

# Financing instrument for development cooperation: banana accompanying measures

2010/0059(COD) - 13/12/2011 - Final act

**PURPOSE:** to amend Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation in order to support the main ACP banana-exporting countries.

**LEGISLATIVE ACT:** Regulation (EU) No 1341/2011 of the European Parliament and of the Council of 13 December 2011 amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

**BACKGROUND:** the Union's development policy aims to reduce and ultimately **eradicate poverty**, and accordingly, it is committed to supporting the smooth and gradual integration of developing countries into the world economy with a view to sustainable development.

However, the main ACP banana-exporting countries may face challenges in the context of changing trade arrangements, notably liberalisation of the most-favoured nation (MFN) tariff in the framework of the WTO and the bilateral and regional agreements concluded, or in the process of being concluded, between the Union and Latin American countries. Therefore, **an ACP banana accompanying measures programme** (the BAM programme) should be added to [Regulation \(EC\) No 1905/2006 of the European Parliament and of the Council](#) in order to support the adjustment process following liberalisation of the Union market for bananas in the framework of the WTO;

This is the purpose of the Regulation.

**CONTENT:** this amending Regulation, adopted following an agreement in conciliation committee between the European Parliament and Council, aims to benefit certain ACP banana supplying countries with the banana accompanying measures programme (BAM programme).

**Countries concerned :** the countries eligible are as follows :

- Belize
- Cameroon
- Côte d'Ivoire
- Dominica
- Dominican Republic
- Ghana
- Jamaica
- Saint Lucia
- Saint Vincent and the Grenadines

- Suriname"

**Aims of BAM:** the financial assistance measures to be adopted under the BAM programme aim at improving the living standards and living conditions of people in banana-growing areas and in banana value chains, **specifically small farmers and small entities**, as well as ensuring compliance with **labour and occupational health and safety standards, and environmental standards**, notably those regarding the use of and exposure to pesticides.

More particularly, Union assistance aims to:

- support the adjustment process following liberalisation of the Union market for bananas in the framework of the WTO;
- combat poverty by improving the living standards and conditions of farmers and persons concerned.

Those measures will therefore support adaptation and include, when relevant, the reorganisation, of areas dependent upon banana exports to the European Union through **sector-specific budget support or project-specific interventions**.

**Areas of cooperation:** Union assistance shall take into account the countries' policies and adaptation strategies, as well as their regional environment (in terms of proximity to outermost regions of the Union and overseas countries and territories) and shall focus on one or more of the following areas of cooperation:

- addressing broader impacts generated by the adaptation process, particularly in local communities and the most vulnerable groups therein, related but not restricted to employment and social services, land use and environmental restoration;
- promoting the economic diversification of banana-dependent areas, where such a strategy is viable;
- enhancing the competitiveness of the banana export sector, where this is sustainable, taking into account the situation of different stakeholders in the chain.

**Implementation of Union assistance:** Union assistance shall be implemented through the geographic and thematic programmes set out in the DCI framework. The Commission shall adopt multiannual support strategies and ensure that such strategies complement the geographic strategy papers of the countries concerned.

The Regulation contains provisions on the criteria and framework applicable to multiannual support strategies for each country.

**Conditionality and the temporary nature of the measure:** the BAM programme will accompany the adaptation process in ACP countries which have exported significant volumes of bananas to the Union in recent years and **which may be affected by liberalisation in the framework of the Geneva Agreement** on Trade in Bananas and by the bilateral and regional agreements concluded, or in the process of being concluded, between the Union and Latin American countries. The BAM programme is in conformity with the Union's international obligations in the framework of the WTO, focuses on restructuring and boosting competitiveness, and is consequently temporary in nature, with a duration of three years (2011 to 2013).

The Commission will fix the maximum indicative amount available to each eligible ACP banana-supplying country on the basis of the following three criteria:

- level of trade in bananas with the Union, whereby higher Union imports from the ACP country concerned will reflect positively on the allocation;
- importance of banana exports to the Union in the economy, whereby higher levels of importance in the ACP country concerned will reflect positively on the allocation. This criterion will be measured by taking the value of Union banana imports from each eligible beneficiary country as a percentage of the country's gross national income (GNI) over the last three years preceding 2010 for which data are available;
- level of development, whereby lower levels of development as recorded in the UN's human development index (HDI) in the ACP country concerned will reflect positively on the allocation.

**Indicative country allocations:** in a unilateral declaration to the Regulation, the European Commission confirms that, in determining the indicative country allocations, it will apply a methodology in an objective and uniform manner that takes account of the importance of the banana sector and the economic and developmental realities of each eligible beneficiary country (see above the criteria for granting assistance).

The relative level of development will modulate the allocations in favour of countries with lower development levels.

**Financial provisions:** the financial envelope for the BAM amounts to **EUR 190 million until 2013**.

**Coherence and complementarity:** the Commission will ensure proper coordination of this programme with the regional and national indicative programmes operating in the beneficiary countries, in particular as regards the achievement of economic, agricultural, social and environmental objectives.

ENTRY INTO FORCE: 31.12.2011.

DELEGATED ACTS: certain amendments regarding the extent of powers conferred on the Commission in the Regulation were the subject of intensive discussions in conciliation committee. In this context, a bilateral declaration was inserted into the Regulation stating that the future legal bases for the different instruments will propose the **extensive use of delegated** acts to allow for more flexibility in the management of the policies during the financing period, while respecting the prerogatives of the two branches of the legislature (Parliament and Council.) The Commission has stated that it is considered that democratic scrutiny of external aid must be improved. This could be achieved by the **use of delegated acts in accordance with Article 290 of the Treaty** for certain aspects of programmes, not only placing the co-legislators on an equal footing but also ensuring more flexibility in programming. (Please see the Commission Communication entitled "[A budget for Europe 2020](#)".)