

Basic information	
1998/0014(SYN) SYN - Cooperation procedure (historic)	Procedure completed
Bananas: special framework of technical and financial assistance for traditional ACP suppliers Subject 3.10.06.01 Fruit, citrus fruits 3.10.06.10 Tropical plants 6.30 Development cooperation 6.30.02 Financial and technical cooperation and assistance 6.40.06 Relations with ACP countries, conventions and generalities Geographical area ACP countries	

Key players			
European Parliament	Committee responsible		Rapporteur
	DEVE Development and Cooperation		LIESE Peter (PPE)
	Former committee responsible		Former rapporteur
	DEVE Development and Cooperation		LIESE Peter (PPE)
	Former committee for opinion		Former rapporteur for opinion
	AGRI Agriculture and Rural Development		REDONDO JIMÉNEZ Encarnación (PPE)
Council of the European Union	Council configuration		Date
	General Affairs		1998-10-05
	Telecommunications		1999-04-22

Key events			

Date	Event	Reference	Summary
17/02/1998	Legislative proposal published	COM(1998)0005 	Summary
11/05/1998	Committee referral announced in Parliament		
16/06/1998	Vote in committee		
16/06/1998	Committee report tabled for plenary, 1st reading/single reading	A4-0237/1998	
06/10/1998	Council position published	10460/1/1998	Summary
05/11/1998	Committee referral announced in Parliament, 2nd reading		
20/01/1999	Vote in committee, 2nd reading		Summary
20/01/1999	Committee recommendation tabled for plenary, 2nd reading	A4-0012/1999	
27/01/1999	Debate in Parliament		
05/03/1999	Modified legislative proposal published	COM(1999)0098 	Summary
22/04/1999	Act adopted by Council after consultation of Parliament		
22/04/1999	End of procedure in Parliament		
27/04/1999	Final act published in Official Journal		

Technical information	
Procedure reference	1998/0014(SYN)
Procedure type	SYN - Cooperation procedure (historic)
Procedure subtype	Legislation
Legal basis	Rules of Procedure EP 170 Rules of Procedure EP 050 EC Treaty (before Amsterdam) E 130W
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/4/10484

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0237/1998 OJ C 210 06.07.1998, p. 0016	16/06/1998	
Text adopted by Parliament, 1st reading/single reading		T4-0390/1998 OJ C 210 06.07.1998, p. 0284-0326	19/06/1998	Summary
Committee recommendation tabled for plenary, 2nd reading		A4-0012/1999 OJ C 128 07.05.1999, p. 0002	20/01/1999	
Text adopted by Parliament, 2nd reading		T4-0053/1999 OJ C 128 07.05.1999, p. 0014-0067	28/01/1999	Summary

Council of the EU			
Document type	Reference	Date	Summary
Council position	10460/1/1998 OJ C 364 25.11.1998, p. 0014	06/10/1998	Summary
European Commission			
Document type	Reference	Date	Summary
Legislative proposal	COM(1998)0005  OJ C 108 07.04.1998, p. 0091	17/02/1998	Summary
Commission communication on Council's position	SEC(1998)1718 	15/10/1998	Summary
Modified legislative proposal	COM(1999)0098 	05/03/1999	Summary
Follow-up document	COM(2001)0067 	07/02/2001	Summary
Follow-up document	COM(2002)0763 	23/12/2002	Summary
Follow-up document	COM(2004)0823 	21/12/2004	Summary
Follow-up document	COM(2006)0806 	15/12/2006	Summary
Follow-up document	COM(2010)0103 	17/03/2010	Summary
Follow-up document	SEC(2010)0331 	17/03/2010	

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act
Regulation 1999/0856 OJ L 108 27.04.1999, p. 0002 Summary

