

# EU/Central America Association Agreement: implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas

2011/0263(COD) - 11/12/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 579 votes to 42 with 59 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement establishing an Association between the European Union and its Member States on the one hand, and Central America on the other.

To recall, in accordance with Article 57(2) of Parliament's internal rules, the report was referred back to the committee responsible following the sitting of 13 September 2012. Parliament now adopts its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and Council. They amend the Commission proposal as follows:

**Protection of bananas originating in the EU:** appropriate safeguard mechanisms are created to prevent serious harm to the Union banana-growing sector which is of great importance to the agricultural producers of many of the outermost regions of the Union. The limited ability of those regions to diversify, owing to their natural characteristics, makes the banana sector particularly vulnerable. It is therefore essential to create effective mechanisms to address preferential imports from third countries concerned, **in order to guarantee that Union banana production is maintained under the best possible conditions**, as it is a crucial employment sector in certain areas, especially in the outermost regions.

**Monitoring:** it is provided that the Commission shall monitor the evolution of import statistics of bananas from Central American countries. For that purpose, it shall cooperate and exchange data on a regular basis with Member States and the Union industry. Upon a duly justified request by the industries concerned, **the Commission may consider extending the scope of the monitoring to other sectors**. The Commission shall monitor the observance by Central American countries of the social and environmental standards laid down in the Agreement.

**Initiation of proceedings by the Commission:** a proceeding shall be initiated upon request by a Member State, by any legal person or any association not having legal personality acting on behalf of the Union industry, or on the Commission's own initiative if it is apparent to the Commission that there is sufficient prima facie evidence, as determined on the basis of factors referred to in the text to justify such initiation notably serious harm to the EU market. A proceeding may also be initiated in the event that there is a surge of imports concentrated in one or several Member States, **or outermost regions**.

**Safeguard measures:** specific safeguard provisions will be available in case the product in question is imported in such increased quantities and under such conditions as to cause or threaten to cause serious deterioration in the economic situation of any of the outermost regions.

**Prior surveillance measures:** the Commission may adopt prior surveillance measures in regard to imports from a Central American country where there is a **surge of imports of bananas concentrated in one or several Member States, or in one or several of the Union's outermost regions**. Provisional (or definitive) safeguard measures may then be put in place to protect the EU market.

**Commission report:** the draft Regulation provides that The Commission shall submit an annual report to the European Parliament and to the Council on the application, implementation and fulfilment of obligations of the Agreement regarding social and environmental issues and of this Regulation. The report shall include information about the application of provisional and definitive measures, prior surveillance measures, regional surveillance and safeguard measures and the termination of investigations and proceedings without measures. It shall include information on the activities of the various bodies responsible for monitoring the implementation of the Agreement and on activities with civil society advisory groups. The report shall set out a summary of the statistics and the evolution of trade with Central American countries and shall include up-to-date statistics on banana imports from Central American countries.

**Information for the European Parliament:** the European Parliament may, within one month of submission of the Commission's report, invite the Commission to an ad hoc meeting of its responsible committee to present and explain any issues related to the implementation of the Regulation.

**Stabilisation mechanism for bananas:** the text provides that for bananas originating in Central America as described, a stabilisation mechanism shall apply until **31 December 2019**.

Parliament stated that the application of the stabilisation mechanism for bananas shall under no circumstances prevent the activation of measures included in the bilateral safeguard clause. From 1 January 2020, the general bilateral safeguard mechanism, including the special provisions for outermost regions, remains applicable. The mechanism entails a possibility of suspending swiftly for a maximum period of three months the preferential customs duties when imports exceed a defined annual trigger import volume. The decision whether or not to apply the stabilisation mechanism for bananas will take into account the stability of the Union market for bananas.

When deciding whether measures regarding the stabilisation mechanism should be applied, the Commission shall take into consideration the impact of the imports concerned on the situation of the Union market for bananas. That examination shall include factors such as: effect of the imports concerned on the Union price level, development of imports from other sources, overall stability of the Union market. The draft regulation makes specific provision for the technical procedural rules for the implementation of this provision. The decision whether or not to apply the stabilisation mechanism for bananas should take into account the stability of the Union market for bananas.

In any event, provisions on safeguard measures and the application of the stabilisation mechanism for shall not be applied simultaneously.

**Joint declaration:** in a declaration, the European Parliament and the Commission agree on the importance of close cooperation in monitoring the implementation of environmental by the countries in question. Accordingly, upon request by the responsible committee of the European Parliament, the Commission shall report to it on any specific concerns relating to the implementation by Central American countries of their commitments on trade and sustainable development.

If the European Parliament adopts a recommendation to initiate a safeguard investigation, the Commission will carefully examine whether the conditions for ex-officio initiation are fulfilled. If the Commission considers that the conditions are not fulfilled, it will present a report to the responsible committee of the European Parliament including an explanation of all the factors relevant to the initiation of such an investigation.

At the same time, the Commission adopted a unilateral declaration welcoming the first reading and will attach particular importance to the effective implementation of commitments on trade and sustainable development in the Agreement. After the expiry of the Banana Stabilisation Mechanism on 31 December 2019, the Commission will assess the situation of the Union market for bananas and the state of Union

banana producers. The Commission will report its findings to the European Parliament and the Council and include a preliminary assessment of the functioning of the 'Programme d'Options Spécifiques à l'Éloignement et l'Insularité' (POSEI) in preserving the banana production in the Union.