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

2010/2048(BUD) - 08/04/2010 - Commission draft budget

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 relaing 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 1905/20066, 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 bananas 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.