

# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) <a href="#">2010/0059(COD)</a> Regulation</p>	Procedure completed
<p>Financing instrument for development cooperation: banana accompanying measures</p> <p>Amending Regulation (EC) No 1905/2006 <a href="#">2004/0220(COD)</a> See also <a href="#">2009/0059(COD)</a> See also <a href="#">2009/0060A(COD)</a> See also <a href="#">2009/0060B(COD)</a></p> <p>Subject 3.10.06.01 Fruit, citrus fruits 3.10.06.10 Tropical plants 6.20.01 Agreements and relations in the context of the World Trade Organization (WTO) 6.30 Development cooperation 6.30.01 Generalised scheme of tariff preferences (GSP), rules of origin 6.30.02 Financial and technical cooperation and assistance 6.40.06 Relations with ACP countries, conventions and generalities</p> <p>Geographical area Belize Jamaica Ghana Suriname ACP countries Côte d'Ivoire Dominican Republic Saint Lucia Saint Vincent and Grenadines Cameroon Dominica</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CODE</b> Parliament delegation to Conciliation Committee		15/02/2011
		ALDE <a href="#">GOERENS Charles</a>	
	Former committee responsible		
	<b>DEVE</b> Development		04/05/2010
		ALDE <a href="#">GOERENS Charles</a>	
	<b>DEVE</b> Development		25/01/2011
		ALDE <a href="#">GOERENS Charles</a>	
Former committee for opinion			
<b>INTA</b> International Trade		The committee decided not to give an opinion.	
<b>BUDG</b> Budgets			21/04/2010
		S&D <a href="#">KALFIN Ivailo</a>	
<b>AGRI</b> Agriculture and Rural Development		The committee decided not to	

give an opinion.

Council of the European Union

Council configuration

Meeting

Date

[Education, Youth, Culture and Sport](#)

[3128](#)

28/11/2011

[Agriculture and Fisheries](#)

[3108](#)

19/07/2011

[Competitiveness \(Internal Market, Industry, Research and Space\)](#)

[3057](#)

10/12/2010

European Commission

Commission DG

Commissioner

Development

PIEBALGS Andris

Key events

17/03/2010	Legislative proposal published	<a href="#">COM(2010)0102</a>	Summary
24/03/2010	Committee referral announced in Parliament, 1st reading		
05/10/2010	Vote in committee, 1st reading		Summary
11/10/2010	Committee report tabled for plenary, 1st reading	<a href="#">A7-0285/2010</a>	
20/10/2010	Debate in Parliament		
21/10/2010	Results of vote in Parliament		
21/10/2010	Decision by Parliament, 1st reading	<a href="#">T7-0382/2010</a>	Summary
10/12/2010	Council position published	<a href="#">16447/1/2010</a>	Summary
16/12/2010	Committee referral announced in Parliament, 2nd reading		
26/01/2011	Vote in committee, 2nd reading		Summary
28/01/2011	Committee recommendation tabled for plenary, 2nd reading	<a href="#">A7-0009/2011</a>	
03/02/2011	Debate in Parliament		
03/02/2011	Decision by Parliament, 2nd reading	<a href="#">T7-0030/2011</a>	Summary
19/07/2011	Parliament's amendments rejected by Council		
06/09/2011	Formal meeting of Conciliation Committee		
31/10/2011	Final decision by Conciliation Committee		
31/10/2011	Joint text approved by Conciliation Committee co-chairs	<a href="#">00059/2011</a>	
24/11/2011	Report tabled for plenary, 3rd reading	<a href="#">A7-0403/2011</a>	
28/11/2011	Decision by Council, 3rd reading		
30/11/2011	Debate in Parliament		
01/12/2011	Decision by Parliament, 3rd reading	<a href="#">T7-0532/2011</a>	Summary

13/12/2011	Final act signed		
13/12/2011	End of procedure in Parliament		
30/12/2011	Final act published in Official Journal		

### Technical information

Procedure reference	2010/0059(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC) No 1905/2006 <a href="#">2004/0220(COD)</a> See also <a href="#">2009/0059(COD)</a> See also <a href="#">2009/0060A(COD)</a> See also <a href="#">2009/0060B(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 209-p1
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CODE/7/05314

