EU/Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela Geneva Agreement, and EU/US Agreement: trade in bananas

2010/0057(NLE) - 17/03/2010 - Document attached to the procedure

PURPOSE: signature and provisional application of a Geneva Agreement on Trade in Bananas between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and of an Agreement on Trade in Bananas between the European Union and the United States.

PROPOSED ACT: Council Decision.

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 207(4), first subparagraph, in conjunction with Article 218(5) of the Treaty on the Functioning of the European Union (TFEU).

BACKGROUND: the Commission reached Understandings with Ecuador and the United States, on 11 April 2001 and on 30 April 2001 respectively, which identified means to resolve the disputes brought by those countries in the World Trade Organization (WTO) with respect to the tariff treatment of bananas imported into the Union.

To that effect, on 12 July 2004 the Council authorised the Commission to negotiate the modification of the bound tariff with a view to introducing a tariff-only regime for bananas in the EC schedule for bananas under Article XXVIII of the General Agreement on Tariffs and Trade 1994 ("GATT 1994").

On 22 March 2004 and on 29 January 2007 the Council authorised the Commission to open negotiations under Article XXIV:6 of the GATT 1994 in the course of the accession to the European Union of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia and of Bulgaria and Romania, respectively.

The negotiations were successfully concluded on 15 December 2009 by the initialling of a Geneva Agreement on Trade in Bananas with Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela ("the Geneva Agreement") and of an Agreement on Trade in Bananas with the United States of America (the "EU/US Agreement").

The agreements negotiated by the Commission meet the claims of the countries concerned under Articles XXIV:6 and XXVIII of the GATT. In addition, they implement the Understandings by providing for the binding of a 'tariff only' regime, and provide an adequate solution to all the pending disputes concerning the tariff treatment of bananas, which should therefore be formally settled.

CONTENT: under this proposed Decision, the Commission is authorised to sign on behalf of the European Union, subject to their conclusion at a later date:

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the Geneva Agreement on Trade in Bananas between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela (the "Geneva Agreement");

- the Agreement on Trade in Bananas between the European Union and the United States of America (the "EU/US Agreement").

In view of the need to implement expeditiously the initial tariff cuts, to prevent the continuation of the pending disputes and to ensure that the Union's final market access commitments for bananas in the next WTO multilateral market access negotiations for agricultural products do not exceed those provided for in the Geneva Agreement and the EU/US Agreement, both Agreements should be applied provisionally, in accordance with paragraph 8(b) of the Geneva Agreement and paragraph 6 of the EU/US Agreement, respectively, from the day of signature of each Agreement, pending their entry into force.

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.