Common organisation of the market (CMO) in bananas

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The Council held a policy debate on a proposed Regulation to reform the EU's common market in bananas. To recall, the Council is due to adopt the Regulation at its meeting on 19-21 December. The opinion of the European Parliament is expected by mid-December.

The proposal seeks to replace the current aid scheme in the common market organisation (CMO) for bananas by increasing the POSEI budget. For a more detailed summary of the proposal and the proposed budget, see summary dated 20/09/06 below.

The Council's policy debate focused on the main outstanding issue of the overall budget. Several delegations considered the proposed overall budget too high. They criticised, in particular, the reference period chosen and the level of the safety margin. One Member State asked for the possibility of continuing to apply partial decoupling after its integration into the "Single Payment Scheme".

In response, the Commission underlined the specificity of the sector and regions in question and the element of solidarity which has been included in the proposal. It pointed out that the reference period selected is the same as the one selected for the 2003 reform and that the proposal would bring certainty and stability to the budget. Further, the Commission went on to explain that the purpose of the safety margin was to take account of the variations in banana prices, which may result from changes in the import regime. The current proposal would ensure that the EU is fully compatible with WTO obligations.

The Presidency concluded by stating that the Council would come back to this issue at its next meeting.