Trade in bananas: tariff rates

2010/0056(COD) - 17/03/2010 - Legislative proposal

PURPOSE: to repeal Regulation (EC) No 1964/2005 on the tariff rates for bananas.

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

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 207(2) of the Treaty on the Functioning of the EU.

CONTENT: the European Union concluded the deal with Latin American countries (Geneva Convention) and the US in December 2009 which settles 15 years of banana disputes. It also cuts the tariff which the EU applies to bananas imported from Latin American countries. With those two agreements, years of lengthy and complex negotiations where put to an end.

With the Geneva Agreement entering into force, it is necessary to abolish the existing applied EU Most Favoured Nation (MFN) tariff rate for the importation of bananas by repealing Council Regulation (EC) No 1964/2005 on the tariff rates for bananas which established the currently applied rate of EUR 176 /tonne.

In accordance with the Geneva Agreement, the **Union will gradually reduce its banana tariff from EUR 176/tonne to EUR 114/tonne**. A first cut, which was applied retroactively as of 15 December 2009, the date of initialling of the Agreement, reduced the tariff to EUR 148/tonne. The subsequent cuts are to apply in seven annual instalments with a possible delay of a maximum of two years if agreement on agriculture modalities in the Doha Round of the World Trade Organization (WTO) is delayed. The final tariff of EUR 114/tonne is to be reached on 1 January 2019 at the latest. The tariff reductions will be bound in the WTO at the moment of the certification of the EU banana schedule.

BUDGETARY IMPLICATION: the Agreements reduce progressively the tariff rates for bananas. It can be estimated that these measures will lead to smaller own resources as follows: -EUR 3.5 million in 2009, -EUR 74.8million in 2010, - EUR 88.1 million in 2011, and -EUR 106.8 million in 2012. These are net amounts after deduction of collecting costs by Member States. An estimate of own resources for 2009 was included because of the retroactive validity of these Agreements to 15/12/2009.