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REPORT

on the proposal for a Council regulation amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector
(COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS))

Committee on Agriculture and Rural Development

Rapporteur: Jean-Claude Fruteau

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council regulation on amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector (COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2006)0489)¹,
 - having regard to Article 37 of the EC Treaty, pursuant to which the Council consulted Parliament (C6-0339/2006),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development and the opinions of the Committee on Budgets and the Committee on Regional Development (A6-0422/2006),
1. Approves the Commission proposal as amended;
 2. Considers that the indicative financial reference amount given in the Commission proposal must be compatible with the ceiling of heading 2 of the new multi-annual financial framework (MFF) and points out that the annual amount will be decided within the annual budgetary procedure in accordance with the provisions of point 38 of the Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management of 17 May 2006;²
 3. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 4. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
 5. Asks the Council to consult Parliament again if it intends to amend the Commission proposal substantially;
 6. Instructs its President to forward its position to the Council and Commission.

¹ Not yet published in OJ.

² OJ C 139, 14.6.2006, p. 1.

Amendment 1

RECITAL 1

(1) Currently the regime for the banana sector is set out in Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organisation of the market in bananas. In particular the aid scheme for banana producers is based on principles which for other common market organisations have been substantially reformed. In order to better ensure a fair standard of living of the agricultural community in regions where bananas are produced, to better direct resources towards **market-orientation of producers**, to stabilise expenditure, to ensure the respect of the international obligations of the Community, to take adequately into account the particularities of the producing regions, to simplify the management of the regime and align it on the principles of the reformed common market organisations, it is necessary to amend this regime.

(1) Currently the regime for the banana sector is set out in Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organisation of the market in bananas. In particular the aid scheme for banana producers is based on principles which for other common market organisations have been substantially reformed. In order to better ensure a fair standard of living of the agricultural community in regions where bananas are produced, to better direct resources towards **the specific development processes in these regions**, to stabilise expenditure, to ensure the respect of the international obligations of the Community, to take adequately into account the particularities of the producing regions, to simplify the management of the regime and align it on the principles of the reformed common market organisations, it is necessary to amend this regime.

Justification

The underlying principle of the reform is to ensure producer regions are able to identify their needs more clearly so as to enable compensatory aid to be used more effectively, in keeping with their specific needs.

Amendment 2

RECITAL 2 A (new)

(2a) Since the introduction of the common organisation of the market (COM) in bananas, in response to competition from third-country banana producers and with a view to ensuring proper use of Community funds, the whole industry has made major

modernisation efforts covering all stages from production to marketing, significantly raising productivity and improving product quality while reducing the environmental impact of its activities. The COM has also encouraged the concentration of Community supply, which has contributed to the sector's consolidation in producer regions and facilitated the marketing of European bananas.

Amendment 3
RECITAL 3

(3) Bananas are one of the main agricultural crops of certain outermost regions of the Union, notably the French overseas departments of Guadeloupe and Martinique, the Azores, Madeira and the Canary Islands. Production of bananas is handicapped in particular by the remoteness, insularity, small size, and difficult topography of these regions. Local banana production is an essential element of the environmental, social and economic balance of the rural areas in those regions.

(3) Bananas are one of the main agricultural crops of certain outermost regions of the Union, notably the French overseas departments of Guadeloupe and Martinique, the Azores, Madeira and the Canary Islands. Production of bananas is handicapped in particular by the remoteness, insularity, small size, and difficult topography of these regions. Local banana production is an essential element of the environmental, social and economic balance of the rural areas in those regions ***which, furthermore, have no alternative that would enable them to diversify into other economically viable crops.***

Justification

Bananas are the main crop farmed in the outermost regions, where they play a major economic and social role. Given that there is no alternative to bananas, diversification into other economically viable crops is impossible and the socio-economic balance of such regions is thus dependent on them.

Amendment 4
RECITAL 3A (new)

(3) Account should be taken of the socio-economic importance of the banana sector to the outermost regions and the contribution which it makes to achieving

social and economic cohesion on account of the income and employment which it generates, the economic activities to which it gives rise (both upstream and downstream), and the effect which it has of maintaining an ecological and landscape balance which encourages the development of tourism.

Justification

Attention should be drawn to the socio-economic importance of the banana sector and of the contribution which it makes to social and economic cohesion.

Amendment 5
RECITAL 5

(5) Title III of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union provides for the establishment of Community support programmes for the outermost regions containing specific measures to assist local lines of agricultural production. This Regulation provides for a review not later than 31 December 2009. ***If there are substantial changes to the economic conditions affecting livelihoods in the outermost regions, the Commission shall submit the report sooner.*** This instrument seems best adapted to support banana production in each of the regions concerned by providing for flexibility and decentralisation of mechanisms to support banana production. The possibility of including banana support in those support programmes should reinforce the coherence of the strategies for support of agricultural production in these regions.

(5) Title III of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union provides for the establishment of Community support programmes for the outermost regions containing specific measures to assist local lines of agricultural production. This Regulation provides for a review not later than 31 December 2009. ***However, in order to take due account of the specific circumstances of banana producers, in the event of a significant deterioration in the economic situation of producers resulting in particular from alterations to the external regime, the Commission should submit a specific report to the European Parliament and the Council prior to that deadline.*** This instrument seems best adapted to support banana production in each of the regions concerned by providing for flexibility and decentralisation of mechanisms to support banana production. The possibility of including banana support in those support programmes should reinforce the coherence of the strategies for support of agricultural production in these regions.

Justification

The Commission review should be linked specifically to developments in the external environment, particularly any deterioration in the future customs tariff, and, where appropriate, practical and appropriate steps tailored to the specific situation in the banana sector should be taken.

Amendment 6 RECITAL 5 a (new)

(5a) Provision should be made for the payment of one of more specific advances to banana producers in outermost regions.

Justification

The transfer of compensatory aid to the POSEI programmes gets rid of the current system of advances to producers, which are essential to the industry's day-to-day activity. This major shortcoming needs to be addressed if a crop of vital importance to the socio-economic balance of most producer regions is not to disappear.

Amendment 7 RECITAL 7

(7) As regards production of bananas in the Community other than in the outermost regions, it seems ***no longer necessary to provide for a specific aid scheme for bananas, given*** the small proportion of the total Community production concerned.

