Mobilisation of the Flexibility Instrument: Banana Accompanying Measures (BAM) for ACP countries

2010/2049(BUD) - 15/11/2010

The proposal for a decision to mobilise the Flexibility Instrument in 2010 to finance the Banana Accompanying Measures was presented by the Commission in April 2010 in parallel with Draft Amending Budget No 3/2010 (see 2010/2048(BUD)).

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.

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 called on the Commission to use the remaining margin of EUR 875 530 under Heading 4 and to present a new proposal for the mobilisation of the Flexibility Instrument for the remaining amount needed to finance the BAM in 2010 - **EUR 74 124 470**. 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.