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

Adopting the report by Mr Peter LIESE (PPE, D) on ACP suppliers of bananas, the European Parliament called first for funds of ECU 500 million to be made available (rather than ECU 366.8 million). The most important of the other major amendments made by Parliament were as follows: - aid should last ten years from its date of implementation (rather than from 1 January 1999). At the end of this period, it may be renewed or revised, taking account of efforts made to adjust. Aid would take the form of technical and financial assistance and would take account of the interests of the most disadvantaged suppliers; - aid should apply to fresh or dried bananas but not plantains; - all traditional ACP suppliers (the twelve plus Ghana and the Dominican Republic) should be eligible for technical and financial assistance; - the aid reduction coefficient should apply from 2004 to producers who have not made sufficient effort to increase their competitiveness; - income support should be paid solely to the most disadvantaged traditional ACP suppliers and, where possible, be paid directly to producers. It should serve to help producers and producer organisations improve their competitiveness and increase market opportunities by supporting initiatives to enable producers to fulfil the environmental and social criteria established by European and internationally recognised fair trade and organic produce importers and marketing organisations. Special measures should be made in this context (so-called "fair trade" bananas). Parliament also called on the Commission to undertake to promote diversification of production in ACP states, in consultation with all parties concerned. A special fund should be created for the purpose, together with technical and financial assistance to diversify into other economic sectors (crafts, tourism). In addition, funds should be made available outside the planned scheme in order to finance urgent measures to improve quality and productivity. Recalling that the Community banana scheme and the preferences attached to it are real development instruments for ACP states, Parliament insisted that the funding provided by the EU should primarily benefit small independent producers. Multinational undertakings with plantations in several countries should not therefore be eligible for this aid. Parliament also stressed the need for consultation between producers and producer organisations. At the same time, it called for special provisions for Somalia in order to take account of the specific situation in that country and the disastrous consequences on production of the floods in 1997 and 1998. The quantity of bananas exported by Somalia should correspond to its best year before 1991. Finally, Parliament called for regular reports (every 2 years from 2000) on the application of the regulation in order to evaluate its impact on the income of producers.

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

1998/0014(SYN) - 15/12/2006 - Follow-up document

This document represents a Communication from the Commission giving the biennial report on the Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas. It is recalled that banana imports in the EC have traditionally been regulated by a quota-system with strong preferential treatment for bananas from Africa, the Caribbean and the Pacific (ACP). There were several disputes on this matter in the 1990s and early 2000s. Various changes were then made to the quota system (in 1998 and in 2001), which was finally replaced by a tariff-only system starting from 1 January 2006.

In order to help the twelve traditional ACP banana suppliers in coping with the modifications to the trade arrangements, a Special Framework of Assistance (SFA) was put in place in 1999, financed by a dedicated budget line.

This framework provides technical and financial support for specific projects presented by the countries concerned, based on a long-term strategy previously agreed with and approved by the Commission. The individual country allocations are calculated on a yearly basis, taking into account two criteria, namely the competitiveness gaps observed in comparison with third country suppliers and the importance of banana production to the economy of the ACP country concerned. The annual budget has gradually decreased from EUR 44.5 million in 1999 to EUR 30.7 million for 2006. Between 1999 and 2003 the allocation key was conceived in such a way as to provide more support to those countries suffering from a larger competitiveness gap and with a higher share of the banana sector in total GDP. As of 2004, a maximum reduction of 15% has to be applied to national allocations in performing the calculations, the rate being lower for those countries that have achieved competitiveness gains.

In 2005 and 2006 the budget line amounted to EUR 34.5 and EUR 30.7 million, respectively. As regards the competitiveness gap, an evaluation concluded that the choice of CIF prices as a tool to measure competitiveness has drawbacks, in that it does not necessarily fully reflect the competitiveness gap between the ACPs and the Most Favoured Nation (MFN) suppliers.

Improving Competitiveness: projects targeting the competitiveness of banana exporters have continued in those five countries that supported this objective during 2002-2004. For 2005 and 2006, these programmes include the renewal of plantations in Belize, Cameroon, Jamaica and Suriname. In Jamaica plantations were severely hit by hurricanes in both 2004 and 2005. In Belize, Jamaica and Suriname new varieties of bananas that are more resistant to diseases such as Black Sigatoka, are being introduced. The programmes also include investments to acquire EUREGAP and/or ISO 14001 quality certification in Belize, Cameroon, Ivory Coast, Jamaica and Suriname. Although programmes supporting the competitiveness of banana exports took up almost 50% of the available allocation in 2005; the figure fell in 2006 to 39%, which is similar to the percentages for the period from 2000. All of the five countries supporting this objective have been able to maintain or increase the quantities of bananas exported to the EC during the period 2003 to 2006.