(7) As regards production of bananas in the Community other than in the outermost regions, it seems ***appropriate to give Member States the opportunity to opt for the system of partial decoupling of aid for bananas, despite*** the small proportion of the total Community production concerned.

Justification

It is appropriate to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons. It is not warranted under any circumstances to make small-scale production subject to the single payment scheme as it will promote the abandonment of traditional cultivation.

Amendment 8 RECITAL 8

(8) Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending certain Regulations provides for a system of decoupled income support for farms (hereinafter referred to as “the Single Payment Scheme”). This system was intended to allow for the shift from production support to producer support.

Deleted

Justification

It is appropriate to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons. It is not warranted under any circumstances to make small-scale production subject to the single payment scheme as it will promote the abandonment of traditional cultivation.

Amendment 9
RECITAL 8 A (new)

(8a) Information and infrastructure measures in the context of rural development must play a prime role in the shift to producer support, whereby one aim should be to shift banana production and marketing to various quality standards such as fair-trade, bio-products, local varieties or a registered geographical guarantee of origin. Bananas can also be marketed as a special local product within the framework of existing tourism in these areas, thereby creating a link between consumers and local bananas as a preferred, identifiable product

Justification

The aim of the reform measures cannot be the complete abandonment of banana production. In addition to diversification measures, ways of opening up new markets for bananas must be studied and pursued.

Amendment 10
RECITAL 8 B (new)

(8b) In order to meet the objectives that lay at the heart of the reform of the common agricultural policy, the support for cotton, olive oil, raw tobacco, hops and bananas should be largely de-coupled and integrated into the single payment scheme..

Justification

It is appropriate to adhere to the wording of Regulation (EC) No. 864/2004 concerning the reform of Mediterranean products in order to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons. Imposing the single payment scheme will promote the abandonment of traditional cultivation.

Amendment 11
RECITAL 8 C (new)

(8c) Complete integration into the single payment scheme of the current support scheme in the banana sector would bring a significant risk of production disruption to the banana producer regions of the Community. A part of the support should therefore continue to be linked to the cultivation of bananas through a crop specific payment per eligible hectare. Its amount should be calculated in such a way so as to ensure economic conditions which, in regions which lend themselves to that crop, enable activity in the banana sector to continue and prevent bananas from being driven out by other crops. In order to achieve that goal, it is justified that the total available aid per hectare per Member State is set at 40 % of the national share of the aid that went indirectly to the producers

Justification

It is appropriate to adhere to the wording of Regulation (EC) No. 864/2004 concerning the reform of Mediterranean products in order to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons.

Amendment 12
RECITAL 8 D (new)

(8d) The remaining 60 % of the national share of the aid that went indirectly to the producers should be available for the single payment scheme.

Justification

It is appropriate to adhere to the wording of Regulation (EC) No. 864/2004 concerning the reform of Mediterranean products in order to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons.

Amendment 13
RECITAL 9

(9) For sake of consistency it is appropriate abolish the existing compensatory aid scheme for bananas and to include it into the Single Payment Scheme. To this end it is necessary to include the compensatory aid for bananas in the list of direct payments in relation to the single payment scheme referred to in Article 33 of Regulation (EC) No 1782/2003. Provision should also be made for the establishment by Member States of reference amounts and eligible hectares under the Single Payment Scheme on the basis of a representative period appropriate to the banana market and of appropriate objective and non-discriminatory criteria. Areas planted with bananas should not be excluded due to their being treated as permanent crops. National ceilings should be amended appropriately. Provision should also be made for the Commission to adopt detailed rules and any necessary transitional measures.

Deleted

Justification

Fully incorporating support in the banana sector into the single payment scheme could create problems for some traditional banana producing regions in the Community. There is a risk of

disrupting activities, which in turn will have a detrimental social impact. It is, therefore, appropriate to give Member States which so wish the opportunity to retain the link between a percentage of aid and production.

Amendment 14
RECITAL 10

(10) Title II of Regulation (EEC) No 404/93 provides for producers' organisations and concentration mechanisms. As regards producers' organisations, the existing regime had as objectives to form such organisations in order that as many producers as possible be members of such organisations **and limited** the payment of the compensatory aid to producers members of recognized producers' organisations.

(10) Title II of Regulation (EEC) No 404/93 provides for producers' organisations and concentration mechanisms. As regards producers' organisations, the existing regime had as objectives to form such organisations in order that as many producers as possible be members of such organisations **and that marketing in the banana sector be supported**, while limiting the payment of the compensatory aid to producers members of recognized producers' organisations.

Justification

Attention should be drawn to the important public-service role which producers' organisations in the banana sector play vis-à-vis their members, especially in terms of support for the marketing of bananas.

Amendment 15
RECITAL 11

(11) The regime has succeeded in its first objective since the vast majority of Community producers are now members of producers' organisations. **The second objective is obsolete since the compensatory aid scheme is to be abolished.** It is therefore **no longer** necessary to maintain rules at Community level on producer organisations, **thus leaving Member States free to adopt such rules, if necessary, targeted at the specific situations in their territories.**

(11) The regime has succeeded in its first objective since the vast majority of Community producers are now members of producers' organisations. It is therefore necessary to maintain rules at Community level on producer organisations. **In order to prevent the break-up of the banana sector in producer regions, it is proposed that a framework of Community rules be maintained, and Member States are urged to maintain the requirement that produce be marketed through these producer organisations as an essential condition for receiving aid.**

Justification

The concentration of Community supply has been one of the main successes of the common organisation of the market (COM) launched in 1993. It is necessary to continue to encourage the setting-up of these groups, maintaining the relevant provisions of Regulation No 404/93, since their disappearance would simply worsen the disadvantages faced by Community producers vis-à-vis imports from third countries.

Amendment 16
ARTICLE 1, POINT 1
(Regulation (EEC) No 404/93)

(1) **Titles II and III**, Articles 16 to 20, paragraph 2 of Article 21, Article 25 and Articles 30 to 32 are deleted;

(1) **Articles 6 and 7 of Title II, Title III**, Articles 16 to 20, paragraph 2 of Article 21, Article 25 and Articles 30 to 32 are deleted;

Justification

The concentration of Community supply has been one of the main successes of the common organisation of the market (COM) launched in 1993. It is necessary to continue to encourage the setting-up of these groups, maintaining the relevant provisions of Regulation No 404/93, since the breaking-up of production would simply worsen the disadvantages faced by Community producers vis-à-vis imports from third countries.

