Bananas: common organisation of the market COM (amend. Regulation (EEC) No 404/93). Recommendation for a decision included

1998/0013(CNS) - 17/06/1998 - Text adopted by Parliament, 1st reading/single reading

In adopting by a very large majority the report by Mr David Edward THOMAS (PSE, UK) on the reform of the common organization of the market in bananas, the European Parliament sought to find a compromise compatible with WTO rules which maintained ACP preferences under the Lomé Convention and protected Union producers and while guaranteeing reasonable prices for consumers. The European Parliament therefore proposes to: - maintain the tariff quota (consolidated within GATT) at its current level of 2.2 million tonnes. Banana imports from third countries under this tariff quota would be set at ECU 75/tonne and a zero rate of duty would apply to non-traditional banana imports from ACP countries; - in order to maintain a balance between supply and demand, to open an annual quota of 100 000 tonnes instead of 353 000 tonnes. A duty of ECU 300 per tonne would be payable on imports of bananas from third countries while non-traditional imports of ACP bananas would be exempt (the Commission proposed a duty of ECU 100 per tonne). It also calls for the additional tariff quota to be adjusted in accordance with the changes in Community demand or in response to exceptional circumstances (e.g. cyclones). For this purpose, it calls for an annual review of Community production consumption imports and exports; - maintain duty-free access for bananas from the twelve traditional ACP suppliers (Côte d'Ivoire, Cameroon, Surinam, Somalia, Jamaica, St Lucia, St Vincente and the Grenadines, Dominica, Belize, Cape Verde, Grenada and Madagascar (up to a ceiling of 857 700 tonnes); - apply a customs duty of an amount equal to that set out in Article 15 less ECU 300 (and not ECU 200 as proposed by the Commission) for non-traditional ACP bananas imported outside the tariff quotas referred to above. To authorize the Commission, if it is not possible to reach agreement with all the contracting parties with a substantial interest in the supply of bananas, to allocate the tariff quotas (2.2 million tonnes and 353 000 tonnes) and the traditional ACP quantity (857 700 tonnes) between those countries with a substantial interest in the supply (countries providing at least 10% of the Union' total imports); - end the current system of issuing different categories of import licences and allocation to primary and secondary importers and ripeners. Concerning the management of tariff quotas, the European Parliament calls for a method which takes account of traditional trade flows ('traditional/newcomers' system) using a reference period which should be the latest period for which statistics exist. Where traditional imports from ACP countries have been less than the established ceiling, Parliament calls for import licences to be increased by an expansion coefficient representing the difference between actual imports and the permitted limit, so that the full ACP allowance can be delivered. It calls for management methods which take account of demand on the Community market and maintain a balance of community market forces. Particular account should be taken of the Union's obligations under the IV Lomé Convention. In the allocation of import licences it calls for priority to be given to bananas from production areas which comply with European social and environmental legislation, since failure to do so greatly distorts competition between ACP or European producers and Latin American producers. Concerning ACP preferences, Parliament urges that changes to quota allocation should not be at the expense of the ACP countries and calls for the creation of a special fund to encourage diversification in the ACP countries. It calls for the Commission to submit an annual statement to Parliament, the Council and the ACP/EU Council, indicating whether the entitlements of traditional and non-traditional ACP suppliers are regarded as satisfactory. If this were not the case, the Commission would be required to propose suitable measures. A similar statement concerning European production should be given. It calls for Somalia to be allocated an annual quota equal to its best figures for exports to the European Union before 1991 (60 000 tonnes) as part of the overall ACP quota, in order to encourage full resumption of its output and exports following the civil war and the flooding of 1997 and early 1998. The quota will be allocated under the provisions concerning exceptional circumstances. Concerning fair trade with developing countries, it calls for measures to be taken to combat poverty and

improve social and environmental conditions. Support would be given through a special 'fair trade' banana fund as part of existing quotas. Similarly, special support measures would be taken in favour of the producers and importers of organically grown bananas as part of the early technical and financial assistance arrangements in ACP countries. It calls on the Commission to ensure that Community arrangements for bananas as part of the common organization of the market and the related trading preferences are instruments which genuinely promote development in the ACP countries and the ultra-peripheral areas concerned. Parliament calls on the Commission to present a report on the operation of the common organization of the market in bananas to the European Parliament by 31 December 2005. Concerning compensation to Community producers for any shortfall in earnings, the European Parliament recommends that the maximum quantity of bananas produced in the Community and eligible for compensation be fixed at 982 000 tonnes (instead of 854 000 tonnes at present) together with a flat rate earnings increase of 20% to take account of the increase in production costs. The 982 000 tonnes relating to Community production should be allocated as follows: - 483 000 tonnes for the Canary islands - 172 500 tonnes for Guadeloupe - 252 000 tonnes for Martinique - 57 500 tonnes for Madeira, the Azores and the Algarve - 17 000 for Crete, Lakonia and other areas of Greece. Subject to the maximum quantity for the Community, the quantity for each region should be adjusted regularly.