



# Procedure file

Basic information		
BUD - Budgetary procedure	<a href="#">2010/2048(BUD)</a>	Procedure lapsed or withdrawn
Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries		
Subject		
6.20.01 Agreements and relations in the context of the World Trade Organization (WTO)		
6.40.06 Relations with ACP countries, conventions and generalities		
8.70.60 Previous annual budgets		
8.70.70 Flexibility instrument		
Geographical area		
ACP countries		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDE</b> Budgetary Conciliation Committee		
	Former committee responsible		
	<b>BUDG</b> Budgets	PPE <a href="#">SURJÁN László</a>	08/04/2010
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3044</a>	11/11/2010
	<a href="#">General Affairs</a>	<a href="#">3040</a>	25/10/2010
European Commission	Commission DG	Commissioner	
	<a href="#">Budget</a>	LEWANDOWSKI Janusz	

Key events			
08/04/2010	Commission draft budget published	COM(2010)0149	Summary
12/09/2010	Council position on draft budget published	<a href="#">13472/2010</a>	Summary
20/09/2010	Committee referral announced in Parliament		
07/10/2010	Vote in committee		Summary
08/10/2010	Budgetary report tabled for plenary	<a href="#">A7-0281/2010</a>	
19/10/2010	Debate in Parliament		
20/10/2010	Results of vote in Parliament		

20/10/2010	Decision by Parliament	<a href="#">T7-0371/2010</a>	Summary
25/10/2010	Parliament's amendments rejected by Council		Summary
25/10/2010	Start of budgetary conciliation (Parliament and Council)		
11/11/2010	Debate in Council	<a href="#">3044</a>	Summary
15/11/2010	Agreement not reached in budgetary conciliation		
15/11/2010	Additional information		Summary

#### Technical information

Procedure reference	2010/2048(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	BUDE/7/04375; BUDG/7/02663

#### Documentation gateway

Commission draft budget	<a href="#">COM(2010)0149</a>	08/04/2010	EC	Summary
Council position on draft budget	<a href="#">13472/2010</a>	13/09/2010	CSL	Summary
Committee draft report	<a href="#">PE441.300</a>	05/10/2010	EP	
Budgetary report tabled for plenary, 1st reading	<a href="#">A7-0281/2010</a>	08/10/2010	EP	
Budgetary text adopted by Parliament	<a href="#">T7-0371/2010</a>	20/10/2010	EP	Summary

## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

**PURPOSE:** presentation of draft amending budget No 3 to the 2010 general budget with a view to financing Banana Accompanying Measures through the mobilisation of the Flexibility Instrument.

**CONTENT:** Draft Amending Budget No 3/2010 covers appropriations relating to the establishment of the financing of the Banana Accompanying Measures (BAM) in favour of the main ACP banana-supplying countries affected by the Most Favoured Nation (MFN) liberalisation in the framework of the World Trade Organisation (WTO), following [the proposal to amend Regulation \(EC\) No 1905/2006](#).

These measures would last for four years (2010-2013) and have a total budget of EUR 190 million.

In 2010, EUR 75 million will be allocated to the BAM under budget Article 21 06 07 - Bananas Accompanying Measures, created during the 2010 budget procedure. This amount will be entered into the reserve pending the adoption of the amending Regulation (EC) No 1905/2006, to be financed as follows:

- EUR 55.8 million in commitment appropriations stem from redeployment of appropriations under Heading 4, EUR 0,9 million from the margin of Heading 4 and
- EUR 18.3 million through the mobilisation of the Flexibility Instrument in 2010.

Banana accompanying measures: the European Union is committed to helping ACP countries adapt to the effects of changes in its import regime. The integration of all developing countries into the multilateral trading system and the global economy is a key EU development objective. The European Commission therefore proposes to support the main ACP banana-exporting countries to address the challenges they will face by establishing Banana Accompanying Measures (BAM). The Banana Accompanying Measures are intended to support the adjustment of ACP banana supplier countries affected by the Most Favoured Nation (MFN) liberalisation in the framework of the WTO.

This programme should aim:

- to support the adaptation and/or restructuring of areas dependent upon banana exports through budget support or specific interventions,

- to provide for social resilience policies, economic diversification or investments in competitiveness improvement, where this is a viable strategy, taking into account the results of and experiences gained through the Special System and the Special Framework of Assistance to traditional ACP suppliers of bananas.

For further information regarding this financing instrument, please refer to [COD/2010/0059](#).