Diversification: the diversification objective was opted for by seven countries in 2005 and 2006 (Cape Verde, Dominica, Grenada, Madagascar, Somalia, Saint Lucia, and Saint Vincent and the Grenadines). These countries have either stopped exporting or seen their banana exports substantially reduced between 1990 and 2000. None of them have been able to recover markets during the period 2003 to 2006. The activities planned cover a wide range of economic sectors and types of investments, but all aim to provide (ex-) banana farmers and workers access to alternative sources of income. The programmes also have a longer duration, typically four to five years, as they take longer to achieve their full impact.

Commitments and Disbursements: overall the implementation of the programmes remains delayed. Only 48 % of all funds allocated have been committed to works, supplies, and service or grant contracts and only 35% have been disbursed. For the programmes decided between 1999 and 2005, therefore, some EUR 150 million remain to be contracted (RAC) and some EUR 186 million remain to be disbursed (RAL). The Commission expects to be able to recover some of the lost ground in the coming two years. In the evaluation of the SFA, the comparison of the financial execution of diversification and competitiveness activities in terms of speed shows that the latter have done better. The analysis of programme execution to date shows that the long-term efforts required from the banana sector do not sit easily with the requirement under the Council Decision to have the support programmes decided annually. In addition, the need to adjust the programme modalities after the

introduction of the new Financial Regulation has temporarily curtailed the activities and therefore the impact of the programmes. However, most operational problems encountered did find a solution in 2005. This contributed to the strong acceleration of the programmes in 2006.

The paper discusses **the impacts of the SFA on the banana sector** in each country. In those countries where, for the period preceding SFA investments, the banana sector had grown or was stable, the SFA has had an impact in strengthening productivity and efficiency and reducing cost. It points out that in the Windward Islands, after an initial focus on programmes partially aimed at enhancing the competitiveness of the banana sector, there has been a progressive shift to projects clearly oriented towards diversification. Although the weaknesses of the Windward banana sector and the increasing level of competition on the EC market were probably underestimated when the initial strategy was drafted, this change has been the result of a gradual awareness in the Windwards of the need to change the thrust of economic development in the islands. However, despite its general decline since the 1990s, the Windward banana sector remains present on specific EC markets. A key element of this relative success of the Windward Islands strategy for their banana sector has been its orientation towards the fair trade market. Although the SFA has supported the banana sector in general, so far no project has been put forward to directly support that aspect of their strategy.

Conclusions: in its analysis of the state of play with the implementation of the SFA, the Commission recognises the difficulties encountered in the implementation of this instrument. However, most of the operational problems encountered in relation to the Financial Regulation were resolved in 2005, which has contributed to the strong acceleration of the programmes in 2006. Given the complexity of the scheme and the constraints faced by most beneficiaries, **the recommendation is to reinforce assistance both for the technical bodies in charge of implementation at local level and for the final recipients.** Such technical support has to focus on administrative and procedural problems and obviously requires highly qualified expertise. As regards the allocation of the budget between beneficiary countries, the evaluation highlights the drawbacks of using CIF prices to measure the competitiveness gap. However, as the SFA will in any event come to an end in 2008, it is not in the interest of good administration to consider any change in this area at this point in time.

Finally, in terms of impacts of the SFA on the socio-economic situation of the banana sector and the countries concerned, the evaluation showed that it is still too early to measure the impacts of SFA on the diversification of the economies concerned. The impact was generally satisfactory for programmes targeting the banana sector where the conditions for its competitiveness were reasonably favourable. However, the SFA could also draw lessons from other relatively successful experiences, such as the Windward conversion to the fair trade market, as an opportunity for smaller-scale enterprises to survive in global market competition.