### Documentation gateway

Legislative proposal		<a href="#">COM(2010)0102</a>	17/03/2010	EC	Summary
Committee draft report		<a href="#">PE445.880</a>	26/07/2010	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE443.153</a>	15/09/2010	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0285/2010</a>	11/10/2010	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0382/2010</a>	21/10/2010	EP	Summary
Commission response to text adopted in plenary		SP(2010)8657/2	09/12/2010	EC	
Council position		<a href="#">16447/1/2010</a>	10/12/2010	CSL	Summary
Commission communication on Council's position		<a href="#">COM(2010)0787</a>	13/12/2010	EC	Summary
Committee draft report		<a href="#">PE456.653</a>	17/01/2011	EP	
Committee recommendation tabled for plenary, 2nd reading		<a href="#">A7-0009/2011</a>	28/01/2011	EP	
Text adopted by Parliament, 2nd reading		<a href="#">T7-0030/2011</a>	03/02/2011	EP	Summary
Commission opinion on Parliament's position at 2nd reading		<a href="#">COM(2011)0179</a>	01/04/2011	EC	Summary
Joint text approved by Conciliation Committee co-chairs		<a href="#">00059/2011</a>	31/10/2011	CSL/EP	
Report tabled for plenary by Parliament delegation to Conciliation Committee, 3rd reading		<a href="#">A7-0403/2011</a>	24/11/2011	EP	

Text adopted by Parliament, 3rd reading	<a href="#">T7-0532/2011</a>	01/12/2011	EP	Summary
Draft final act	<a href="#">00059/2011/LEX</a>	13/12/2011	CSL	

#### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

#### Final act

[Regulation 2011/1341](#)  
[OJ L 347 30.12.2011, p. 0034](#) Summary

## Financing instrument for development cooperation: banana accompanying measures

**PURPOSE:** to support the adjustment of areas dependent upon banana exports following a reduction in tariff preferences for ACP banana-supplying countries and amending Regulation (EC) No 1905/2006.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**BACKGROUND:** the Common Market Organisation (CMO) for bananas in the EU (EU) has traditionally provided a preferential trade regime in favour of African, Caribbean and Pacific (ACP) banana-exporting countries. For several ACP states, banana production for export to the EU forms an important economic activity with multiplier effects for the rest of the economy.

The EU's banana CMO has been challenged since 1995 through the World Trade

Organisation's (WTO) Dispute Settlement Mechanism, whose Appellate Body decisions have repeatedly ruled against it. Consequently, the EU has negotiated a trade agreement on bananas within the framework of the WTO. This supports the completion of the Doha Development Agenda's (DDA) agricultural modalities and the full Doha Round. Implementation of this agreement will lead to the reduction of the ACPs' preference margin.

In order to promote the gradual integration of banana-exporting ACP countries into the global economy, the EU has provided assistance to the banana sectors of a number of countries through the Special System of Assistance (SSA, 1994-1999) and the Special Framework of Assistance (SFA, 1999-2008). The SFA operated in 12 banana-exporting ACP countries and expired in December 2008.

The SFA operated in twelve banana-exporting ACP countries and expired in December 2008. The external evaluation of the SFA highlights positive results, as stated in the [draft Communication on the Biennial Report](#) on the Special Framework of Assistance for traditional ACP suppliers of bananas.

Certain countries managed to enhance competitiveness, as reflected in ACP bananas' stable export volumes and EU market share (see COM(2010)0103). However, production costs in ACP countries generally remain higher than in Most Favoured Nation (MFN) countries. The results of measures to support diversification are less visible and will require more efforts. A reduction in tariff preferences for ACP banana-supplying countries will lead to additional adjustment requirements, building on the adaptation and restructuring processes underway. In

view of these challenges, the Commission proposes to create an ACP Banana

Accompanying Measures programme for the main ACP banana-supplying countries.

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**LEGAL BASIS:** Article 209(1) of the Treaty on the Functioning of the EU. **CONTENT:** the Commission proposes to amend Regulation (EC) No 1905/2006 (?DCI instrument.) The Banana Accompanying Measures to be adopted aim at:

- enhancing the competitiveness of the banana export sector, where this is sustainable, taking into account the situation of different stakeholders in the chain;
- promoting the economic diversification of banana-dependent areas;
- addressing broader impacts generated by the adaptation process, possibly related but not restricted to employment and social services, land use and environmental restoration, and macroeconomic stability.