Mobilisation of the Flexibility Instrument: having examined all possibilities for re-allocating appropriations under heading 4, the Commission proposes to mobilise the Flexibility Instrument for the financing of the Banana Accompanying Measures (BAM), for an amount of EUR 18.3 million beyond the ceiling of heading 4.

Conclusion: the net financial impact of this amending budget is EUR 19.2 million in additional commitment appropriations, with no new request for payment appropriations.

## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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On 12 April 2010, the Commission submitted draft amending budget (DAB) No 3 to the general budget for 2010 concerning the financing of the Banana Accompanying Measures (BAM). It proposed that EUR 75 million should be allocated to BAM, to be financed as follows:

- EUR 55.8 million in commitment appropriations by redeployments under heading 4;
- EUR 0.9 million from the margin of heading 4;
- EUR 18.3 million by mobilisation of the Flexibility Instrument.

The net impact of DAB No 3/2010 would be EUR 19.2 million in commitment appropriations.

The Council reached an agreement on EUR 56.7 million for financing the Banana Accompanying Measure by redeployment and from the margin of heading 4 (without the use of the Flexibility Instrument).

The Council invited the Commission to present as soon as possible additional redeployments within heading 4 for the financing of the remaining EUR 18.3 million for the Banana Accompanying Measures.

On 13 September 2010, the Council adopted its position on draft amending budget No 3 of the European Union for the financial year 2010 as set out in the technical annex to its explanatory memorandum (see [Council doc 13472/10 ADD 1](#)).

## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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The Committee on Budgets adopted the report by László SURJÁN (EPP, HU), taking note of Council's position on draft amending budget 3/2010 of the European Union for the financial year 2010, Section III ? Commission with a view to financing Banana Accompanying Measures. It calls on the European Parliament to amend this draft budget by means of the mobilisation of the Flexibility Instrument for an amount of EUR 74.12 million (instead of EUR 18.3 million, as initially proposed by the Commission) to cover the whole of the amount required for funding such measures in 2010.

Members, firstly, recall that the Commission has proposed to amend Regulation (EC, Euratom) No 1905/2006 (see [COD/2010/0059](#)) to allow the financing of Bananas Accompanying Measures (BAM) over the years 2010 to 2013, with an overall budget of EUR 190 million, with a potential supplementary EUR 10 million, if margins allow. The proposed annual breakdown of the financial assistance for BAM foresees an amount of EUR 75 million in 2010.

Members note in parallel that the major part of this financial assistance in 2010 stems from redeployment within heading 4 of the budget (EUR 55.8 million out of EUR 75 million). This proposed redeployment affects instruments and actions that the EU and particularly the European Parliament have defined as being of great interest. They also recall that the margin available under heading 4 is only EUR 875 530, due to the need to finance to the greatest extent, in 2010, the EU's priorities in its role as a global player. They also recall how much the past budgetary procedures have illustrated the extreme pressure this heading has been under. Members consider that the position of the Commission and that of the Council which refuses any recourse to the Flexibility Instrument is untenable and that, on the contrary, the Flexibility Mechanism should be mobilised for the whole of the required amount (i.e. EUR 74 124 470). The committee wishes Parliament to call on the Commission to present a new proposal for this purpose, considering that the financing of BAM in the banana sector would fulfil the conditions provided for on the use of the Flexibility Instrument. Members indicate that Parliament is ready, in conciliation, to negotiate with the other branch of the budgetary authority.

As a result, Members decided to propose a number of amendments to the draft amending budget 3/2010 and to reinstate the amounts provided for under heading 4 of the financial perspectives.

Lastly, they recall their principle position that new priorities should be financed by new funds.

## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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The European Parliament adopted by 580 votes to 28, with 17 abstentions a resolution amending the Council's position on Draft amending budget No 3/2010 of the European Union for the financial year 2010, Section III ? Commission, on funding accompanying measures in the banana sector.

The resolution pointed out that the Commission was proposing to amend Regulation (EC, Euratom) No 1905/2006 (see [COD/2010/0059](#)) to allow the financing of Bananas Accompanying Measures (BAM) over the years 2010 to 2013, with an overall budget of EUR 190 million, and a potential supplementary EUR 10 million if margins allowed. It added that the proposed annual breakdown of the financial assistance for BAM provided for an amount of EUR 75 million in 2010.

