

Procedure file

Basic information	
CNS - Consultation procedure Regulation	2006/0173(CNS) Procedure completed
Common organisation of the market (CMO) in bananas Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 247/2006 2004/0247(CNS)	
Subject 3.10.03 Marketing and trade of agricultural products and livestock 3.10.06.01 Fruit, citrus fruits 3.10.14 Support for producers and premiums 4.70.06 Outlying and outermost regions, overseas countries and territories	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AGRI Agriculture and Rural Development		11/09/2006
		PSE FRUTEAU Jean-Claude	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development	The committee decided not to give an opinion.	
	BUDG Budgets		25/10/2006
		PPE-DE LEWANDOWSKI Janusz	
	REGI Regional Development		
Council of the European Union	Council configuration	Meeting	Date
	Agriculture and Fisheries	2774	19/12/2006
	Agriculture and Fisheries	2763	20/11/2006
European Commission	Commission DG	Commissioner	
	Agriculture and Rural Development	FISCHER BOEL Mariann	

Key events			
20/09/2006	Legislative proposal published	COM(2006)0489	Summary
23/10/2006	Committee referral announced in Parliament		
20/11/2006	Debate in Council	2763	Summary
22/11/2006	Vote in committee		Summary
27/11/2006	Committee report tabled for plenary, 1st reading/single reading	A6-0422/2006	

11/12/2006	Debate in Parliament		
13/12/2006	Results of vote in Parliament		
13/12/2006	Decision by Parliament	T6-0563/2006	Summary
19/12/2006	Act adopted by Council after consultation of Parliament		
19/12/2006	End of procedure in Parliament		
29/12/2006	Final act published in Official Journal		

Technical information

Procedure reference	2006/0173(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1782/2003 2003/0006(CNS) Amending Regulation (EC) No 247/2006 2004/0247(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 037
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/6/40798

Documentation gateway

Legislative proposal		COM(2006)0489	20/09/2006	EC	Summary
Document attached to the procedure		SEC(2006)1106	20/09/2006	EC	
Document attached to the procedure		SEC(2006)1107	20/09/2006	EC	
Committee draft report		PE378.867	06/10/2006	EP	
Amendments tabled in committee		PE380.665	23/10/2006	EP	
Committee opinion	REGI	PE380.773	17/11/2006	EP	
Committee opinion	BUDG	PE382.195	22/11/2006	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0422/2006	27/11/2006	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0563/2006	13/12/2006	EP	Summary
Commission response to text adopted in plenary		SP(2007)0303	24/01/2007	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2006/2013](#)

Common organisation of the market (CMO) in bananas

PURPOSE: to reform the Common Market Organisation in Bananas (CMO).

PROPOSED ACT: Council Regulation.

CONTEXT: the proposed reform package comes amid a wide ranging debate on the CMO in bananas. The proposal has been prepared bearing a number of factors in mind. They include the possible conclusion to the Doha Round negotiations; a new generation of partnership agreements with the ACP countries; the end of the exemptions for bananas from the 'Everything But Arms' agreement; and the renewal of the union's policy towards its outermost regions and the POSEI programme.

Bananas grown within the EU currently account for only 16% of total supply. They are produced in four of the EU's outermost regions situated in tropical or sub-tropical areas. A small percentage (less than 2%) are produced in Cyprus, Greece and continental Portugal.

The current aid scheme for banana producers is based on outdated principles. Banana producers have been artificially isolated from market trends since aid is automatically given when prices fluctuate. It has now become necessary to amend the regime along the lines of the main political priorities identified in the Sustainable Development Strategy and the Lisbon Agenda and which have since been applied to a reformed Common Agricultural Policy.

CONTENT: the Commission is proposing to abolish the current aid scheme in the CMO, which at present, compensates producers for a drop in prices. The Commission is proposing that compensatory aid be channelled through the POSEI scheme that will, in future, become the main regulatory instrument for bananas in the outermost regions. POSEI will give the Member States affected by this proposal greater flexibility to decide on how the money is best distributed. For continental Portugal, Greece and Cyprus aid will be included in the single payment scheme which is compatible with other sector reforms.

The proposed reforms are as follows:

1) Aid to producers in the outermost regions: Council Regulation 247/2006 on the establishment of EU support programmes for the outermost regions, contains specific measures to assist local agricultural production. This proposal intends to amend Regulation 247/2006 so that it can support banana production in each of the regions concerned. The changes will allow the Member States to take measures, which take account of regional variations. The Commission will undertake a review of the scheme by the end of 2009 and earlier if there are any substantive changes to the economic conditions affecting the livelihood of the outermost regions.

The budgetary allocation to the POSEI scheme will be increased to EUR 278.8 million. This will allow banana producers to be fully included in the programme as from 1 January 2007. Following a request from the producing Member States, this aid will be distributed to the producing regions in accordance with the market share in 2000. Thus, Spain will receive 50.4%, France 46.1%, Portugal 3.1% and Greece 0.4%.

