



# Bananas

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# EU BANANA MARKET

**Total supply:  
4.6 million tonnes**

■ **Latin America: 3.1 mln tonnes**

■ **ACP: 785 000 tonnes**

■ **EU: 760 000 tonnes**

## **Main suppliers**

Ecuador

Costa Rica

Colombia

Panama

Canary Islands

West Indies

Cameroon

Ivory Coast

Dominican Republic

Windward-Isles

Belize



# Market trends

- Prices
  - **Green** banana prices have experienced an increase of 8% during the period 1999-2003 and in 2003 they were at the level of EUR 598 per tonne
  - **Yellow** banana prices within 1999-2003 were fluctuating around the level of 808 euro/t

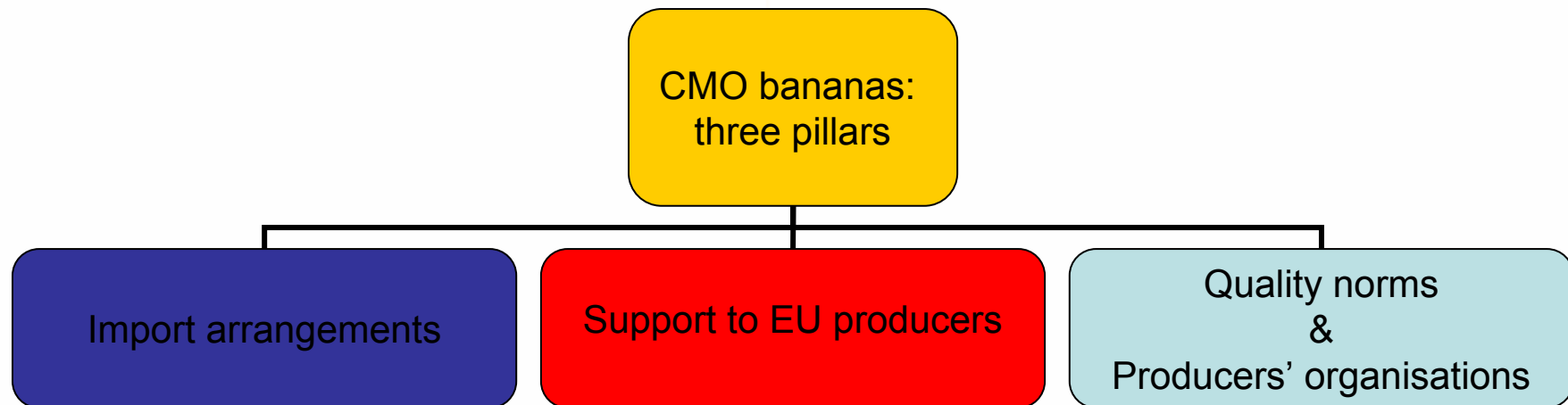


# Objectives of the Banana CMO Council Regulation (EC) No 404/93

- Fusion of several national markets into a **SINGLE MARKET** for bananas
- **MARKET BALANCE** among supplying regions
  - Preserve EU production and ACP imports on the Community market, without undermining imports of bananas from other third countries and providing:
    - adequate income to producers
    - fair price bananas to EU consumers
- **Supply the market with uniform and SATISFACTORY QUALITY** bananas



# STRUCTURE OF THE CMO





# Common quality and marketing standards

- Regulation 2257/94 laying down quality standards for bananas
  - supplied fresh to consumers
  - covers EU produced and third country produce
  - sets minimum quality standards
  - classification
  - sizing
  - tolerances
  - presentation
  - marking



# Common quality and marketing standards

## Regulation 2898/95 concerning verification of compliance with quality standards for bananas

- competent authority checks
  - department/agency
    - agencies - equipment, training, experience
- inspection certificates - annex I
- provision for checks exemption - annex II
  - register of traders exempted



# EU production

- Producer organisations
  - Regulation 919/94 laying down detailed rules for the application of regulation 404/93 as regards banana producers' organisations
    - recognition of producer organisations
    - granting assistance to establish producer organisations





# Producers' organisations

22 Producer organisations distributed as follows:

Canary Islands	5
France	6
Portugal	8
Greece	2
Cyprus	1



# COMPENSATORY AID to EU producers

- Compensates possible losses of income due to the introduction of the CMO
- Difference between a *flat rate reference income* of 640.3 €/t  
AND  
the *average ex-shed price obtained on the Community market*
  - *E.G. for 2004*
- 359.3 €/t = Average ex-packing shed price of EU bananas
- 640.30 €/t = Reference income (fixed by Council Regulation)
  - **281€/t = Compensatory aid**