Parliament noted that the major part of this financial assistance in 2010 stemmed from redeployment within heading 4 of the budget (EUR 55.8

million out of the total EUR 75 million). This proposed redeployment affected instruments and actions that the EU and particularly the European Parliament had defined as being of great interest. The resolution pointed out that the margin available under heading 4 was only EUR 875 530, due to the need to finance to the greatest extent, in 2010, the EU's priorities in its role as a global player. It also stressed that past budgetary procedures had illustrated the extreme pressure this heading had been under.

The resolution reiterated Parliament's position that new priorities should be financed by new funds. It said that the remaining margin of EUR 875 530 under Heading 4 could be used for the financing of BAM and that the Commission should present a new proposal for the mobilisation of the Flexibility Instrument for the remaining part of EUR 74.12 million (rather than the EUR 18.3 million initially proposed), given that the financing of BAM fulfilled the conditions for the use of the Flexibility Instrument.

In its amendments, Parliament therefore reinstated all the amounts provided for under Heading 4 of the financial perspective for 2010.

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## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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The Council decided not to approve all amendments to its position on the financing of so-called banana accompanying measures (BAM) voted by the European Parliament.

In accordance with Article 314 of the Treaty on the Functioning of the EU, a conciliation committee will now be convened in order to agree on a joint text within 21 days.

To recall, in adopting its position on draft amending budget no.3 for 2010, the Council accepted the financing of EUR 56.7 million for the accompanying measures to help ACP banana-exporting countries affected by liberalisation measures in the framework of the World Trade Organisation. In the view of the Council, this amount should be secured by redeployments within heading 4 of the EU budget (EU as a global player) and from the margin of the same heading. Concerning the financing of further EUR 18.3 million for ACP banana supplier countries, the Council asked the Commission to propose as soon as possible additional redeployments within heading 4.

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## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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The Conciliation Committee reached convergence on Draft amending budget No 3 to the EU budget for 2010 seeks to ensure the financing of EUR 75 million for measures to help African, Caribbean and Pacific (ACP) banana exporting countries affected by trade liberalisation required by the World Trade Organisation (WTO).

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## Amending budget ex-3/2010: Banana Accompanying Measures (BAM) for ACP countries

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Following the proposal to amend Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation, Draft Amending Budget No 3/2010 was introduced to cover appropriations related to the financing of the Banana Accompanying Measures (BAM) in favour of the main ACP banana-supplying countries affected by the Most Favoured Nation (MFN) liberalisation in the framework of the World Trade Organisation (WTO).

The draft amending budget proposed that EUR 75 million should be allocated to the BAM in 2010 under budget Article 21 06 07 (Banana Accompanying Measures), created during the 2010 budget procedure. This amount would be entered into the reserve pending the adoption of the legislation amending Regulation (EC) No 1905/2006, and would be financed as follows: EUR 55.8 million in commitment appropriations from redeployment of appropriations under Heading 4 of the Multiannual Financial Framework (MFF), EUR 0.9 million from the margin of Heading 4 and the remaining EUR 18.3 million through the mobilisation of the Flexibility Instrument in 2010. For more information on the proposed decision to mobilise the Flexibility Instrument, which was presented in parallel with Draft Amending Budget No 3/2010, see [2010/2049\(BUD\)](#).

Parliament found it unacceptable that, under the Commission proposals, the major part of this financial assistance in 2010 would have stemmed from redeployment within heading 4. It pointed out that the proposed redeployment affected instruments and actions that the EU and particularly the European Parliament had defined as being of great interest. It also pointed out that financial assistance for the BAM should have been integrated at an earlier stage into the current MFF, that new priorities should be financed by new funds and that the financing of the BAM fulfilled the conditions provided for in point 27 of the IIA of 17 May 2006 on the use of the Flexibility Instrument. It therefore proposed that most of the EUR 75 million needed for the BAM should come from the Flexibility Instrument rather than from Heading 4. This was opposed by the Council, which was unwilling to mobilise the Flexibility Instrument at all for this purpose, and wanted all the funds to come from redeployments within Heading 4.

It was agreed that the budgetary conciliation on the 2011 draft general budget would be extended to include Draft Amending Budget No 3/2010 and the associated proposal to mobilise the Flexibility Instrument for the BAM, given that these two dossiers were related to the broader context of the negotiations, i.e. the future financing framework and interinstitutional cooperation on budgetary matters following the Lisbon Treaty.

With the failure of the budgetary conciliation process on 15 November 2010, the two dossiers on Draft Amending Budget No 3/2010 and the proposed mobilisation of the Flexibility Instrument for the BAM became obsolete and have now lapsed.