



12.11.2010

B7-0000/2010

## **MOTION FOR A RESOLUTION**

further to Questions for Oral Answer B7-0000/2010 to the Commission and B7-0000/2010 to the Council

pursuant to Rule 115(5) of the Rules of Procedure

on the conclusion of a Geneva Agreement on Trade in Bananas between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and of an Agreement on Trade in Bananas between the European Union and the United States

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on behalf of the Committee on International Trade

**European Parliament resolution on the conclusion of a Geneva Agreement on Trade in Bananas between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and of an Agreement on Trade in Bananas between the European Union and the United States**

*The European Parliament,*

- having regard to its resolutions of 1 December 2005 on preparations for the sixth Ministerial Conference of the World Trade Organisation in Hong Kong<sup>1</sup>, of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong<sup>2</sup>, of 27 April 2006 on a stronger partnership between the European Union and Latin America<sup>3</sup>, of 7 September 2006 on the suspension of negotiations on the Doha Development Agenda (DDA)<sup>4</sup>, of 12 October 2006 on economic and trade relations between the EU and Mercosur with a view to the conclusion of an Interregional Association Agreement<sup>5</sup>, of 23 May 2007 on Economic Partnership Agreements<sup>6</sup>, of 12 December 2007 on Economic Partnership Agreements<sup>7</sup>, of 24 April 2008 on the Fifth Latin America and Caribbean-European Union Summit in Lima<sup>8</sup> and on Towards a reform of the World Trade Organisation<sup>9</sup>, of 7 October 2008 on the suspension of the WTO Doha Round and the future of the Doha Development Agenda<sup>10</sup>, of 25 March 2009 on the Economic Partnership Agreement between the Cariforum States, of the one part, and the European Community and its Member States, of the other part<sup>11</sup>, of its legislative resolution of 25 March 2009 on the proposal for a Council Decision on the conclusion of the Economic Partnership Agreement between the Cariforum States, of the one part, and the European Community and its Member States, of the other part<sup>12</sup>, of 5 May 2010 on the EU strategy for relations with Latin America<sup>13</sup> and of 21 October 2010 on the European Union's trade relations with Latin America<sup>14</sup>,
- having regard to the "Geneva Agreement on Trade in Bananas" between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and of the Agreement on Trade in Bananas

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<sup>1</sup> OJ C 285 E, 22.11.2006, p. 126.

<sup>2</sup> OJ C 293 E, 2.12.2006, p. 155.

<sup>3</sup> OJ C 296 E, 6.12.2006, p. 123.

<sup>4</sup> OJ C 305 E, 14.12.2006, p. 244.

<sup>5</sup> OJ C 308 E, 16.12.2006, p. 182.

<sup>6</sup> OJ C 102 E, 24.4.2008, p. 301.

<sup>7</sup> OJ C 323 E, 18.12.2008, p. 361.

<sup>8</sup> OJ C 259 E, 29.10.2008, p. 64.

<sup>9</sup> OJ C 259 E, 29.10.2009, p. 77.

<sup>10</sup> OJ C 9 E/05, 15.1.2010, p. 31.

<sup>11</sup> Texts adopted, P6\_TA(2009)0175.

<sup>12</sup> Texts adopted, P6\_TA(2009)0183.

<sup>13</sup> Texts adopted, P7\_TA(2010)0141.

<sup>14</sup> Texts adopted, P7\_TA(2010)0387.

between the European Union and the United States (hereafter "the Agreements on Trade in Bananas") ,