Amendment 17
ARTICLE 2, POINT -1 (new)
Article 1, indent 3 (Regulation (EC) No. 1782/2003)

“– support schemes for farmers producing durum wheat, protein crops, rice, nuts, energy crops, starch potatoes, milk, seeds, arable crops, sheep meat and goat meat, beef and veal and grain legumes, and for farmers maintaining olive groves and banana plantations.”

Justification

Article 1, third indent, of Regulation (EC) No. 1782/2003 should be extended to include bananas.

Amendment 18
ARTICLE 2, POINT 1)
Article 33, paragraph 1, point (a) (Regulation (EC) No. 1782/2003)

1) In Article 33(1), point (a) is replaced by the following:

Deleted

“(a) they have been granted a payment in the reference period referred to in Article 38 under at least one of the support schemes referred to in Annex VI or, in the case of olive oil, in the marketing years referred to in the second subparagraph of Article 37(1), or, in the case of sugar beet, cane and chicory, if they have benefited from market support in the representative period referred to in point K of Annex VII, or, in the case of bananas, if they have benefited from compensation for loss of income in the representative period referred to in point L of Annex VII.”;

Justification

Incorporating support in the banana sector into the single payment scheme could create problems for some traditional banana producing regions in the Community. It is therefore considered appropriate not to include bananas in Article 33 of Regulation (EC) No. 1782/2003, but in Article 64 thereof.

Amendment 19
ARTICLE 2, POINT 6 A (new)
Article 64, paragraph 2 (Regulation (EC) No. 1782/2003)

(6a) In Article 64(2), subparagraphs 1 and 2 are replaced by the following:

“2. Depending on the choice made by each Member State, the Commission shall, in accordance with the procedure laid down in Article 144(2), set a ceiling for each of the direct payments referred to respectively in Articles 66, 67, 68, 68a, 68b and 69.

This ceiling shall be equal to the component of each type of direct payment in the national ceilings referred to in Article 41, multiplied by the reduction percentages applied by the Member States in accordance with Articles 66, 67, 68, 68a,

68b and 69.”

Justification

Incorporating support in the banana sector into the single payment scheme could create problems for some traditional banana producing regions in the Community. It is therefore considered appropriate not to include bananas in Article 33 of Regulation (EC) No. 1782/2003, but in Article 64(2) thereof, in order to offer the opportunity to grant coupled aid.

Amendment 20
ARTICLE 2, POINT 6 B (new)
Article 68 b (new) (Regulation (EC) No. 1782/2003)

6b. The following Article 68b is inserted:

Article 68b

Banana payments

In the case of banana payments, 40% of the aid shall remain coupled to production, while the remaining 60% of the national share of the aid shall be available for the single payment scheme.

Justification

Incorporating support in the banana sector into the single payment scheme could create problems for some traditional banana producing regions in the Community. It is therefore considered appropriate not to include bananas in Article 33 of Regulation (EC) No. 1782/2003, but in a new Article 68b thereof, in the same way as for the other products under the partial decoupling scheme, in order to offer the possibility of granting coupled aid.

Amendment 21
ARTICLE 2, POINT 7
Article 145, d c) (Regulation (EC) No. 1782/2003)

7) in Article 145, the following point is inserted after point (d)b):

Deleted

“(d)c) detailed rules relating to the inclusion of banana support into the single payment scheme.”

Justification

Fully incorporating support in the banana sector into the single payment scheme could create

problems for some traditional banana producing regions in the Community. There is a risk of disrupting activities, which in turn will have a detrimental social impact. It is, therefore, appropriate to give Member States which so wish the opportunity to retain the link between a percentage of aid and production for economic, environmental and, principally, social reasons.

Amendment 22
ARTICLE 3, POINT -1 (NEW)
Article 18 a (new) (Regulation (EC) No 247/2006)

-1) the following Article 18a is inserted:

“Article 18a

Bananas

Receipt of aid for producers in the banana sector shall be conditional on affiliation to a recognised organisation in accordance with Title II of Regulation 404/93. Such aid may also be granted to individual producers whose particular circumstances, especially geographical circumstances, do not enable them to join a producers’ organisation.”

Justification

The concentration of Community supply has been one of the main successes of the common organisation of the market (COM) launched in 1993. It is necessary to continue to encourage the setting-up of these groups, maintaining the link between aid and membership of a producers’ organisation.

Amendment 23
ARTICLE 3, POINT 2 A (new)
Article 28, paragraph 3 a (new) (Regulation (EC) No 247/2006)

(2a) in Article 28, the following paragraph 3a is added:

“3a. In the event of a deterioration in the economic conditions affecting the livelihoods of banana producers, following in particular a change in the external regime, the Commission shall submit a specific report to the European Parliament and the Council by 31 December 2009, accompanied, where necessary, by appropriate proposals.”

Justification

There should be a review clause for aid to banana producers in the event of any change in the tariff set for third-country imports.

Amendment 24
ARTICLE 3, POINT 3
Article 30 (Regulation (EC) No 247/2006)

In accordance with the same procedure, the Commission may also adopt measures to facilitate the transition from the arrangements provided for in Council Regulation (EEC) No 404/93 to those established by this Regulation.

In accordance with the same procedure, the Commission may also adopt measures to facilitate the transition from the arrangements provided for in Council Regulation (EEC) No 404/93 to those established by this Regulation. ***Provision shall be made in particular for a specific advances scheme for banana producers during 2007, and more specifically during the period running from January to October.***

Justification

In order to facilitate the transition from the old to the new banana regime, provision should be made for a system of specific advances, which are essential for the industry's survival. The assessment of the new regime scheduled to take place between now and 2009 in consultation with producers should make it possible to determine whether this system should be continued, on the basis of the bi-monthly advances mechanism currently in force as part of the COM.