They will take into account the results of and experiences gained through the SSA and the SFA. The Banana Accompanying Measures are proposed as a temporary programme with a maximum duration of four years (2010-2013).

The main ACP banana supplying countries are: Belize, Cameroon, Côte d'Ivoire, Dominica, Dominican Republic, Ghana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines and Suriname.

The budget for the measures is EUR 190 million. Within this amount, the Commission will fix the maximum amount available to each eligible ACP banana-supplying country for financing the actions above on the basis of a set of objective indicators. The indicators shall include trade in bananas with the EU; the importance of banana exports to the economy in the ACP country concerned; and country's level of development. The measurement of the allocation criteria shall be based on data from years preceding 2009.

The Commission will adopt multi-annual support strategies and ensure that such strategies complement the geographic strategy papers of the countries concerned, and the temporary nature of these banana accompanying measures. The support strategies may be reviewed ad hoc, if necessary, but shall not be submitted to a mid-term review.

**BUDGETARY IMPLICATION:** the budget is EUR 190 million. The programme will be financed through appropriations under the expenditure of Heading 4 ("The EU as a Global Player"). It is proposed to use part of the available margin under this heading for EUR 75.9 million. Commission services have assessed the availability of funds over the period 2010-2013 in order to ascertain redeployment possibilities because of potential underutilisation, absorption constraints and/or political circumstances. The analysis leads to a proposed redeployment of EUR 95.8 million under Heading 4. For the remainder (EUR 18.3 million) the Commission proposes the mobilisation of the Flexibility Instrument.

Lastly, it should be noted that the total financial reference amount for the implementation of the DCI Regulation over the period 2007-2013 is now EUR 17 087 million.

## Financing instrument for development cooperation: banana accompanying measures

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The Committee on Development adopted the report by Charles GOERENS (ALDE, LU) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

The committee considers that the proposal for a regulation of the European Parliament and of the Council, by drastically reducing the margin under the ceiling of heading 4 of the multiannual financial framework (MFF) for 2007-2013, does not leave sufficient room for manoeuvre to face and to react adequately to a potential upcoming crisis.

Members feel that, due to the long-standing issue concerning trade in bananas, the proposed measures could have been integrated at an earlier stage into the MFF. They reiterate their conviction that any new instrument should not be financed through redeployment as this would jeopardise the existing priorities.

The committee recommended that the European Parliament's position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) should be to amend the Commission proposal as follows:

**Combat against poverty:** the report points out that EU development aid must be used to combat poverty by improving the living standards and conditions of farmers and the people concerned, such as small business, respecting working, as well as environmental, standards, including those regarding the use and exposure to pesticides.

**Effectiveness of aid:** the Commission must be extremely careful to envisage the economic diversification of banana-dependent areas only where such an option is mentioned in multi-annual national strategy papers. Members believe that the criteria for the apportioning of assistance must be transparent. They should therefore be weighted to increase the transparency of the allocation of assistance. In addition to this, the allocation should be based on countries' requirements. Resources should therefore be targeted, as a priority, at ACP countries that actually wish to retain their banana sector in view of the role it plays in the sustainable development of their country.

**Aid strategies:** multiannual support strategies for the banana accompanying measures should, in particular, include:

- an updated environmental profile paying due attention to the country's banana sector inter alia focusing on pesticides;
- information on the achievements of past banana support programmes;
- indicators to assess progress in relation to disbursement conditions, when budget support will be chosen as the form of financing;
- the expected results of the assistance;
- a time schedule of support activities and of expected disbursements for each recipient country;
- the ways in which progress will be achieved and monitored in meeting internationally-agreed ILO core labour standards and appropriate occupational safety and health conventions as well as relevant internationally agreed core environmental standards.

The support strategies shall be subject to an independent ex ante review and, if necessary, an ad hoc review.

**Delegated acts:** Members consider that it is vital that Parliament should be able to exercise all the powers of democratic scrutiny it currently enjoys, including the possibility opened up by the Lisbon Treaty for delegating to the Commission the power to adopt non-legislative acts of general application to supplement or amend certain non-essential elements of the legislative act, including multi-annual strategy papers and programming documents relating to the Banana Accompanying Measures (BAMs).