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

1998/0014(SYN) - 22/04/1999 - Final act

PURPOSE: the establishment of a special framework of assistance for traditional ACP suppliers of bananas. COMMUNITY MEASURE: Council Regulation 856/1999/EC establishing a special framework of assistance for traditional ACP suppliers of bananas. CONTENT: The aim of this Regulation is to assist traditional ACP suppliers to adapt to the new conditions of the market, in particular following the amendments to be brought to the common organisation of the banana market, and notably to increase the competitiveness of their production, while, at the same time, encouraging more environmentally-friendly methods of production/marketing. Specifically, it provides that technical and financial assistance will be granted at the request of the ACP to contribute to the implementation of programmes aiming: (a) to improve competitiveness in the banana sector, in particular through - increasing productivity, without causing damage to the environment, - improving quality, including phytosanitary measures, - adapting production, distribution or marketing methods to meet the new quality standards, - establishing producers' organisations which have as their objective the improvement of the marketing and competitiveness of their products and the development of systems for certifying environmentally-friendly production methods including fair trade bananas, improving the distribution infrastructure and improving commercial and financial services to banana producers; (b) to support diversification where improvement in the competitiveness of the banana sector is not sustainable. This special framework of assistance will be implemented for a period not exceeding 10 years, starting on 1 January 1999. The Commission shall decide on the eligibility of these programmes after consultation with the traditional ACP suppliers concerned, and with the assistance of the Member States meeting in the competent committee. ENTRY INTO FORCE: 30.04.1999.

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

1998/0014(SYN) - 17/02/1998 - Legislative proposal

OBJECTIVE : establishing a special framework of assistance for traditional ACP suppliers of bananas, to help them adapt to the new market conditions following the amendments introduced to the common organization of the market in bananas (CNS98013). SUBSTANCE : In view of the amendments to the common organization of the market in bananas (in particular the dismantling of the special import licence system) with regard to access to Community markets for traditional ACP banana suppliers and the possibility for them to maintain their presence on the EU market, the Commission proposes specific accompanying measures to help suppliers adapt to the new conditions on the market. The objective is to propose a special framework of technical and financial assistance for the suppliers concerned and to make them more competitive particularly with Latin American ('dollar'-zone) suppliers. The financial assistance granted under this regulation is in addition to funding under the Lomé Convention and varies for each ACP country according to the competitiveness gap observed while taking into account the importance of banana production for the economy of the country concerned. In order to ensure the appropriateness of such assistance it would be limited in time (ten years from 1 January 1999) and degressive. However, in order to provide an additional incentive to traditional ACP suppliers and provide for a smooth and gradual phasing-out of technical and financial assistance, a reduction coefficient of up to 15% may be applied from the year 2004 in cases where no sufficient increase in competitiveness can be observed. In the financial statement annexed the Commission quotes an estimated total of ECU 366.8 m for the period 1999-2008, earmarked for the necessary assistance measures.

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

1998/0014(SYN) - 21/12/2004 - Follow-up document

PURPOSE : to present the biannual report (2004) from the Commission on the special framework of assistance for traditional ACP suppliers of bananas.

CONTENT : in this report, the Commission recalls that in 2003, world banana production was approximately 69 million tonnes (68 million tonnes in 2002). The largest producer is India (23.8% of world production), while the main exporters are Ecuador, Costa Rica, the Philippines and Colombia, which in 2002 controlled together 63% of world banana exports.

In 2002, almost 95% of total ACP banana exports were sold to the EU. In 2003, banana imports from the Ivory Coast and Cameroon accounted for almost 63% (61% in 2002) of total ACP imports into the EU.

Banana imports into the European Union have traditionally been regulated by a quota system with strong preferential treatment for bananas from Africa, the Caribbean and the Pacific (the so-called ACP countries). The EU's banana import regime has not changed over the period 2002-2004. Following EU enlargement on 1 May 2004, the volume of imported bananas has been increased by an additional quantity for the period 1 May-31 December 2004 in order to ensure a sufficient supply of bananas to consumers in the enlarged Community.