Amendment 25
ANNEX, POINT 1
Annex I (Regulation (EC) No. 1782/2003)

1) (1) in Annex I the row concerning bananas is deleted;

Deleted

Justification

The Regulation should incorporate the wish of some Member States to retain the link between a percentage of aid and production so that small-scale traditional cultivation is not abandoned in certain regions of the EU.

Amendment 26
ANNEX, POINT 2

2) (2) *the following row is added to Annex VI:* *Deleted*

“Bananas Article 12 of Regulation (EEC) No. 404/93 Compensation for loss of income”

Justification

Including bananas in Annex VI, as referred to in Article 33 of Regulation (EC) No. 1782/2003, entails including bananas in the single payment scheme. The Regulation should incorporate the wish of some Member States to retain the link between a percentage of aid and production so that small-scale traditional cultivation is not abandoned in certain regions of the EU.

EXPLANATORY STATEMENT

Historical background

The common organisation of the market (COM) in bananas was set up under Council Regulation (EEC) No 404/93 of 13 February 1993. The COM in bananas was based on an internal strand, an external strand and the laying down of quality standards.

The internal strand involved a system of aid for Community producers and the external strand, a common import regime based on a system of tariff quotas. In January 2006, following the ‘banana war’ within the World Trade Organisation (WTO), a single tariff system was introduced.

Since it was established in 1993, the COM has undergone major changes, mainly to its external strand, as a result of the Uruguay Round multilateral negotiations and the EU’s international commitments.

The aid system coming under the internal strand was characterised by the granting of compensatory aid to Community producers belonging to a recognised producer organisation. Compensatory aid was calculated on the basis of the difference between a flat-rate reference income from bananas produced and marketed in the Community and the average production income obtained on the Community market during the year in question for bananas produced and marketed in the Community¹.

The maximum quantity of bananas produced in the Community and marketed for which

¹ Evaluation de l’Organisation Commune de Marché (OCM) dans le secteur de la banane. COGEA, Roma, July 2005. http://ec.europa.eu/agriculture/eval/reports/bananas/index_fr-htm.

compensation might be paid was set at 854 000 tonnes, broken down between producer regions.

Supplementary aid was granted when average income from production was significantly lower than the average Community income. The COM also provided for structural aid under the POSEI programmes (specific option programmes for outermost regions). While the level of support for Community producers has been progressively increased since 1993, there have always been major disparities between producer regions.

Background to the reform

According to an external study carried out for the Commission in 2005¹, any reform of the internal strand needed to take account of three main factors, namely:

- inequitable distribution among producers in different regions, given that the supplementary aid mechanism only partly compensated for distortions that could become chronic if, as was more than likely, the price of imported bananas fell following the introduction of a tariff-only system;
- control and stabilisation of the budgetary cost;
- alignment with the principles underpinning the 2003 CAP reform, given that bananas were one of the rare sectors still based on a coupled aid system.

The Commission looked at three possible options for reform, namely:

(a) Decoupling

This would involve replacing compensatory aid with decoupled aid set on the basis of historical reference amounts, in keeping with the CAP reform. The compensatory aid amounts would be incorporated into the single payment scheme. According to the Commission, this would have simplified administration and not undermined the socio-economic balance in producer regions where banana growing is a secondary or marginal activity compared with the growing of other crops. Conversely, still according to the Commission, the system would have had a serious impact in outermost regions (ORs). Given the volume of per-hectare aid provided for bananas, the introduction of a single farm payment for banana producers alone would have constituted an extremely attractive incentive for discontinuing banana production, carrying with it the danger of a mass exodus from the sector.

(b) Memorandum

This option, which was based on a proposal from the main European producer countries, provided for a flat-rate amount per country and the granting of aid on the basis of historical reference amounts conditional upon the continuation of part of production activities. Each country would have a fixed annual budget tailored to the specific characteristics of each producer region. In the Commission's view, the main drawbacks of this option were the risk of budgetary overrun, limited flexibility to allow for specific regional features and complex aid management processes.

(c) POSEI

This option would involve the transfer of funding from the aid system to the POSEI programmes, with the setting of grant procedures and aid types being decentralised in accordance with the specific characteristics of each producer region. For mainland regions, the aid would be incorporated into the decoupled single payment system. According to the Commission, this option would enhance the consistency of the strategy of agricultural support for outermost regions, while flexibility as regards the setting of aid and decentralised management procedures would make it easier to take due account of the specific characteristics of each producer region. Budgetary stability would be ensured by annual plans for the funding of regional programmes. The overall financial envelope would be based on the average aid granted over a multiannual historical reference period.

Commission proposal

The Commission finally chose the third option.

Summary table of the Commission proposal:

Current situation	Proposal
- System of compensatory aid for Community producers	- Discontinued and replaced by: For OR producers: - transfer of an overall financial envelope of € 278.8 million per year to the POSEI programmes. These additional appropriations will not be specifically earmarked for bananas; it will be for the Member States to determine how to use the additional appropriations. For mainland producers: - incorporation into the single payment system with the national ceilings for Greece and Portugal being raised respectively by € 1.1 m and € 0.1 m. An additional budget of € 3.4 m, adjusted in accordance with the schedule of increments applied for the New Member States, is proposed for the implementation of the single payment system in Cyprus from 2009.
- System of two-monthly advances	- Possibility of an annual advance
- Aid for the formation and operation of	- Discontinued

producer organisations	
- Separate banana management committee	- Discontinued, with responsibilities being taken over by the fruit and vegetable management committee
	- Review clause: the Commission intends to conduct a review of the POSEI Community programmes by the end of 2009.

The € 278.8 m to be transferred to the POSEI programmes breaks down as follows:

€ millions

		Financial year 2008 and beyond	
France	Guadeloupe	46.1 %	+ 129.1
Portugal	Azores and Madeira	3.1 %	+ 8.6
Spain	Canary Islands	50.4%	+ 141.1

Rapporteur's position

Since the establishment of the COM in bananas, compensatory aid has gone some way towards offsetting the disparities in production costs between Central and South American regions and European producer regions. In so doing, it has enabled banana production to continue in the Union, particularly in the outermost regions, where it plays a key socio-economic role and where there are no credible agricultural alternatives, making diversification to other economically viable crops impossible.

However, in response to changes in world trade rules and the recent alterations to the external strand of the CMO (discontinuation of the tariff quota system and introduction of a single customs tariff), the original aid system needs to be revised, since it is no longer suited to the new context.