## Financing instrument for development cooperation: banana accompanying measures

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The European Parliament adopted by 574 votes to 17, with 25 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

Parliament considers that the proposal for a regulation of the European Parliament and of the Council, by drastically reducing the margin under the ceiling of heading 4 of the multiannual financial framework (MFF) for 2007-2013, does not leave sufficient room for manoeuvre to face and to react adequately to a potential upcoming crisis. They consider that this proposal is not compatible with the ceiling for heading 4 of the MFF, and calls for the revision of the latter by all means provided for the [IIA of 17 May 2006 on budgetary discipline and sound financial management](#).

Members feel that, due to the long-standing issue concerning trade in bananas, the proposed measures could have been integrated at an earlier stage into the MFF. They reiterate their conviction that any new instrument should not be financed through redeployment as this would jeopardise the existing priorities.

The European Parliament adopts its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) amending the Commission proposal as follows:

Combat against poverty: the amended text points out that EU development aid must be used to combat poverty by improving the living standards and conditions of farmers and the people concerned, such as small business, respecting working, as well as environmental, standards, including those regarding the use and exposure to pesticides.

Union assistance shall in particular be used to combat poverty by improving the living standards and conditions of farmers and persons concerned, where relevant small entities, including by means of compliance with labour and safety standards, as well as with environmental standards, including the use of and exposure to pesticides.

Effectiveness of aid: the Commission must be extremely careful to envisage the economic diversification of banana-dependent areas only where such an option is mentioned in multi-annual national strategy papers.

The measurement of the allocation criteria shall be based on representative data preceding 2010 and covering a period not longer than five years, and on a Commission study assessing the impact on the ACP countries of the agreement reached within the WTO and the bilateral and regional agreements concluded, or in the process of being concluded, between the EU and Latin American countries, which are the leading exporters of bananas.

Support strategies: the multi-annual support strategies for banana accompanying measures shall include inter alia:

an updated environmental profile paying due attention to the country's banana sector, inter alia focusing on pesticides;

information on the achievements of past banana support programmes;

indicators to assess progress in relation to disbursement conditions, when budget support will be chosen as the form of financing;

the expected results of the assistance;

a time schedule of support activities and of expected disbursements for each recipient country;

the ways in which progress will be achieved and monitored in meeting internationally agreed ILO core labour standards and appropriate occupational safety and health conventions as well as relevant internationally agreed core environmental standards.

Eighteen months before the expiry date, the programme and the progress made by the countries shall be the subject of an assessment, which shall include recommendations on any measures to be taken and the nature thereof.

Annual action programmes and specific measures: the text stipulates that where the cost of such measures exceeds EUR 10 million, the Commission shall adopt them taking into account the opinions of the European Parliament and of the Council. For special measures below EUR 10 million, the Commission shall send the measures to the Council and the European Parliament for information within one month of adopting its decision. The annual action programmes shall be adopted by the Commission taking into account the opinions of the European Parliament and of the Council.

Delegated acts: in order for the European Parliament to exercise all its powers of democratic control, Members consider that the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the TFEU in respect of Geographic Strategy Papers, Multi-annual Indicative Programmes and Strategy Papers for thematic programmes and the accompanying measures in the banana sector (BAM).

## Financing instrument for development cooperation: banana accompanying measures

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The Council adopted its position at first reading with a view to the adoption of a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation (DCI).

In its position, the Council recalled that this ACP Banana Accompanying Measures (BAM) programme is proposed as an amendment to Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation (DCI). The aim of the BAM programme is to assist the restructuring of the banana sectors in the ten main ACP banana-exporting countries.

The EU's Common Market Organisation (CMO) for bananas has been challenged repeatedly in the World Trade Organisation (WTO). Consequently, the EU has negotiated in the WTO framework a trade agreement on bananas which supports the completion of the Doha Development Agenda's (DDA) agricultural modalities and the full Doha Round.

The proposed BAM programme for the main ACP banana-supplying countries aims to support the adjustment of areas dependent upon banana exports through budget support or specific interventions. The measures are proposed as a temporary programme with a maximum duration of four years (2010-2013). They would have a budget of EUR 190 million and would be introduced through an amendment to the DCI.

European Parliament amendments: following early and constructive discussions between the three institutions, the Council accepted 15 amendments adopted by the European Parliament at first reading. The Council considers that these amendments improve the initial proposal either by fleshing it out, mainly its preamble, or by clarifying some substantial aspects of the BAM programme. In particular, the EU's assistance now has an explicit focus on poverty eradication and the improvement of living and working conditions of small farmers and other persons concerned.

