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Communities. The last round established the WTO and Ecuador also celebrated this event in Marrakesh, but I must emphasize that one black spot in the Uruguay Round was the Framework Agreement on Bananas which the EU included among its specific commitments, thus perpetuating a system that was seriously discBT1 0 0 1 265.92 47.3j16 Tm/F17 11 Tf(s) TjETBT1

after having become one of the new Members of the WTO Ecuador requested consultations with the European Commission on its common market organization for bananas. A Panel was set up before which Ecuador acted jointly and severally with the United States, Guatemala, Honduras and Mexico. In September 1997, the WTO Dispute Settlement Body adopted the Panel's conclusions and recommendations, which were ratified by the Appellate Body, and the European Communities were requested to bring their regime into conformity with the GATT 1994.

In the three and a half years of the WTO's existence, during which the dispute settlement mechanism has become

thus continuing to violate Articles II and XVII of the GATS, the most-favoured nation and national treatment clauses respectively.

In order to comply with the WTO, the licences should be awarded to the current A and C operators according to the figures for the past three years, in recognition of the large sums expended on acquiring the licences confiscated, which according to the Panel and the Appellate Body should be returned at no cost.

2. Bound tariff

The proposal breaches the tariff bound in the WTO, which has been applied since 1995 and for the fourth consecutive year in 1998, by dividing up the tariff quota arbitrarily, as this was not recommended by the WTO, neither is it a requirement of the commitments under the Lomé Convention nor has it been requested by the Member States of the EU. Moreover, this new tariff of ECU 300, which violates the bound tariff of ECU 75, creates less favourable conditions for Latin American bananas, violating Article XIII of the GATT and Articles II and XVII of the GATS, because this new duty corresponds to half of the amounts paid by Latin American suppliers to ACP and Community operators for the purchase of the licences confiscated. In addition, according to the proposal, the revenue generated by this new tariff, will be directly used to subsidize ACP producers, establishing an unlawful and inequitable tax that is prejudicial to third world farmers such as those in Latin America who see no reason why they should subsidize farmers in other countries.

3. Tariff quota

The proposal divides the tariff quota for third countries into three, including ACP countries, although the recommendations of the Panel and the Appellate Body call for a single quota under which Latin American bananas pay a tariff of ECU 75 and ACP bananas zero.

4. Country quotas for substantial suppliers

The proposal states that, if there is no agreement with substantial suppliers, the European Commission will fix the quotas unilaterally. It should be emphasized that the Commission has no legal basis for unilateral attribution of the quotas because all the representative periods it could use are unlawful as they violate Article XIII of the GATT, as the two Panels of the GATT and the WTO Panel concluded.

5. Duration of the new regime

There is no indication of the duration except that the exemption granting a zero tariff for ACP countries expires on 29 January 2000 and, what is worse, the proposal indicates that until 31 December 2005 the Commission should simply submit a report on its operation.

Lastly, the Government of Ecuador emphasizes that the credibility of the WTO is more the responsibility of major trading partners such as the European Union than of small developing countries such as Ecuador, for which the Dispute Settlement Understanding is deserving of special consideration that cannot be disregarded. Thus, the consistency with the WTO rules which the European Union's banana regime will have to display is something that will implicate and strengthen the credibility of the multilateral trading system.