The Commission's reform proposal goes a long way towards meeting the need for change, putting forward a set of measures ensuring that the Union will meet its World Trade Organisation obligations and enabling a better response to be made to the specific needs of the various producer regions. It also seeks to ensure a fair standard of living for farmers in banana producing regions.

Financial envelope

With a view to the above, the Commission proposes that, to replace the former compensatory aid system, a financial envelope of € 278.8 m should be made available under the POSEI scheme. Given the expected effects of the introduction of a single customs tariff set at € 176 per tonne, which is likely to give rise to major changes in the trade situation, this amount

looks to be significantly lower than the sums generally considered necessary in order to provide the industry with substantial support.

The rapporteur nonetheless considers, in view of the EU's current budgetary situation and its goal of stabilising public expenditure (and the rapporteur welcomes the Commission's recent efforts in this connection), that this funding approach should not be challenged, since it may enable a positive response to be made to producers' needs in the light of current trade and customs realities.

System flexibility to allow for external tariff factors

The fact remains that the instability of trade relations, with particular reference to the risk of the WTO multilateral negotiations failing, casts doubts on the tenability of the customs arrangements and gives reason to believe that tariff protection may be cut further. It should be remembered that the single tariff originally put forward by the Commission during the initial discussions with the Latin American countries (€ 230 per tonne) was already below what was considered necessary in order to keep trade going. Now, at € 176 per tonne, the banana sector is in an extremely delicate position, and a further cut in customs protection would probably mark the end of Community banana production unless suitable adjustments are made to the Commission's proposal.

The rapporteur therefore suggests that there should be a more flexible definition of the compensatory aid system in order to be able to respond in an effective manner to any deterioration in the customs situation.

Although the Commission proposes that an assessment be made of the POSEI programmes no later than 31 December 2009 in the event of a deterioration in the economic conditions affecting farmers' livelihoods, this initiative is overly perfunctory and general. The rapporteur therefore makes a number of clarifications, including a requirement for the Commission to put forward a set of practical measures to guarantee Community banana producers' incomes, where warranted by the customs situation.

Advances to producers

The production support system in place under the current CMO provides for the payment of advances which are of vital importance to the industry in outermost regions and in the rest of the producer regions within the Union. They are vital because they provide farmers with the stop-gap funding they require in order to actually carry out their production activities. They are also vital because Europe would appear to be the appropriate source of such funding, which the private sector is not always willing to provide owing to market fluctuations.

However, under the Commission's reform proposal, the advances system is not to be carried over when the funds are transferred to the POSEI programmes. This would jeopardise the continued survival of the industry because the availability of funds prior to October would not be guaranteed.

The rapporteur proposes that this major shortcoming be made good by reinstating this mechanism, which is of vital importance to European banana production. Unless this is done,

we risk losing a crop which is not merely the only truly viable crop in the main European producer regions but also helps to shape the landscape and is thus an irreplaceable asset for producer regions in their efforts to achieve further tourism growth.

22.11.2006

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector (COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS))

Draftsman: Janusz Lewandowski

SHORT JUSTIFICATION

The proposed amendments of Regulations (EEC) No 404/93, (EC) No 1782/2003 und (EC) No 247/2006 concern exclusively internal aspects of the banana Common Market Organisation of the European Union. This reform proposal also answers the European Court of Auditors' recommendations in its Special Report No 7/2002 on the sound financial management of the Common Organisation of Markets in the banana sector¹.

Unfortunately, it has to be said that once again the European Parliament has been put under extreme time pressure as concerns the approval of the Commission proposal, which dates from 20 September 2006 only. The Committee on Agriculture and Rural Development accepted the Council's request for urgency procedure so that the changes could apply from 1 January 2007 on.

The one and only amendment your draftsman proposes can therefore only be the standard amendment agreed by the Committee on Budgets to be introduced into the new, non 'co-decided', programmes in order to ensure compliance with the ceilings of the MFF 2007 - 2013. As the proposal is subject to the consultation procedure, this will help to make it very clear that the financial envelope for the aid to the banana producers must be subject to democratic scrutiny, at least by means of the annual budget procedure.

AMENDMENTS

The Committee on Budgets calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

¹ OJ C 294, 28.12.2002, p. 1.

Amendment 1
Paragraph 1 a (new)

- 1a. Considers that the indicative financial reference amount indicated in the legislative proposal must be compatible with the ceiling of heading 2 of the new multiannual financial framework (MFF) and points out that the annual amount will be decided within the annual budgetary procedure in accordance with the provisions of point 38 of the IIA of 17 May 2006;***

PROCEDURE

Title	Proposal for a Council regulation amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector
References	COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS)
Committee responsible	AGRI
Opinion by Date announced in plenary	BUDG 23.10.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Janusz Lewandowski 25.10.2006
Previous drafts(wo)man	
Discussed in committee	20.11.2006
Date adopted	20.11.2006
Result of final vote	+ : 23 - : 0 0 : 0
Members present for the final vote	Reimer Böge, Simon Busuttill, Brigitte Douay, Bárbara Dührkop Dührkop, James Elles, Ingeborg Gräßle, Louis Grech, Nathalie Griesbeck, Catherine Guy-Quint, Anne E. Jensen, Alain Lamassoure, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Jan Mulder, Gérard Onesta, Giovanni Pittella, Wojciech Roszkowski, Antonis Samaras, Esko Seppänen, László Surján, Kyösti Virrankoski, Ralf Walter
Substitute(s) present for the final vote	
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	...

17.11.2006

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Agriculture and Rural Development

on the proposal for a Council regulation amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector (COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS))

Draftsman: Pedro Guerreiro

SHORT JUSTIFICATION

The Commission proposal concerned with reforming the Community aid scheme for banana producers (which forms part of the current common organisation of the market [COM] in bananas - Regulation (EEC) No 404/93 of 13 February 1993) is a contribution to the liberalisation of the agricultural sector which is being pursued at EU level and by means of negotiations (currently stalled) within the World Trade Organisation [WTO].