The EU obtained two waivers in the WTO to cover the preferential import arrangements for the ACP. The first covers the tariff preference for the import of bananas for the ACP under the Cotonou Agreement until 1 January 2008. The second covers the reservation of quota C for the ACP until 1 January 2006.

Due to the verification exercise under Article 164 of the Financial Regulations, there has been a considerable delay in the implementation of projects during the past two years. The provision of this article allows for decentralised management in most countries concerned. The implementation situation should thus improve at the beginning of 2005. In parallel to the reduction coefficient of 15% to the level of assistance made available and its proportional reduction to the increase in competitiveness observed, implementation and programming shifted from supporting competitiveness to supporting primarily diversification. This trend has continued in the period 2002-2004.

In 2002, an evaluation of the implementation of Regulation 856/1999/EC was commissioned and carried out. Its recommendations, e.g. multi-annual programming to reduce administrative steps and consequently simplify the administrative process, were found not to correspond to the requirements of the SFA Regulation and the Financial Regulation. Other reports have been commissioned, drafted and carried out for other donors. The Commission is currently in the process of examining their conclusions and recommendations with a view to further simplifying and accelerating the implementation of the SFA in the context of the existing regulatory framework.

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

1998/0014(SYN) - 23/12/2002 - Follow-up document

This document comprises of the communication from the Commission on a special framework assistance for traditional ACP suppliers of bananas (Council Regulation 856/1999) biennial report from the Commission 2002. The document recalls that banana imports in the European Union have traditionally been regulated by a quota-system with strong preferential treatment for bananas from Africa, the Caribbean and the Pacific (the so-called ACP countries). The US, Guatemala, Honduras, Mexico and Ecuador have challenged this regime as being incompatible with WTO regulations. In April 2001, after lengthy legal battles and negotiations, an Understanding was reached with the US and Ecuador on the future of the banana import regime into the EU. The agreement stipulates that the quota system will be replaced by a tariff only system, which should come into force on 1st January 2006 at the latest. In the meantime, the EU market in bananas will continue to be managed through a quota system based on historical reference, which has also been discussed with the ACP countries. In order to help the twelve traditional ACP banana suppliers better cope with the transition to the new market conditions, a Special Framework of Assistance (SFA) was put in place already in 1999, through a dedicated budget line. Five African countries and seven Caribbean countries are considered as traditional suppliers and are therefore beneficiaries of the SFA. This framework provides technical and financial support to specific projects presented by the countries concerned, based on a long-term strategy previously agreed with and approved by the Commission. The individual country allocations are calculated on the basis of two criteria, namely both the competitiveness gaps observed when compared to the third country suppliers, and the importance of the banana production to the economy of the ACP concerned. So far (1999 - 2002) the logic underlying the allocation methodology has caused those countries suffering from a bigger competitiveness gap and in which the share of the banana sector in the total GDP is higher, to receive more support. The report concludes by stating that due to some new procedures and the high degree of participation by the beneficiaries in implementation, disbursements have experienced delays in some cases. However, these difficulties are being tackled, and there have been substantial improvements in recent months. It is expected that further ground will be made up in the next two-year period, also as a result of the current devolution exercise. In this context, the Commission will explore the possibility of creating a "BA" budget line with a view to making the administrative process as effective as possible. In general, a need to streamline the whole administrative process has become evident. Whereas the strategies adopted are long-term, the fact of having projects in the form of annual action plans makes it burdensome both for the beneficiaries and for the Commission to elaborate, approve and implement them every year. In accordance with the SFA Regulation and the Financial Regulation, the Commission will explore the possibility of devising multi-year action plans. This would significantly reduce the administrative steps currently undertaken every year, and would enhance the consistency of implementation. In accordance with the SFA Regulation, the Commission would favour further strengthening of the link between the CountryStrategy and the projects submitted under the SFA, as it has been the case in several countries already. In the Council Regulation establishing the SFA there is provision for

application of a maximum reduction coefficient of 15% to the level of assistance made available from 2004, and for this reduction coefficient to be reduced proportionally to the increase in competitiveness observed. In the first phase of the SFA the logic applied favoured the less competitive suppliers, the idea being to bridge the bigger gaps and enable these producers to compete under the new market conditions. From 2004, in accordance with the above-mentioned provision, the allocation criteria should be adjusted by taking into account the different degrees of competitiveness gained. In parallel, implementation efforts are likely to shift more and more from support for competitiveness to diversification for those suppliers still suffering from substantial competitiveness gaps.

