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EDITORIAL NOTEBOOK

## Banana Wars

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I can hardly believe the banana wars are over. The dispute started back in 1993 when the European Union set quotas favoring banana imports from Ivory Coast, the Windward Islands and other former colonies at the expense of imports from Latin America. American banana companies and the Latin American countries where they grow their bananas sued the E.U., accusing it of rigging an unfair trade deal, first under the GATT and then under the W.T.O.

The suit dragged on for years, and at several points threatened to spark an all-out trade war between Washington and Europe. In 1999, after a meeting on Kosovo was hijacked by the banana crisis, the secretary of state then, Madeleine Albright, declared in exasperation: "I never in my life thought I would spend so much time on bananas."

It finally ended this month when the E.U. said it would continue to grant tariff-free access to its former colonies but would reduce tariffs on Latin American bananas by 35 percent over seven years. The United States and Latin American producers agreed to drop their case. After all the roiling, what strikes me now is how little people seem to care. That says a lot about how attitudes toward trade have changed.

When this started, trade was trumpeted as the single most important tool for development. Europe insisted that its special treatment of its former colonies was central to its post-imperial responsibilities. The United States and Latin American countries vowed to hold the line for free trade — over bananas at least — to make it a tool of development for all.

Today nobody talks about bananas. Stalled global trade talks (remember Doha?) barely get mentioned. There are a lot of problems out there, including the collapse of world trade in the wake of the global recession and the looming threat of protectionism. Yet there has also been a rethinking about trade's supposed silver bullet role in economic development.

China's growth stands as a beacon for the power of trade. But others that have hitched their economic strategy to trade, like Mexico, have found prosperity elusive. Despite growing banana exports, both the Latin American banana exporters and Europe's impoverished former colonies remain poor.

One thing we have learned over the past 15 years is that trade is necessary but not sufficient for development. Countries also need investment in infrastructure, technology and human capital. They need credit. They need legitimate institutions — like clean courts to battle monopolies — and help building them. Putting up a few barriers against banana imports, or tearing a few of them down, can't do it all.

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