Furthermore, the Regulation now refers to the regional environment of eligible countries under the BAM programme, specifically the proximity to outermost regions of the EU and OCTs.

The Council also welcomed EP amendments regarding environmental protection requirements as well as social requirements based on ILO standards to be included in country support strategies. Finally it is worth noting that the text now provides for an assessment of the BAM programme eighteen months before its end, when appropriate recommendations can be made.

The Council has not been able, however, to accept those amendments adopted by the European Parliament which introduce the application of the delegated acts procedure (Article 290 TFEU) for the adoption of multi-annual cooperation programmes and strategy papers. The Council believes that the multi-annual cooperation programmes, not being legally binding acts, do not constitute acts of general application, supplementing or amending the basic act. They constitute implementing measures within the meaning of Article 291 TFEU.

In conclusion, with a view to reaching an early agreement on the amended Regulation, the Council has engaged in substantial negotiations

with the European Parliament, facilitated by the European Commission. The negotiations have led to a large degree of consensus on the substantial elements of text which relate to the BAM programme as such.

While the proposal of the Commission did not present substantial difficulties to the Council, the Council made a special effort to meet a number of concerns of the European Parliament related to the application of the amended Regulation.

The Council considers that its position at first reading is a balanced compromise and calls on the European Parliament to go along with this text to allow for the entry into force of the Regulation in 2010. This would permit that the funds already inscribed in the 2010 budget are not lost.

The Council has expressed serious concern that failure to reach agreement before the end of 2010 might jeopardise the long awaited trade agreement on bananas in the WTO.

## Financing instrument for development cooperation: banana accompanying measures

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In its communication to the European Parliament on the Council position on the adoption of a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation (original Commission proposal 'BAM amendments', the Commission can accept the Council position at first reading, which is the outcome of constructive negotiations between the three institutions. It is in line with the essential objectives and the underlying approach of the Commission's initial proposal and incorporates the European Parliament's amendments on the substance of the BAM provisions.

Main characteristics of the Council position: the position reflects the following key elements in line with the European Parliament's amendments:

- recitals: a number of recitals have been expanded and others have been added to provide further explanations in relation to the context, content and objectives of the BAM;
- specific focus on poverty, livelihoods, small farmers and specification on the viability of strategies (Article 17a ? Paragraph 1): the Union's assistance has now been explicitly established as focusing on poverty eradication and improvement of living and working conditions of small farmers and other persons concerned;
- outermost regions of the EU and overseas countries and territories (Article 17a ? Paragraph 1): the Regulation now refers to the regional environment of eligible BAM countries, specifically the proximity to outermost regions of the EU and OCTs;
- bilateral trade agreements with Latin American countries (Article 17a ? Paragraph 2): both multilateral and bilateral agreements relating to bananas concluded or in the process of being concluded are mentioned;
- distribution of funds (Article 17a ? Paragraph 2): the proposed criteria have been arranged by order of importance. Moreover, the allocation criteria will use data of a period not longer than five years before 2010, as well as a Commission study assessing the impact of the trade agreements on ACP countries;
- requirements in Multiannual Support Strategies (Article 17a ? Paragraph 3): a number of requirements (e.g. environmental profiles and ILO standards) to be included in the support strategies in each country have been specified;
- programme assessment (Article 17a ? Paragraph 3): the progress of the BAM programme will be assessed eighteen months before its end and appropriate recommendations are to be made.

In addition, an amendment originally tabled by the Commission (COM(2009)194), see [COD/2009/0060A](#) was introduced:

- taxes and duties (Article 25 ? Paragraph 2): the wording 'in principle' is added to the non-eligibility of taxes, duties and other charges thus signalling the possibility of exceptions, these being regulated internally by the instructions given to Authorising Officer.

Amendments by Parliament not acceptable to Council: delegated acts (Article 290 TFEU): Parliament seeks by its first reading amendments to apply this procedure to the adoption of multiannual strategy papers by the Commission. Despite long and intensive negotiations (notably trilogues held on 2 February, 23 March and 20 October) it was not possible to reach agreement on this issue. The Council has not accepted these amendments in its positions at first reading. The Commission is ready to continue efforts to reconcile the positions of the institutions and to find ways to meet the substantive concerns behind Parliament's amendments, in particular in ensuring that Parliament can exercise appropriate oversight over the formulation of external cooperation strategies and the proper implementation of external financial instruments.