Against this background the Commission is proposing that the current COM in bananas be subjected to the changes which have already been made to other COMs for the purpose of decoupling aid from production and including it in the single-payment scheme which was adopted when the Common Agricultural Policy (CAP) was reformed in 2003. This is an objective which the Commission intends to achieve by means of its current proposal, pursuant to which the compensatory aid which helped to stabilise prices and to safeguard (albeit only partially) producers' incomes will be abolished.

The so-called 'POSEI' option involves incorporating existing aid into the POSEI programmes for banana producers in the outermost regions (Madeira, the Azores, Martinique, Guadeloupe and the Canary Islands) and making aid part of the single-payment scheme for other producers (in mainland Portugal and in Cyprus and Greece).

Furthermore, the Commission proposal is intended as a response to the liberalisation commitments made under WTO auspices after the Community banana scheme had been challenged by the 'dollar banana' countries: the tariff-quota scheme is to be abandoned in favour of a scheme based exclusively on a single tariff.

Another purpose of the Commission proposal is to stabilise budget expenditure on the COM – or, rather, to save money. Although the existing scheme is restricted to a maximum quantity of 867 500 tonnes for all producer regions, it has no budget ceiling. The Commission's impact statement is based on a maximum quantity of 750 000 tonnes, which means that the

EUR 280 million allocated to the scheme is inadequate.

The draftsman of this opinion does not see how these three aims might safeguard producers' incomes and provide them with a reasonable standard of living - hence he considers that retaining the compensatory-aid scheme would have been preferable. In the light of the Commission proposal, however, he considers that there should at least be an adequate transition period for the introduction of the new reform.

Community banana producers meet only 16% of Community demand, with production being located almost exclusively in the outermost regions (producers in other parts of the EU account for less than 2%). Banana production has a very important role to play in the social, economic and regional development of the outermost regions on account of their specific characteristics: small markets, insularity, remoteness and difficult typography, and a lack of economically viable alternatives to banana production. Such production has an impact on the development of other economic activities (both upstream and downstream) and on maintaining and creating employment. In addition, it preserves a characteristic landscape which constitutes a tourist attraction.

Hence the draftsman of this opinion considers that the effects and the changes stemming from the application of the reforms to the existing COM will have to be assessed individually with a view to determining whether they will help to achieve the above aims, with particular reference to income and to social and economic cohesion. He considers that the current system of advances should remain in force, that bananas should have the status of a permanent crop and that existing producers' organisations should continue to receive assistance (since they play an important role in providing marketing support) in order to ensure that banana production continues. Lastly, he considers that flexibility must be incorporated into the POSEI, so that it can be adapted to the specific characteristics of producer regions.

AMENDMENTS

The Committee on Regional Development calls on the Committee on Agriculture and Rural Development (as the committee responsible) to incorporate the following amendments into its report:

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 1

(1) Currently the regime for the banana sector is set out in Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organisation of the market in bananas . In particular the aid scheme for

(1) Currently the regime for the banana sector is set out in Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organisation of the market in bananas . In particular the aid scheme for

banana producers is based on principles which for other common market organisations have been substantially reformed. In order to better ensure a fair standard of living of the agricultural community in regions where bananas are produced, to better direct resources towards **market-orientation of producers, to stabilise expenditure, to ensure the respect of the international obligations of the Community**, to take adequately into account the particularities of the producing regions, to simplify the management of the regime and align it on the principles of the reformed common market organisations, it is necessary to amend this regime.

banana producers is based on principles which for other common market organisations have been substantially reformed. In order to better ensure a fair standard of living of the agricultural community in regions where bananas are produced, **to protect producers, to safeguard the development of the banana sector**, to better direct resources towards **the adjustment and development of the banana sector and** to take adequately into account the particularities of the producing regions, to simplify the management of the regime and align it on the principles of the reformed common market organisations, it is necessary to amend this regime.

Justification

The main purpose served by any change to the existing aid scheme must be to safeguard banana-producers' incomes and to support the development of the banana sector (especially in the outermost regions) by matching resources to the specific characteristics of each producer region.

Amendment 2 RECITAL 2 A (new)

(2a) Since the common market organisation (CMO) was established in the banana sector, the sector as a whole has, in order to withstand competition from third-country banana producers and to enable Community funding to be properly used, made substantial efforts to modernise, ranging from production to marketing, and thus greatly improved its productivity levels and the quality of its products while reducing the environmental impact of its activities. The CMO has, in addition, encouraged concentration of the Community supply, and this has helped to consolidate the sector in banana-producing regions and facilitated the marketing of European bananas.

Justification

To be added to the draftsman's amendment.

Amendment 3
Recital 3

(3) Bananas are one of the main agricultural crops of certain outermost regions of the Union, notably the French overseas departments of Guadeloupe and Martinique, the Azores, Madeira and the Canary Islands. Production of bananas is handicapped in particular by the remoteness, insularity, small size, and difficult topography of these regions. Local banana production is an essential element of the environmental, social and economic balance of the rural areas in those regions.

(3) Bananas are one of the main agricultural crops of certain outermost regions of the Union, notably the French overseas departments of Guadeloupe and Martinique, the Azores, Madeira and the Canary Islands. Production of bananas is handicapped in particular by the remoteness, insularity, small size, and difficult topography of these regions. Local banana production is an essential element of the environmental, social and economic balance of the rural areas in those regions ***particularly since there are no other opportunities for diversification into economically viable agricultural activities.***

Justification

It should be pointed out that there are no economically viable alternatives to the banana sector in the outermost regions.

Amendment 4
RECITAL 3 A (new)

(3) Having regard to the socio-economic importance of the banana sector to the outermost regions and the contribution which it makes to achieving social and economic cohesion on account of the income and employment which it generates, the economic activities to which it gives rise (both upstream and downstream), and the effect which it has of maintaining an ecological and landscape balance which encourages the development of tourism.

Justification

Attention should be drawn to the socio-economic importance of the banana sector and of the contribution which it makes to social and economic cohesion.