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

1998/0014(SYN) - 15/10/1998 - Commission communication on Council's position

The Commission unreservedly supports the Council common position, which is fully in line with both the letter and spirit of its initial proposal.

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.

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

1998/0014(SYN) - 28/01/1999 - Text adopted by Parliament, 2nd reading

At second reading, under cooperation procedure, the European Parliament approved the Council common position, as recommended by Peter Liese (D, EPP). It asked that a number of amendments be incorporated relating, notably, to the following areas: - specifying the rights of ACP States regarding access to the European market; - recognising the importance of the trade preferences of the Community banana regime as a real instrument of development for many ACP countries; - advocating additional support to ACP banana producers to help them adhere to higher environmental and social standards and fight poverty; - indicating the need to provide aid for diversification for those growers least able to adapt to the new market conditions; - providing support to encourage "fair trade" certification; - specifying that funding should primarily benefit small independent producers; - recommending that the Commission should implement a transparent technical and financial assistance mechanism enabling producers or producer organisations to pass aid on or to benefit from it as directly as possible; - specifying that the Commission's regular reports on the operation of the Regulation should focus on the improvement of the competitiveness of the traditional ACP banana sector and trends in banana producers' incomes.

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

1998/0014(SYN) - 17/03/2010 - Follow-up document

The Commission presents a biennial report on the Special Framework of assistance (SFA) for traditional ACP suppliers of bananas. This report covers 2007 and 2008 and is accompanied by a Staff Working Document. To recall, the SFA for traditional ACP suppliers of bananas was created in

1999 in order to help those suppliers to adjust to changing international competition and expired in December 2008. It targeted 12 traditional banana-supplying countries: Belize, Cameroon, Cape Verde, Côte d'Ivoire, Dominica, Grenada, Jamaica, Madagascar, St Lucia, Saint Vincent and the Grenadines, Somalia and Suriname. In total, some EUR 376 million was granted under the SFA scheme. The objectives were either improving the competitiveness of traditional ACP banana producers, or, if this were no longer feasible, supporting diversification.

Market information: The European Union (EU) is the largest consumer and importer of bananas in the world. Compared to 2007, in 2008, 5 416 449 t. (referred to below as t.) of bananas were consumed in the EU (+3.5%), of which 4 848 889 t. (+3.7%) were imported from third countries and 567 560 t. (+2.3%) were of domestic origin. Since 1 January 2006, the EU applies an MFN tariff of €176/t. to banana imports, in line with the EU's commitments to move from its previous quota system to a tariff-only regime. Statistics monitoring the impact of the new regime on imports show that it maintains market access conditions, with increased imports.

Budget line 2007: 12 Financing Agreements were signed in early 2008 for EUR 28.67 million. Some 42% of the funds are dedicated to improving the competitiveness of the banana export sector in 4 beneficiary States and 58% of the funds to diversification in 8 beneficiary States.

Budget line 2008: 12 Financing Agreements were signed in early 2009 for EUR 29.23 million. Some 37% of the funds finance activities improving the competitiveness of the banana export sector in three beneficiary ACP States. Some 63% of the funds are dedicated to diversification in the remaining beneficiary States.

Evaluation: the Commission states that it made efforts to complete the adaptations required in ongoing SFA projects and reviewed/programmed those approved in 2006, 2007 and 2008. Actual disbursements from all SFA programmes increased from EUR 21 million in 2006 to EUR 46 million in 2008. Disbursement of all programmes will be completed in 2012 (apart from ex post evaluations and audits).

Some progress towards improved competitiveness and increased diversification: the programmes made substantial contributions to achieving the objectives:

- improved competitiveness in Belize, Cameroon, Côte d'Ivoire and Suriname, although support could not compensate for the hurricane damage in Jamaica in 2005, 2007, and 2008;
- improved capacity for successful economic diversification in Eastern Caribbean and for agricultural diversification (where monitored) in Somalia, Cape Verde and Madagascar, although the full impact cannot yet be quantified.