The European Commission can accept the Council position at first reading.

## Financing instrument for development cooperation: banana accompanying measures

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The Committee on Development unanimously adopted the recommendation for second reading contained in the report drafted by Charles GOERENS (ALDE, LU) on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

It recommended that the European Parliament adopts its position at second reading under the ordinary legislative procedure, amending the Council position at first reading as follows:

Delegated acts: following the entry into force of the Lisbon Treaty, the European Parliament is now fully recognised as co-legislator alongside the Council on virtually all legislation. Members consider that this should be reflected in the area of the implementation of external cooperation financial instruments.

During the first reading in October 2010, Parliament expressed its favour for the application of the "delegated acts" procedure for the financing instruments for external assistance.

The delegated acts procedure significantly strengthens Parliament's powers: Parliament's veto right allows it to block a draft measure it objects against, and requires the Commission to present an amended proposal.

Faced with the rejection of the Parliament's position by the Council, Members recommend representing, at second reading, the requests formulated at first reading:

- the Commission should be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of Geographic Strategy Papers, Multi-annual Indicative Programmes and Strategy Papers for thematic programmes and the accompanying measures, as they supplement Regulation (EC) No 1905/2006 and are of general application;
- the annual action programmes shall be adopted by the Commission taking into account the opinions of the European Parliament and of the Council;
- where the cost of such measures exceeds EUR 10 million, the Commission shall adopt them taking into account the opinions of the European Parliament and of the Council. For special measures below EUR 10 million, the Commission shall send the measures to the European Parliament and to the Council for information within one month of adopting its decision;
- amendments to special measures, such as those making technical adjustments, extending the implementation period, reassigning funds within the forecast budget, or increasing or reducing the size of the budget by less than 20 % of the initial budget, provided those amendments do not affect the initial objectives set out in the Commission decision, shall be communicated within one month to the European Parliament and to the Council;
- the Commission shall send its evaluation reports to the European Parliament and to the Council for information. The results shall feed back into programme design and resource allocation.

Other amendments focus on the duration of the delegation of power, as well as the conditions to be respected by the delegations.

## Financing instrument for development cooperation: banana accompanying measures

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The European Parliament adopted by 578 votes to 29, with 8 abstentions, a legislative resolution on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

It adopted its position at second reading under the ordinary legislative procedure.

The amendments concern in particular the issue of delegated acts and may be summarised as follows:

Following the entry into force of the Lisbon Treaty, the European Parliament is now fully recognised as co-legislator alongside the Council on virtually all legislation. Parliament considers that this should be reflected in the area of the implementation of external cooperation financial instruments. During the first reading in October 2010, Parliament expressed its favour for the application of the "delegated acts" procedure for the financing instruments for external assistance. This procedure significantly strengthens Parliament's powers: Parliament's veto right allows it to block a draft measure it objects against, and requires the Commission to present an amended proposal.

Consequently, Parliament calls for:

- the Commission to be empowered to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of Geographic Strategy Papers, Multi-annual Indicative Programmes and Strategy Papers for thematic programmes and the accompanying measures, as they supplement Regulation (EC) No 1905/2006 and are of general application; the annual action programmes to be adopted by the Commission taking into account the opinions of the European Parliament and of the Council;
- where the cost of such measures exceeds EUR 10 million, the Commission to adopt them taking into account the opinions of the European Parliament and of the Council. For special measures below EUR 10 million, the Commission shall send the measures to the European Parliament and to the Council for information within one month of adopting its decision;
- amendments to special measures, such as those making technical adjustments, extending the implementation period, reassigning funds within the forecast budget, or increasing or reducing the size of the budget by less than 20 % of the initial budget, provided those amendments do not affect the initial objectives set out in the Commission decision, shall be communicated within one month to the European Parliament and to the Council;
- the Commission to send its evaluation reports to the European Parliament and to the Council for information. The results shall feed back into programme design and resource allocation.

Other amendments focus on the duration of the delegation of power, as well as the conditions to be respected by the delegations.