- having regard to the Marrakesh Agreement Establishing the World Trade Organisation,
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific (ACP) Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (the Cotonou Agreement),
- having regard to the Economic Partnership Agreement between the Cariforum States, of the one part, and the European Community and its Member States, of the other part,
- having regard to the conclusion of the negotiations on an Association Agreement between the EU and Central America,
- having regard to the conclusion of the negotiations between the EU and Colombia and Peru on a Multi-Party Trade Agreement,
- having regard to the WTO Ministerial Conference declarations adopted in Doha on 14 November 2001 and Hong Kong on 18 December 2005 and to the Chairman's Summary adopted in Geneva on 2 December 2009,
- having regard to the waiver from the application of Article I of the GATT granted in Doha in November 2001 (the "Doha waiver") for the Cotonou Agreement trade preference, with a duration commensurate with these trade preferences, i.e., until 31 December 2007,
- having regard to the US-EC Understanding on Bananas of April 11, 2001,
- having regard to the Report of 22 December 2009 by the Director-General of the World Trade Organisation (WTO) on the Use of His Good Offices (pursuant to Article 3.12 of the DSU) in the Disputes EC – Regime for the importation of bananas (DS361) initiated by Colombia and EC – Regime for the importation of bananas (DS364) initiated by Panama,
- having regard to Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organization of the market in bananas,
- having regard to the declaration issued by the ACP-EU Joint Parliamentary Assembly on 1 April 2010 regarding the EU-Latin America bananas agreement and its impact on ACP and EU banana producers,
- having regard to the questions of XX December 2010 to the Commission (O-0000/2010 – B7-0000/2010) and the Council (O-0000/2010 – B7-0000/2010) on the "Agreements on Trade in Bananas",
- having regard to Rules 115(5) and 110(2) of its Rules of Procedure,

- A. whereas the Agreements on Trade in Bananas settle the longest-ever dispute between the EU and Latin American MFN suppliers of bananas; whereas they also settle an especially acrimonious incidental dispute between the USA and the EU and set aside the possibility of detrimental sanctions from the USA; whereas they equally settle all Latin American MFN suppliers claims on the last three enlargements of the EU,
- B. whereas until 1 July 1993, each EU Member State maintained its own banana import regime, with some Member States having special arrangements favouring countries with whom they have strong historical ties;
- C. whereas after the adoption of Council Regulation (EEC) No 404/93 of 13 February 1993 on the common organization of the market in bananas, several Latin American WTO Members supplying bananas to the EU on a Most Favoured Nation basis as well as the USA initiated WTO dispute settlement proceedings against the EU with respect to the different treatment of bananas introduced into the European Union market by different suppliers,
- D. whereas certain aspects of the European Communities banana import regime were found to be inconsistent with WTO law,
- E. whereas a number of proposals by the EC to modify its regime to bring it into compliance with the recommendations and rulings of the Dispute Settlement Body were rejected by complaining countries,
- F. whereas the new EC regime on banana introduced on 1 January 2006 was still found to be inconsistent with the EU's WTO obligations,
- G. whereas international trade represents around 20 percent of world banana production, as the majority of the production is for domestic markets,
- H. whereas there are large variations in terms of productivity and level of competitiveness in the banana production across and within countries; whereas the Latin American countries and the Philippines are the most competitive and the major exporters,
- I. whereas the EU concluded the negotiations with Colombia and Peru on a Multi-Party Trade Agreement,
- J. whereas the EU's domestic support programme POSEI ("*Programme d'options spécifiques à l'éloignement et l'insularité*") assists producers in the outlying regions of the EU,
- K. whereas bananas are the world 4th biggest agricultural export and the EU is the largest banana (net) importer in the world with almost 5 million tonnes in 2007,
- L. whereas banana production has a major impact on local communities, not only in economic terms but also as regards the environment, migration and labour standards,
- M. whereas multinationals operating in Latin America control over 80% of the global market,

- N. whereas the tariff rate quota system in the EU has guaranteed to the ACP countries the possibility of exporting some substantial quantities of bananas to the EU and has protected the European producers,
- O. whereas the agreement will mean significant tariff cuts (35% between 2010 and 2017) for non ACP countries imports; whereas, as a result, ACP and EU producers may most certainly have to adjust to the new reality of the international market,
1. Takes note of the Agreements on Trade in Bananas and welcomes the end of one of the most technically complex, politically sensitive and commercially meaningful legal disputes ever brought to the WTO;
  2. Considers that the deal reached is a solution even if it does not entirely reconcile all parties' legitimate interests; calls therefore on the Commission to bring forward at the earliest opportunity an impact assessment on the effects of the agreements on banana-producing developing countries and the European outmost regions until 2020;
  3. Welcomes the fact that the Agreements on Trade in Bananas shall constitute the EU's final market access commitments for bananas for inclusion in the final results of the next multilateral market access negotiation for agriculture products successfully concluded in the WTO (Doha Round);
  4. Stresses that the deal reached represents a step forward in the Doha Round talks but only a limited one, given that the difficulties encountered are of a much broader scope than the banana file;
  5. Stresses that, upon certification of the Geneva Agreement on Trade in Bananas, the pending disputes and all claims filed until 15 December 2009 by any and all Latin American MFN banana suppliers with respect to the EU trading regime for bananas shall be settled;
  6. Notes that figures in 2010 show stable or even small increase of the banana prices for the EU consumers;
  7. Stresses that the EU will gradually cut its import tariff on bananas from Latin America from €176/t to €114 by 2017;
  8. Stresses that the Agreements on Trade in Bananas allow the banana sector to be disconnected from the Doha Round negotiations on "tropical products"; stresses that whilst "tropical products" will be subject to deeper tariff cuts, tariff cuts on "preference erosion products" of interest to ACP countries will be conducted over a relatively longer period than the general formula applied in the negotiations; stresses nevertheless that the Agreements on Trade in Bananas are not likely to grant an acceptable agreement for the ACP countries on the tropical products file and the erosion of their preferential treatment, since the proposals formulated at the time of the Banana Agreements have already been rejected by some large emerging economies, as demonstrated by the reactions of India and Pakistan during the meeting of the WTO's General Council in December 2009;