In the competitiveness-oriented countries, the banana sector is now more closely aligned to market requirements and EU environmental policies and standards, establishing the basis for sustainable business development. The implementation of recommendations made in the previous report has resulted in notable improvements in the timeliness and quality of implementation in Belize, Jamaica and the Windward Islands. This aspect was less relevant for both Cameroon and Côte d'Ivoire, which benefit from more diversified sources of finance and thus were less dependent on support.

In countries where diversification is a priority, efficiency suffered from a lack of focus, many very small investments, averaging around EUR 1 to EUR 1.5 million, with limited potential for real impact. Furthermore, linkages between the various initiatives are still limited and fragile.

The external evaluation recommended that ACP countries committed to diversification should review the contributions of their SFA portfolios to their economic diversification agenda at a macro level. This should include an assessment of the cohesiveness of such programmes and facilitate upgrading of each country's diversification strategy, with clear priorities including the quantity and sources of financial resources needed to support and institutionalise key activities.

In order to improve both monitoring and evaluation of the impact of diversification programmes, it also recommended improving the logical frameworks and their use as programme management tools to ensure that implementing agencies are continually working towards expected results and actively measuring agreed indicators.

Sustainability of ACP banana exports still fragile: the prospects for sustained competitiveness are largely dependent on:

- the outcome of ongoing international trade negotiations, and
- the capacity of countries to achieve further productivity gains and cost savings.

The strategies pursued by some countries have lacked a realistic assessment of challenges created by the international market situation and future potential implications of the conclusion of WTO and ongoing bilateral trade negotiations.

Results can be delivered where countries:

- demonstrate strong commitment to adjust to international developments;
- have favourable agronomic characteristics; and
- already have highly commercially structured sectors.

The Commission concludes that challenges remain for banana-exporting countries. They need to address them together and with international support. The international community, including the EU, has attached greater importance to assisting developing countries in increasing their competitiveness of the whole economy and making better use of international trade opportunities. EU Aid for Trade does not focus on just individual sectors. One prerequisite for success is to draw and update multi-stakeholder strategies for developing trade and integrating into the international trading system. The SFA's implementation over ten years allowed recipient countries to plan strategically and will remain a useful reference point for future action.

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

1998/0014(SYN) - 05/03/1999 - Modified legislative proposal

In its re-examined proposal, the Commission incorporated a majority (10) of the 15 amendments adopted by the Parliament at second reading. Those amendments that it rejected related to: - specific wording requiring consultations with producer and farmers' organisations, because these are a necessary consequence of the partnership approach to development policy with the ACP, - assistance to projects of a specifically social nature because this proposal seeks to assist ACP suppliers in improving the competitiveness of the banana sector, - references to the socio-economic impact of banana production, - making the amount of an aid dependent on the size of a company, - implementation of a transparent aid mechanism permitting producers easy access to aids because the funds, in this case, are not to be provided as direct compensatory aid to producers.

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

1998/0014(SYN) - 06/10/1998 - Council position

The Council common position is practically identical to the initial Commission proposal, apart from the inclusion of some minor changes based on the opinion of the European Parliament. A minority of the 31 amendments adopted by the European Parliament at first reading was retained and these related to the diversification of production, fair trade and Somalia (where political problems should not exclude Somali banana suppliers from the regulation). For its part, the Council introduced changes of a comitological nature which made provision for a committee to approve the Commission's application rules and a committee to ensure coherence between projects implemented under the aid programme and the general development strategy of ACP states. All Parliament's amendments relating to extending the regulation to non-traditional suppliers, additional financing for special measures or the introduction of income support were rejected (including by the European Commission). The same applied to amendments relating to the exclusion of multinationals from any Community aid and the transparency measures proposed by Parliament (consultation with all parties concerned). Finally, the inclusion of budgetary data in the text of the regulation was also rejected by the Council and the Commission.