## Financing instrument for development cooperation: banana accompanying measures

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Pursuant to Article 294(7) (c) of the Treaty on the Functioning of the European Union, the European Commission delivers an opinion on the amendments proposed by the European Parliament at second reading in relation to the Council's position regarding the proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

In its opinion, the Commission indicates that it is unable to accept the amendments relating to delegating actions and comitology issues. On the other hand, the Commission accepts a minor amendment introduced by the European Parliament.

The discussions with the co-legislators shall continue after the second reading, in order to work on a consensual solution preferably giving substantive scrutiny rights to the European Parliament for the remainder of the current Multiannual Programming Period and leaving options open for the next one, including the possibility of having recourse to delegated acts while fully respecting the criteria established in Article 290 TFEU.

## Financing instrument for development cooperation: banana accompanying measures

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The European Parliament adopted by 324 votes to 178, with 130 abstentions, at third reading of the ordinary legislative procedure, a legislative resolution on the joint text approved by the Conciliation Committee for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

Parliament decided to accept the compromise package as the remaining duration of the current instruments is rather short. It regrets that due to Council's rigidity it was not possible to further improve the text of the DCI/BAM instrument, in particular in relation to Parliament's role in strategic decisions, where an equal footing between the co-legislators is essential.

Parliament underlines that this result does not set a precedent for the future negotiations on the post-2013 external financing instruments. It declares that it will insist on the use of delegated acts wherever strategic political decisions are involved on financing and programming with regard to those instruments.

It should be noted that two statements are annexed to the resolution which were accepted by Parliament in plenary:

Commission statement for the Banana Accompanying Measures (BAM) programme within the Development Cooperation Instrument (DCI): in the specific case of the Banana Accompanying Measures (BAM) and in view of the rationale and the objectives of the programme as set out in Article 17a of the financing instrument for development cooperation (DCI), the European Commission confirms that, in determining the indicative country allocations, it will apply a methodology in an objective and uniform manner that takes account of the importance of the banana sector and the economic and developmental realities of each eligible beneficiary country. The Commission declares that it intends to apply a methodology which will give approximately equal weight to the first two criteria, whilst the third criterion will be used as a development coefficient. The objective of this methodology is to give equivalent importance across all beneficiary countries to their level of trade in bananas with the European Union and the importance of banana exports to the Union to the economies of each beneficiary country. The relative level of development will modulate the allocations in favour of countries with lower development levels, in line with the Union's development objectives as set out in the Treaties and the DCI.

Statement by the European Parliament and the Council on the use of Delegated Acts in the future Multiannual Financial Framework (MFF) 2014-2020: the two institutions take note of the Commission Communication [A Budget for Europe 2020](#) , in particular in relation to the proposed use of delegated acts in the future external financing instruments and await legislative proposals, which will be duly considered. The document states that the future legal bases for the different instruments will propose the extensive use of delegated acts to allow for more flexibility in the management of the policies during the financing period, while respecting the prerogatives of the two branches of legislator. It is considered that democratic scrutiny of external aid must be improved. This could be achieved by the use of delegated acts in accordance with Article 290 of the Treaty for certain aspects of programmes, not only placing the co-legislators on an equal footing but also ensuring more flexibility in programming.

## Financing instrument for development cooperation: banana accompanying measures

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**PURPOSE:** to amend Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation in order to support the main ACP banana-exporting countries.

**LEGISLATIVE ACT:** Regulation (EU) No 1341/2011 of the European Parliament and of the Council of 13 December 2011 amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

**BACKGROUND:** the Unions development policy aims to reduce and ultimately eradicate poverty, and accordingly, it is committed to supporting the smooth and gradual integration of developing countries into the world economy with a view to sustainable development.

However, the main ACP banana-exporting countries may face challenges in the context of changing trade arrangements, notably liberalisation of the most-favoured nation (MFN) tariff in the framework of the WTO and the bilateral and regional agreements concluded, or in the process of being concluded, between the Union and Latin American countries. Therefore, an ACP banana accompanying measures programme (the BAM programme) should be added to [Regulation \(EC\) No 1905/2006 of the European Parliament and of the Council](#) in order to support the adjustment process following liberalisation of the Union market for bananas in the framework of the WTO;

This is the purpose of the Regulation.

**CONTENT:** this amending Regulation, adopted following an agreement in conciliation committee between the European Parliament and Council, aims to benefit certain ACP banana supplying countries with the banana accompanying measures programme (BAM programme).