9. Points out that the EU has traditionally provided special tariff preferences for bananas from ACP countries; recalls that some WTO members have repeatedly contested the compatibility of this preferential treatment with WTO rules; stresses that multiple legal rulings by WTO dispute panels, the Appellate Body and special arbitrators demanded a change to the existing regime;
10. Regrets that the EU took a non regional approach in the negotiations with the Latin American countries, which put Ecuador in the situation of not benefiting from the same tariffs as its main competitors;
11. Underlines that, since 2008, bananas from ACP countries have entered the EU duty- and quota-free, thanks to the EPAs.
12. Stresses that the parallel discussions with the ACP countries led to an agreement that, in addition to regular EU aid, the main ACP banana-exporting countries will receive extra support through a new support programme - the so-called "Banana Accompanying Measures" (BAM); stresses that the BAM envelope is too low in terms of money and too short in terms of implementing period to effectively help ACP banana producers to adjust and adapt to the effects of changes in the EU's import regime; asks the Commission to present a new multiannual financial solution;
13. Calls on the Commission to conduct an assessment of the BAM 18 months before the programme's expiry; this shall include recommendations on any further measures to be taken and the nature thereof;
14. Firmly rejects any attempts to finance the programme for ACP banana-producing countries through redeployment from the budget lines for development cooperation;
15. Points out that it will be important to allocate the resources from the BAM across countries according to the expected losses in terms of banana exports and production along with the country's level of development, weighed indicators and the trade in bananas with the EU; stresses the need to find the right balance between three types of non-mutually exclusive types of interventions that can be provided: those to improve efficiency of existing production, those to increase the value added locally, and those to help diversify away from banana production;
16. Calls on the EU and ACP States to bring forward measures to help heavily banana-dependent States to diversify their economies, including more Aid for Trade;
17. Highlights that 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;
18. Recommends that account should be taken of the socio-economic importance of the banana sector to the outermost regions of the EU 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, and the effect which it has of maintaining an ecological and landscape balance which encourages the

development of tourism;

19. Notes that the support programme POSEI has been decided in 2006 in the light of the agreed WTO European access market tariff of €176/t, which means that the tariff contained in the WTO Agreements on Trade in Bananas has not been yet taken into account in the POSEI envelope;
20. Considers that EU producers should be significantly affected by the Agreements on Trade in Banana;
21. Notes that, in the most recent EU bilateral agreements involving banana producers (the Multi-Party Trade Agreement with Colombia and Peru and the Association Agreement with Central America), the EU has agreed to progressively reduce its import tariff on bananas originating in these countries to 75 €/t by 1 January 2020;
22. Notes that the 39 €/t preferential margin eventually granted by the agreements will significantly improve the competitiveness of the eight Andean and Central American countries on the EU market vis-à-vis other exporters; stresses that from 2020 onwards, the benefits for those countries already exporting bananas to the EU will be conspicuous, as both their exports and the price they are paid for their bananas will increase;
23. Stresses that other MFN exporters to the EU (the most important, by far, being Ecuador), as well as ACP and LDC countries, are all expected to experience a decline in their relative competitiveness in the EU market with respect to the signatories;
24. Calls on the EU, Latin America and ACP authorities to step up their efforts to ensure that all banana producing nations effectively apply all aspects of the ILO's decent labour agenda;
25. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela, the United States and the ACP countries.