

Bananas: special framework of technical and financial assistance for traditional ACP suppliers

1998/0014(SYN) - 07/02/2001 - Follow-up document

This document presents the biennial report (2000) from the Commission on the special framework of assistance for traditional ACP suppliers of bananas. Council Regulation 856/1999/EC establishes this special framework of assistance (SFA) for traditional ACP suppliers of bananas. Traditional ACP producers of bananas had been favoured under the Lomé Convention with an assurance that their access to the European market would be no less favourable than the past. This assurance was provided by Regulation 404/93/EC, a special system of assistance to help countries increase their efficiency of production was put in place under Council Regulation 26886/94 and budget line B7-5023. This system came to an end in 1998, but disbursements still continue. An evaluation of the system was made in 1999. Following a ruling in 1997 by the Dispute Settlement Body of the World Trade Organisation, the Commission's import regime was found not to be completely in conformity with the WTO. In response, the EU introduced amendments to its imports regime on 1 January 1999. The revised regime continued duty free access for traditional ACP producers but under a global ACP quantity of 857,500 tons. Certain aspects of the new regime were again successfully challenged in the WTO in 1999 and the USA imposed trade sanctions of \$ 191.4 million per year on EU exports to the USA. In order to assist the ACP countries concerned to adapt to the new realities of the market, a new special framework of assistance (SFA) was introduced in 1999. In practice most beneficiary countries have opted for banana competitiveness in their strategies, even against the increasing uncertainty of the future EU banana regime. With the decline in banana process and worsening expectation as to the future course of prices, the ACP countries have been asked by the Commission to reconsider their strategies with a view to putting more of the SFA financed into diversification. In order to obtain comparative and current information on progress achieved, and for the task team to be able to make recommendations on any modifications of sectoral or country allocations in a meaningful manner, consultants will be engaged in 2000 for an initial period of two years to make annual visits to each of the major recipient countries. In consultation with the Commission Delegations concerned, they will report on improvements in efficiency in the production and marketing of bananas. Where relevant, they will also review progress in diversification. It is too early to assess the impact of the SFA funds on banana productivity and/or diversification in the countries concerned, but arrangements are in hand for these to be fully assessed by monitor recruited for this purpose.