2) Aid to producers in other banana regions: as far as Greece, continental Portugal and Cyprus are concerned, they will no longer receive a specific aid scheme for bananas, given the limited amount of banana production in these countries. The Commission proposes to shift support from production to the producer. This will be achieved by abolishing the existing compensatory aid scheme for bananas and transferring it to the Single Payment Scheme. The Member States will be responsible for establishing the reference amounts and eligible hectares under the Single Payment Scheme on the basis of a representative period appropriate to the banana market. It is proposed that the national ceilings for Greece and Portugal be increased by EUR 1.1 million and EUR 0.1 million respectively. An additional budget is also being proposed for the implementation of the Single Payment Scheme in Cyprus, where about 10 000 tonnes of bananas are grown. The additional amount will be phased out as of 2009 and will reach a full level of EUR 3.4 million in 2013.

3) Producers' organisations: the Commission is proposing to abolish provisions on producer organisations given that the aim of compensating them through such organisations will soon be obsolete. As an alternative, the Commission is proposing that the Member States be free to establish their own producer organisations which are adapted to the needs of their specific territories. Recently recognised producer organisations, however, will continue to benefit from some form assistance.

For further information concerning the financial implications of this measure, please refer to the financial statement.

Common organisation of the market (CMO) in bananas

The Council held a policy debate on a proposed Regulation to reform the EU's common market in bananas. To recall, the Council is due to adopt the Regulation at its meeting on 19-21 December. The opinion of the European Parliament is expected by mid-December.

The proposal seeks to replace the current aid scheme in the common market organisation (CMO) for bananas by increasing the POSEI budget. For a more detailed summary of the proposal and the proposed budget, see summary dated 20/09/06 below.

The Council's policy debate focused on the main outstanding issue of the overall budget. Several delegations considered the proposed overall budget too high. They criticised, in particular, the reference period chosen and the level of the safety margin. One Member State asked for the possibility of continuing to apply partial decoupling after its integration into the 'Single Payment Scheme'.

In response, the Commission underlined the specificity of the sector and regions in question and the element of solidarity which has been included in the proposal. It pointed out that the reference period selected is the same as the one selected for the 2003 reform and that the proposal would bring certainty and stability to the budget. Further, the Commission went on to explain that the purpose of the safety margin was to take account of the variations in banana prices, which may result from changes in the import regime. The current proposal would ensure that the EU is fully compatible with WTO obligations.

The Presidency concluded by stating that the Council would come back to this issue at its next meeting.

Common organisation of the market (CMO) in bananas

The committee adopted the report by Jean-Claude FRUTEAU (PES, FR) amending - under the consultation procedure - the proposed regulation on the banana sector:

- the committee was opposed to the Commission's proposal that aid for banana growers should be shifted towards producer support by using the Single Payment Scheme (SPS), which would decouple payments from banana production. It felt that this could create problems for certain traditional banana-producing regions in the EU (such as the outermost regions, which face growing competition from Central and South American banana producers). MEPs wanted 40% of the national aid to remain coupled to production, with the remaining 60% of the national share being available through the SPS;

- the committee also advocated keeping the current rules on producers' organizations, which play a key role in the management of crop-specific aid. Affiliation to a recognised organisation should be mandatory for banana-producers receiving EU aid, unless their geographical circumstances make this impossible;

- to facilitate the transition from the old to the new banana regime, provision should be made for a system of specific advances during 2007, and more specifically during the period running from January to October;

- in the event of a deterioration in the economic conditions affecting the livelihoods of banana producers, "following in particular a change in the external regime", the Commission should submit a specific report to Parliament and Council by the end of 2009, accompanied by suitable proposals where necessary.

Common organisation of the market (CMO) in bananas

The European Parliament adopted a resolution based on the report by Jean-Claude FRUTEAU (PES, FR) and made some amendments to the initial proposal. For the most part, these amendments followed those voted in committee. (Please see the summary of 22/11/2006.) Parliament added that three years after the entry into force of the Regulation, the Commission must submit an assessment report to the European Parliament and the Council on the impact that the Regulation has had on the living standards of Community farmers, on Community producers' incomes, and on economic and social cohesion. The Commission must propose practical initiatives if the original objectives have not been attained.

Common organisation of the market (CMO) in bananas

PURPOSE: to reform the Common Market Organisation in Bananas (CMO).

LEGISLATIVE ACT: Council Regulation (EC) No 2013/2006 amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector.

CONTENT: the Council adopted a regulation reforming the banana sector. The Commission issued a statement to address the specific problem of Cyprus which abstained, as did the Netherlands. Latvia, the UK and Sweden voted against and issued a common statement. Estonia, Germany and Poland issued their own statements.

The Regulation replaces the aid scheme in the banana CMO through a transfer to the POSEI scheme of the financial envelope for sustaining local banana production in the outermost regions concerned. It also includes "non-POSEI" areas under banana cultivation in the Single Payment Scheme (as of 2007 for Greece and Portugal, and in the following years for Cyprus), similarly with an appropriate budget transfer.

The financial envelope included in the proposal is based on the 2000-2002 reference period. The total envelope amounts to EUR 280 million for the major producing Member States (Spain, France, Portugal and Greece). For Cyprus, where banana producers are currently supported under the single area payment scheme, an additional budget of EUR 3.4 million is allocated.

This Regulation offers the advantages of:

- consistency with the CAP reform and with WTO disciplines;
- flexibility, for example in the promotion of environmentally-sound cultivation methods;
- permitting additional financing by member states;
- contributing to the attainment of a fair standard of living of the agricultural community in EU banana-producing regions;
- predictability and stabilising public expenditure, which was not the case with the former regulation.

ENTRY INTO FORCE: 01/01/2007.