Amendment 5
RECITAL 5

(5) Title III of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union provides for the establishment of Community support programmes for the outermost regions containing specific measures to assist local lines of agricultural production. This Regulation provides for a review not later than 31 December 2009. ***If there are substantial changes to the economic conditions affecting livelihoods in the outermost regions, the Commission shall submit the report sooner. This instrument seems best adapted to support banana production in each of the regions concerned by providing for flexibility and decentralisation of mechanisms to support banana production. The possibility of including banana support in those support programmes should reinforce the coherence of the strategies for support of agricultural production in these regions.***

(5) Title III of Council Regulation (EC) No 247/2006 of 30 January 2006 laying down specific measures for agriculture in the outermost regions of the Union provides for the establishment of Community support programmes for the outermost regions containing specific measures to assist local lines of agricultural production. This Regulation provides for a review not later than 31 December 2009. ***However, for the purpose of assessing the effects which the changes to the internal and external regime have on Community banana producers, the Commission shall submit an earlier report to the European Parliament and the Council in the event of any decline in incomes and deterioration in the economic situation.***

Justification

In the event of any decline in incomes and deterioration in the economic situation within the banana sector, the Commission will have to submit an assessment earlier than is stipulated (31 December 2009).

Amendment 6
RECITAL 5 A (new)

(5) Whereas the specific advances for banana producers in the outermost regions

must continue to be paid.

Justification

Abolishing compensatory aid and transferring aid to POSEI must not jeopardise the existing system of advances paid to banana producers in the outermost regions - advances without which activities in the banana sector would be undermined.

Amendment 7
RECITAL 7

(7) As regards production of bananas in the Community other than in the outermost regions, it seems ***no longer necessary to provide for a specific aid scheme for bananas***, given the small proportion of the total Community production concerned.

(7) As regards production of bananas in the Community other than in the outermost regions, it seems ***advisable to give Member States the option of partial decoupling of aid to the banana sector notwithstanding the small proportion of the total Community production concerned.***

Justification

The small production figures in no way justify the inclusion of bananas in the single payment scheme since this will be a contributory factor in the abandonment of a traditional farming activity. It is advisable to give Member States which so desire, the option of continuing to link a percentage of aid payments to production for financial, environmental and, in particular, social reasons.

Amendment 8
RECITAL 8

(8) Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending certain Regulations provides for a system of decoupled income support for farms (hereinafter referred to as “the Single Payment Scheme”). This system was intended to allow for the shift from production support to producer support.

deleted

Justification

Member States which so desire must be given the option of continuing to link a percentage of aid payments to production, thereby helping to prevent abandonment of a traditional farming

activity.

Amendment 9
RECITAL 9

(9) For sake of consistency it is appropriate to abolish the existing compensatory aid scheme for bananas and to include it into the Single Payment Scheme. To this end it is necessary to include the compensatory aid for bananas in the list of direct payments in relation to the single payment scheme referred to in Article 33 of Regulation (EC) No 1782/2003. Provision should also be made for the establishment by Member States of reference amounts and eligible hectares under the Single Payment Scheme on the basis of a representative period appropriate to the banana market and of appropriate objective and non-discriminatory criteria. Areas planted with bananas should not be excluded due to their being treated as permanent crops. National ceilings should be amended appropriately. Provision should also be made for the Commission to adopt detailed rules and any necessary transitional measures. *deleted*

Justification

Full inclusion of aid for bananas in the single payment scheme could cause problems for certain traditional farming areas of the Community. There is a danger of these activities being disrupted, which will in turn have harmful social repercussions. It is therefore advisable to give Member States which so desire the option of continuing to link a percentage of aid payments to production.

Amendment 10
RECITAL 10

(10) Title II of Regulation (EEC) No 404/93 provides for producers' organisations and concentration mechanisms. As regards producers' organisations, the existing regime had as objectives to form such organisations in

(10) Title II of Regulation (EEC) No 404/93 provides for producers' organisations and concentration mechanisms. As regards producers' organisations, the existing regime had as objectives to form such organisations in

order that as many producers as possible be members of such organisations **and limited** the payment of the compensatory aid to producers members of recognized producers' organisations.

order that as many producers as possible be members of such organisations **and that marketing in the banana sector be supported**, while limiting the payment of the compensatory aid to producers members of recognized producers' organisations.

Justification

Attention should be drawn to the important public-service role which producers' organisations in the banana sector play vis-à-vis their members, especially in terms of support for the marketing of bananas.

Amendment 11 RECITAL 11

(11) The regime has succeeded in its first objective since the vast majority of Community producers are now members of producers' organisations. ***The second objective is obsolete since the compensatory aid scheme is to be abolished.*** It is therefore ***no longer*** necessary to maintain rules at Community level on producer organisations, ***thus leaving Member States free to adopt such rules, if necessary, targeted at the specific situations in their territories.***

(11) The regime has succeeded in its first objective since the vast majority of Community producers are now members of producers' organisations. It is therefore necessary to maintain rules at Community level on producer organisations. ***To prevent the banana sector being broken up in banana-producing regions, a Community regulatory framework should remain in place, and Member States should continue to impose the requirement to market production through producers' organisations and make the payment of aid subject to that mandatory condition.***

Justification

Concentration of the Community supply has been one of the main achievements of the common market organisation (CMO) launched in 1993. The formation of producers' organisations must continue to be encouraged, and the relevant provisions of Regulation (EEC) No 404/93 should remain in force because their abolition would serve only to place Community producers at a greater disadvantage in relation to third-country imports.

Amendment 12 RECITAL 16 A (new)

(16a) Whereas three years after the entry into force of this Regulation the Commission must submit an assessment to the European Parliament and the Council concerning the impact which this Regulation has had on Community producers' incomes and on social and economic cohesion, and whereas it must propose specific initiatives if the initial objectives have not been achieved.

Justification

A mid-term review must be carried out of the proposed changes to the Regulation.

Amendment 13
ARTICLE 1, POINT 1
(Regulation (EEC) No 404/93)

(1) ***Titles II and III***, Articles 16 to 20, paragraph 2 of Article 21, Article 25 and Articles 30 to 32 are deleted;

(1) ***Articles 6 and 7 of Title II, Title III***, Articles 16 to 20, paragraph 2 of Article 21, Article 25 and Articles 30 to 32 are deleted;

Justification

Concentration of the Community supply has been one of the main achievements of the common market organisation (CMO) launched in 1993. The formation of producers' organisations must continue to be encouraged, and the existing provisions in Title II of Regulation (EEC) No 404/93 should remain in force because the break-up of production would serve only to place Community producers at a greater disadvantage in relation to third-country imports.