Countries concerned : the countries eligible are as follows :

- Belize
- Cameroon
- Côte d'Ivoire
- Dominica
- Dominican Republic
- Ghana
- Jamaica
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname"

**Aims of BAM:** the financial assistance measures to be adopted under the BAM programme aim at improving the living standards and living conditions of people in banana-growing areas and in banana value chains, specifically small farmers and small entities, as well as ensuring compliance with labour and occupational health and safety standards, and environmental standards, notably those regarding the use of and

exposure to pesticides.

More particularly, Union assistance aims to:

- support the adjustment process following liberalisation of the Union market for bananas in the framework of the WTO;
- combat poverty by improving the living standards and conditions of farmers and persons concerned.

Those measures will therefore support adaptation and include, when relevant, the reorganisation, of areas dependent upon banana exports to the European Union through sector-specific budget support or project-specific interventions.

Areas of cooperation: Union assistance shall take into account the countries' policies and adaptation strategies, as well as their regional environment (in terms of proximity to outermost regions of the Union and overseas countries and territories) and shall focus on one or more of the following areas of cooperation:

- addressing broader impacts generated by the adaptation process, particularly in local communities and the most vulnerable groups therein, related but not restricted to employment and social services, land use and environmental restoration;
- promoting the economic diversification of banana-dependent areas, where such a strategy is viable;
- enhancing the competitiveness of the banana export sector, where this is sustainable, taking into account the situation of different stakeholders in the chain.

Implementation of Union assistance: Union assistance shall be implemented through the geographic and thematic programmes set out in the DCI framework. The Commission shall adopt multiannual support strategies and ensure that such strategies complement the geographic strategy papers of the countries concerned.

The Regulation contains provisions on the criteria and framework applicable to multiannual support strategies for each country.

Conditionality and the temporary nature of the measure: the BAM programme will accompany the adaptation process in ACP countries which have exported significant volumes of bananas to the Union in recent years and which may be affected by liberalisation in the framework of the Geneva Agreement on Trade in Bananas and by the bilateral and regional agreements concluded, or in the process of being concluded, between the Union and Latin American countries. The BAM programme is in conformity with the Unions international obligations in the framework of the WTO, focuses on restructuring and boosting competitiveness, and is consequently temporary in nature, with a duration of three years (2011 to 2013).

The Commission will fix the maximum indicative amount available to each eligible ACP banana-supplying country on the basis of the following three criteria:

- level of trade in bananas with the Union, whereby higher Union imports from the ACP country concerned will reflect positively on the allocation;
- importance of banana exports to the Union in the economy, whereby higher levels of importance in the ACP country concerned will reflect positively on the allocation. This criterion will be measured by taking the value of Union banana imports from each eligible beneficiary country as a percentage of the countrys gross national income (GNI) over the last three years preceding 2010 for which data are available;
- level of development, whereby lower levels of development as recorded in the UNs human development index (HDI) in the ACP country concerned will reflect positively on the allocation.

Indicative country allocations: in a unilateral declaration to the Regulation, the European Commission confirms that, in determining the indicative country allocations, it will apply a methodology in an objective and uniform manner that takes account of the importance of the banana sector and the economic and developmental realities of each eligible beneficiary country (see above the criteria for granting assistance).

The relative level of development will modulate the allocations in favour of countries with lower development levels.

Financial provisions: the financial envelope for the BAM amounts to EUR 190 million until 2013.

Coherence and complementarity: the Commission will ensure proper coordination of this programme with the regional and national indicative programmes operating in the beneficiary countries, in particular as regards the achievement of economic, agricultural, social and environmental objectives.

ENTRY INTO FORCE: 31.12.2011.

DELEGATED ACTS: certain amendments regarding the extent of powers conferred on the Commission in the Regulation were the subject of intensive discussions in conciliation committee. In this context, a bilateral declaration was inserted into the Regulation stating that the future legal bases for the different instruments will propose the extensive use of delegated acts to allow for more flexibility in the management of the policies during the financing period, while respecting the prerogatives of the two branches of the legislature (Parliament and Council.) The Commission has stated that it is considered that democratic scrutiny of external aid must be improved. This could be achieved by the use of delegated acts in accordance with Article 290 of the Treaty for certain aspects of programmes, not only placing the co-legislators on an equal footing but also ensuring more flexibility in programming. (Please see the Commission Communication entitled [A budget for Europe 2020.](#))