries

Angola
Antigua and Barbuda
Belize
Cape Verde
Comoros
Bahamas
Barbados
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Central African Republic
Chad
Congo (Brazzaville)
Congo (Kinshasa)
Cook Islands
Cote d'Ivoire
Cuba
Djibouti
Dominica
Dominican Republic
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Ghana
Grenada
Republic of Guinea
Guinea-Bissau
Equatorial Guinea
Guyana
Haiti
Jamaica
Kenya
Kiribati
Lesotho
Liberia
Madagascar
Malawi
Mali
Marshall Islands
Mauritania
Mauritius
Micronesia
Mozambique
Namibia
Nauru
Niger
Nigeria
Niue
Palau
Papua New Guinea
Rwanda
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Solomon Islands
Samoa
Sao Tome and Principe
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Suriname
Swaziland
Tanzania
Timor-Leste
Togo
Tonga
Trinidad and Tobago
Tuvalu
Uganda
Vanuatu
Zambia
Zimbabwe

Source: www.acp.int/node/7

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