# Compensatory aid to EU producers

- Regulation 1858/93 laying down detailed rules as regards the aid scheme to compensate for loss of income from marketing bananas following implementation of the CMO
  - compensatory aid paid to producers within recognised producer organisations



# Compensatory aid

## Stabilisation mechanism

Maximum eligible  
quantities (tonnes)

Spain: 420 000

France: 369 000

Portugal: 50 000

Greece: 15 000

Cyprus: 13 500

**TOT 867 500**

Actual quantities in 2004  
(tonnes)

Spain: 418 407

France: 305 270

Portugal: 21 161

Greece: 2 868

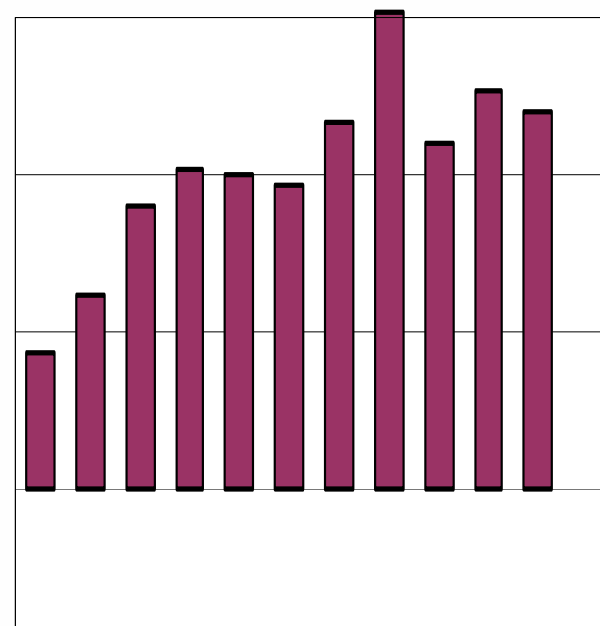
Cyprus: 10 500

**TOT 750 909**



# COMPENSATORY AID BUDGET

■ 1993 (2nd half):	88 EUR mln
■ 1994:	123 EUR mln
■ 1995:	179 EUR mln
■ 1996:	204 EUR mln
■ 1997:	201 EUR mln
■ 1998:	193 EUR mln
■ 1999:	232 EUR mln
■ 2000:	302 EUR mln
■ 2001:	219 EUR mln
■ 2002:	253 EUR mln
■ 2003:	239 EUR mln
■ 2004:	235 EUR mln





# Structural measures

- Banana producers are entitled to structural support within the framework of rural development measures
- Three kinds of measures are applicable to bananas:
  - Farm investments
  - Improving the processing and marketing of agricultural products
  - Agro-environmental measures
- Such measures are included in the Operational Programmes of the producing regions



# Trade with third countries

- 1993-2005:
  - Import quota systems managed according traditional trade flows
  - The import regime has undergone two significant modifications in 1998 and 2001 following two WTO panels and the agreements with Ecuador and the USA



# 2001-2005: current import system

<b>QUOTA</b>	<b>tonnes</b>	<b>MFN duty</b>	<b>ACP duty</b>
<b>A/B (all origins)</b>	<b>2 653 000</b>	<b>75 EUR/tonne</b>	<b>Duty-free</b>
<b>C (ACP only)</b>	<b>750 000</b>	<b>Duty-free</b>	<b>--</b>
<b>EU10 quantities</b>	<b>460 000</b>	<b>75 EUR/tonne</b>	<b>Duty-free</b>
<b>TOT</b>	<b>3 863 000</b>		

## Tariff duty outside of the quotas

MFN      **680**    EUR/tonne  
ACP      **380**    EUR/tonne





# New tariff-only regime

- As of 1.1.2006:
  - tariff only regime for MFN bananas with a TRQ for bananas of ACP origin of 775 000 at zero duty (Council Decision of 29 November 2005)



# Review of the CMO

- Detailed **evaluation** of the functioning and cost-effectiveness of the CMO has been finalized last summer.
- The Commission is currently carrying out an **Impact Assessment** of possible options for reform . An inter-department group in charge of the technical assessment of the proposal is in place since 28 September and will identify the possible options for reform and the expected impacts. The impact assessment will allow the Commission to present a proposal based on solid ground. The Commission proposal is scheduled for June 2006.