Amendment by Konstantinos Hatzidakis

Amendment 14
ARTICLE 2, POINT 1
Article 33, paragraph 1, point (a) (Regulation (EC) No 1782/2003)

(1) in Article 33(1), point (a) is replaced by the following:

deleted

“(a) they have been granted a payment in the reference period referred to in Article 38 under at least one of the support schemes referred to in Annex VI or, in the

case of olive oil, in the marketing years referred to in the second subparagraph of Article 37(1), or, in the case of sugar beet, cane and chicory, if they have benefited from market support in the representative period referred to in point K of Annex VII, or, in the case of bananas, if they have benefited from compensation for loss of income in the representative period referred to in point L of Annex VII.”;

Justification

Inclusion of aid for bananas in the single payment scheme could create problems for certain traditional farming areas of the Community. It is therefore considered advisable not to include bananas under Article 33(1) of Regulation (EC) No 1782/2003 but under Article 64 thereof.

Amendment 15
ARTICLE 2, POINT 6A (new)
Article 68 b (new) (Regulation (EC) No 1782/2003)

(6a) After Article 68a, add the following Article:

“Article 68b

Payments for bananas

Regarding payments for bananas, 40% of the aid shall remain linked to production while the remaining 60% of national aid shall be earmarked for the single payment system.”

Justification

Inclusion of aid for bananas into the single payment scheme could create problems for certain traditional banana-growing areas of the Community. For this reason, it is considered advisable not to include bananas under Article 33(1) of Regulation (EC) No 1782/2003, but under a new Article 68b thereof, making it possible to provide production-linked aid.

Amendment 16
ARTICLE 3, POINT 2
Article 28, paragraph 3 (Regulation (CE) No 247/2006)

‘3. Not later than 31 December 2009, and thereafter every five years, the Commission shall submit a general report to the European

‘3. Not later than 31 December 2009, and thereafter every five years, the Commission shall submit a general report to the European

Parliament and the Council showing the impact of the action taken under this Regulation, accompanied if applicable by appropriate proposals.’

Parliament and the Council showing the impact **on the economy, on employment, on incomes and on the environment** of the action taken under this Regulation, accompanied if applicable by appropriate proposals.

However, on account of the effects which the changes to the internal and external regime have on Community banana producers, the Commission shall submit a specific report to the European Parliament and the Council before that date in the event of a need to react to the worsening standard of living of banana producers and the deterioration in the economic situation within the banana sector, accompanied if applicable by appropriate proposals.’

Justification

In the event of any decline in incomes and deterioration in the economic situation within the banana sector, the Commission will have to submit an assessment earlier than is stipulated (31 December 2009).

Amendment 17

ARTICLE 3, POINT 3

Article 30 (Regulation (EC) No 247/2006)

“In accordance with the same procedure, the Commission may also adopt measures to facilitate the transition from the arrangements provided for in Council Regulation (EEC) No 404/93 to those established by this Regulation.”

“In accordance with the same procedure, the Commission may also adopt measures to facilitate the transition from the arrangements provided for in Council Regulation (EEC) No 404/93 to those established by this Regulation. ***In particular, there is a need to provide for a specific scheme for advances to banana-producers during the period from January to October.***”

Justification

The transfer of compensatory aid to the POSEI programmes will end the present system of financial advances for producers, though these are essential to the industry’s activity. We need to compensate for this serious failing, or we shall face the disappearance of a crop that is essential for the social and economic stability of most of the producer regions.

Amendment 18
ARTICLE 3, POINT -1(new)
Article 18 a (new) (Regulation (EC) No 247/2006)

(-1) the following Article 18a is inserted:

***“Article 18a
Bananas***

The payment of aid to banana producers shall be subject to membership of a recognised organisation, as referred to in Title II of Regulation (EEC) No 404/93. The same aid may likewise be granted to individual producers where specific conditions, in particular of a geographical nature, prevent them from joining a producers’ organisation.”

Justification

Concentration of the Community supply has been one of the main achievements of the common market organisation (CMO) launched in 1993. The formation of producers’ organisations must continue to be encouraged by maintaining the link between aid and membership of a producers’ organisation.

Amendment 19
ARTICLE 4 A (new)

Article 4 a

Assessment

Three years after the entry into force of this Regulation the Commission shall submit an assessment to the European Parliament and the Council concerning the impact which this Regulation has had on the standard of living of the agricultural community, on Community producers’ incomes and on social and economic cohesion, and it shall propose specific initiatives if the initial objectives have not been achieved.

Justification

A mid-term review must be carried out of the proposed changes to the Regulation.

PROCEDURE

Title	proposal for a Council regulation amending Regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector
References	COM(2006)0489 – C6-0339/2006 – 2006/0173(CNS)
Committee responsible	AGRI
Opinion by Date announced in plenary	REGI 23.10.2006
Enhanced cooperation – date announced in plenary	-
Drafts(wo)man Date appointed	Pedro Guerreiro 6.11.2006
Discussed in committee	6.11.2006
Date adopted	16.11.2006
Result of final vote	+: 33 -: 1 0: 3
Members present for the final vote	Stavros Arnautakis, Elspeth Attwooll, Jean Marie Beaupuy, Rolf Berend, Antonio De Blasio, Bairbre de Brún, Giovanni Claudio Fava, Gerardo Galeote, Iratxe García Pérez, Eugenijus Gentvilas, Lidia Joanna Geringer de Oedenberg, Ambroise Guellec, Pedro Guerreiro, Zita Gurmai, Marian Harkin, Konstantinos Hatzidakis, Jim Higgins, Mieczysław Edmund Janowski, Gisela Kallenbach, Constanze Angela Krehl, Jamila Madeira, Sérgio Marques, James Nicholson, Jan Olbrycht, Elisabeth Schroedter, Grażyna Staniszevska, Margie Sudre, Kyriacos Triantaphyllides, Oldřich Vlasák, Vladimír Železný
Substitute(s) present for the final vote	Thijs Berman, Jan Březina, Brigitte Douay, Jill Evans, Emanuel Jardim Fernandes, Nikolaos Vakalis, Paavo Väyrynen
Substitute(s) under Rule 178(2) present for the final vote	-