


Procedure file

Basic information	
INI - Own-initiative procedure	2003/2091(INI)
Procedure completed	
Bananas: special framework of assistance for traditional ACP suppliers (Regulation (EC) No 856/1999). 2002 biennial report	
Subject 3.10.06.01 Fruit, citrus fruits 6.30.02 Financial and technical cooperation and assistance	
Geographical area ACP countries	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	DEVE Development and Cooperation		21/01/2003
		PPE-DE FERNÁNDEZ MARTÍN Fernando	
European Commission	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
	AGRI Agriculture and Rural Development	The committee decided not to give an opinion.	
	Commission DG Development	Commissioner	

Key events			
23/12/2002	Non-legislative basic document published	COM(2002)0763	Summary
15/05/2003	Committee referral announced in Parliament		
20/05/2003	Vote in committee		Summary
20/05/2003	Committee report tabled for plenary	A5-0164/2003	
04/09/2003	Debate in Parliament		
04/09/2003	Decision by Parliament	T5-0386/2003	Summary
04/09/2003	End of procedure in Parliament		

Technical information	
Procedure reference	2003/2091(INI)

Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/5/19530

Documentation gateway

Non-legislative basic document	COM(2002)0763	23/12/2002	EC	Summary
Committee report tabled for plenary, single reading	A5-0164/2003	20/05/2003	EP	
Text adopted by Parliament, single reading	T5-0386/2003 OJ C 076 25.03.2004, p. 0255-0472 E	04/09/2003	EP	Summary

Bananas: special framework of assistance for traditional ACP suppliers (Regulation (EC) No 856/1999). 2002 biennial report

PURPOSE : to present a communication from the Commission on the special framework of assistance for traditional ACP suppliers of bananas. **CONTENT** : this document comprises of the communication from the Commission on a special framework assistance for traditional ACP suppliers of bananas (Council Regulation 856/1999) biennial report from the Commission 2002. The document recalls that banana imports in the European Union have traditionally been regulated by a quota-system with strong preferential treatment for bananas from Africa, the Caribbean and the Pacific (the so-called ACP countries). The US, Guatemala, Honduras, Mexico and Ecuador have challenged this regime as being incompatible with WTO regulations. In April 2001, after lengthy legal battles and negotiations, an Understanding was reached with the US and Ecuador on the future of the banana import regime into the EU. The agreement stipulates that the quota system will be replaced by a tariff only system, which should come into force on 1st January 2006 at the latest. In the meantime, the EU market in bananas will continue to be managed through a quota system based on historical reference, which has also been discussed with the ACP countries. In order to help the twelve traditional ACP banana suppliers better cope with the transition to the new market conditions, a Special Framework of Assistance (SFA) was put in place already in 1999, through a dedicated budget line. Five African countries and seven Caribbean countries are considered as traditional suppliers and are therefore beneficiaries of the SFA. This framework provides technical and financial support to specific projects presented by the countries concerned, based on a long-term strategy previously agreed with and approved by the Commission. The individual country allocations are calculated on the basis of two criteria, namely both the competitiveness gaps observed when compared to the third country suppliers, and the importance of the banana production to the economy of the ACP concerned. So far (1999 - 2002) the logic underlying the allocation methodology has caused those countries suffering from a bigger competitiveness gap and in which the share of the banana sector in the total GDP is higher, to receive more support. The report concludes by stating that due to some new procedures and the high degree of participation by the beneficiaries in implementation, disbursements have experienced delays in some cases. However, these difficulties are being tackled, and there have been substantial improvements in recent months. It is expected that further ground will be made up in the next two-year period, also as a result of the current devolution exercise. In this context, the Commission will explore the possibility of creating a "BA" budget line with a view to making the administrative process as effective as possible. In general, a need to streamline the whole administrative process has become evident. Whereas the strategies adopted are long-term, the fact of having projects in the form of annual action plans makes it burdensome both for the beneficiaries and for the Commission to elaborate, approve and implement them every year. In accordance with the SFA Regulation and the Financial Regulation, the Commission will explore the possibility of devising multi-year action plans. This would significantly reduce the administrative steps currently undertaken every year, and would enhance the consistency of implementation. In accordance with the SFA Regulation, the Commission would favour further strengthening of the link between the Country Strategy and the projects submitted under the SFA, as it has been the case in several countries already. In the Council Regulation establishing the SFA there is provision for application of a maximum reduction coefficient of 15% to the level of assistance made available from 2004, and for this reduction coefficient to be reduced proportionally to the increase in competitiveness observed. In the first phase of the SFA the logic applied favoured the less competitive suppliers, the idea being to bridge the bigger gaps and enable these producers to compete under the new market conditions. From 2004, in accordance with the above-mentioned provision, the allocation criteria should be adjusted by taking into account the different degrees of competitiveness gained. In parallel, implementation efforts are likely to shift more and more from support for competitiveness to diversification for those suppliers still suffering from substantial competitiveness gaps.?

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The committee adopted the own-initiative report by Fernando FERNÁNDEZ MARTÍN (EPP-ED, E) on the Commission communication. The report began by noting that, since it came into force in 1993, the banana import regime had been revised several times, above all as a result of decisions taken within the WTO. It pointed out that the Cotonou Agreement provided for preferential arrangements for banana imports from ACP countries and that, under the future 'tariff only' regime, the ACP countries would continue to benefit from a tariff preference. MEPs reaffirmed the need to support these countries in the changeover to the new regime and to explore ways of strengthening the use of the Special Framework of Assistance (SFA) to support the development of the fair-trade banana market. They reiterated their belief that the customs tariff due to be introduced in 2006 - and whose amount is to be negotiated within the WTO - should promote the interests of traditional ACP banana supplier countries by protecting their access to the Community market. The report expressed concern at the reduction in the

2003 budget allocated to the SFA and asked the Commission to pay particular attention to reducing delays in payment. To help beneficiary countries to meet their obligations, MEPs also approved of the idea of "multi-year action plans" as well as the current deconcentration process to ensure that decision-making is brought closer to those concerned through local management of requests. Lastly, they called on the Commission to ensure that the increase in imports following enlargement did not lead to a potentially destabilising market surplus, and also urged it not to fund environmentally harmful projects.?

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The European Parliament adopted a resolution based on the own-initiative report drafted by Fernando FERNANDEZ MARTIN (EPP-ED, Spain) on the banana import regime. (Please see the summary dated 20/05/03.) In addition, Parliament suggested that the Commission assist those countries which are obliged to diversify production by providing them with advice on drawing up viable programmes and projects. The Commission should also explore ways of strengthening the use of the SFA to support the development of the fair-trade banana market. ?