Resolution on the conclusion 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

2010/2821(RSP) - 03/02/2011 - Text adopted by Parliament, single reading

Following the debate which took place during the sitting of 2 February 2011 on the basis of Oral Questions O-000012/2011to the Council andO-000013/2011to the Commission, the European Parliament adopted a resolution tabled by the Committee on International Trade on the conclusion 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 the United States.

Parliament welcomes the ending of one of the most technically complex, politically sensitive and commercially significant legal disputes ever brought before the WTO. It recalls that the agreement will mean **significant tariff cuts (35% between 2010 and 2017) for non-ACP imports of bananas**, and as a result, ACP and EU producers will certainly have to adjust to the new reality of the international market. Members consider that the deal reached is a solution, but that it could not fully reconcile the legitimate interests of all the parties. The EU will gradually cut its import tariff on bananas from Latin America from EUR 176/t to EUR 114 by 2017, thus **endangering small and medium-sized producers in the ACP, the EU and its outermost regions** (which are already amongst those in Europe with the highest unemployment rates). Bananas are one of the main agricultural crops of some outermost regions, in particular the French overseas departments of Guadeloupe and Martinique, the Azores, Madeira and the Canary Islands. Parliament calls on the Commission to **submit an assessment of the impact of the Agreements on Trade in Bananas on banana-producing developing countries and Europe's outermost regions** over the period to 2020. Due account should be taken of the socioeconomic importance of the banana sector to the outermost regions of the EU.

Parliament stresses that the parallel discussions with the ACP countries produced an agreement to the effect that, in addition to regular EU aid, the main ACP banana-exporting countries will receive extra support through a new programme – the ‘Banana Accompanying Measures’ (BAM). However, Parliament feels that the **BAM financing arrangement could be insufficient in terms of resources and too short in terms of its implementing period** to provide effective help to ACP banana producers in adapting to the effects of the changes in the EU's import regime. It asks the **Commission to indicate clearly that the financing arrangement consists of money additional to current development cooperation funds** and that it is not just a contribution to national budgets which cannot be earmarked for specific programmes, such as education and diversification.

The Commission is asked also to:

- present a new multiannual financing arrangement;

- conduct an assessment of the BAM 18 months before the programme's expiry, including recommendations on any further measures to be taken and the nature thereof.

Members firmly **reject any attempts to finance the programme for ACP banana-producing countries by redeploying appropriations from the budget lines for development cooperation.** They point out that it will be important to allocate the resources from the BAM to countries on the basis of their expected losses in terms of banana exports and production and their level of development, weighted indicators and the volume of their trade in bananas with the EU. There is the need to strike the right balance between three types of non-mutually exclusive measure that can be taken: those to improve the efficiency of existing production, those to increase the value added locally, and those to help countries diversify away from banana production.

Parliament notes that the POSEI support programme was adopted in 2006 in the light of the agreed WTO European market-access tariff of EUR 176/tonne, which means that the tariff laid down in the WTO Agreements on Trade in Bananas has not yet been taken into account in the POSEI budget. The relevant EU authorities are encouraged to **adjust the support package for domestic EU producers included in the POSEI budget** and to take other steps in order to ensure that, in the face of the trend towards the liberalisation of the global trade in bananas, domestic EU producers are able to remain on the market and pursue their traditional activities.

The resolution also notes that the EUR 39/tonne preferential margin ultimately granted by the Agreements on Trade in Bananas will significantly improve the competitiveness on the EU market vis-à-vis other exporters of the eight Andean and Central American countries concerned and of transnational companies operating in that region. It stresses that from 2020 onwards the benefits for those countries already exporting bananas to the EU will be conspicuous, as both their exports and the price they are paid for their bananas will increase. **Other MFN exporters to the EU (the most important, by far, being Ecuador), ACP countries and least-developed countries could experience a decline** in their relative competitiveness on the EU market with respect to the signatories of the Agreements on Trade in Bananas. Parliament views with regret the fact that the original regional approach could not be retained in the negotiations on the Multi-Party Agreement with the Andean countries, which left Ecuador in the position of not benefiting from the same tariffs as Colombia and Peru.