



Union of Industrial and Employers' Confederations of Europe
Union des Confédérations de l'Industrie et des Employeurs d'Europe

Sir Leon Brittan
Vice-President of the
European Commission
BREY 10/88
Rue de la Loi, 200
B-1049 Bruxelles

15 April 1999

LE SECRETAIRE GENERAL

OPEN LETTER

Dear Sir Leon,

"Banana dispute"

In their reports released to the parties on 6 April, the WTO panels, (established under Article 21.5 at the request respectively of Ecuador and the EU), ruled that the EU banana regime was not consistent with WTO rules. The same day, the arbitrator's report, (following the U.S. request for authorisation to suspend concessions against the EC), estimated the U.S. loss in exports of goods and services at \$191.4 million a year. On 9 April, USTR announced the final list of products on which the United States intends to impose 100 percent *ad valorem* duties from 3 March onwards.

Considering these latest developments and the fact that the sanctions, once approved by the WTO Dispute Settlement Body, will apply to European companies which have nothing to do with the banana dispute, UNICE, which is a strong supporter of the WTO multilateral trade system and its dispute settlement mechanism, considers that the EU has no other option, in order to limit the damage, but to change its banana regime as soon as possible, to bring it into full conformity with WTO rules.

UNICE calls on EU decision-makers to implement the ruling immediately and without further delay and to reject calls to pursue the case by filing an appeal. The continuation of the current dispute would have the serious negative effects of:

- extending uncertainty regarding the application of sanctions to the firms already badly hurt by the dispute for the period during which the proceedings would continue;
- further antagonising the positions of the parties involved in the dispute with the risk of compromising otherwise good and extensive relationships and co-operation on issues of great European interest, in particular preparation of the next round of multilateral trade negotiations to be launched in Seattle by the end of the year;
- raising doubts about EU commitment to the WTO dispute settlement process and thus undermining the credibility of the WTO system and EU leadership in the WTO.

UNICE looks for your strong support in finding a solution consistent with WTO principles which is acceptable to all the parties involved, as rapidly as possible.

Yours sincerely,

Dirk Hudig
Secretary General