

Opinion of the European Economic and Social Committee 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) 489 final — 2006/0173 (CNS)

(2006/C 325/11)

On 26 October 2006, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the abovementioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 8 November 2006. The rapporteur was Mr Espuny Moyano.

At its 431st plenary session, held on 13 and 14 December 2006 (meeting of 13 December), the European Economic and Social Committee adopted the following opinion by 134 votes in favour with six abstentions.

1. Conclusions and recommendations

1.1 The Committee recognises the need to reform the current aid scheme for Community banana producers, and therefore welcomes the Commission's proposal. However, it considers that it is too early to assess the impact on producer incomes of the new flat tariff regime that came into force on 1 January 2006, and of which the proposal fails to take due account.

1.2 The Committee proposes the following amendments to the fifth recital of the draft regulation:

'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.~~ However, in order to take account of the highly particular situation of Community banana producers, the Commission shall submit a specific report before this date if these producers' incomes fall as a result of the amendments to the import regime. 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.'

1.3 The Committee proposes that, in Article 3(2), a new paragraph 3.1 to Article 28 of Regulation (EC) No 247/2006 be inserted:

'In the event of a worsening of the economic conditions of banana producers as a result of an amendment to the

import regime, the Commission shall present a specific report before 31 December 2009, accompanied where appropriate by the necessary proposals.'

1.4 The Committee proposes an amendment to Article 30 of Regulation 247/2006, inserting the following paragraph:

'The European Commission may authorise the Member States to include a dedicated advance payment scheme for banana producers in their support programmes.'

2. General comments

2.1 The banana sector is a highly specific one, which is why it has its own CMO. Its main particularities are: most Community production takes place in outermost regions which, as recognised by Article 299(2) of the Treaty, are affected by a series of specific difficulties; their production supplies only 16 % of the Community market; and the world banana market is virtually a oligopoly, since marketing is controlled by five major companies.

2.2 This proposal by the European Commission, which was adopted after a lengthy process of external and internal consultation, entails a radical change in the current support scheme for Community banana production. The present system of internal support based on the principle of compensatory payments, with aid varying each year depending on the level of banana prices, is to be replaced by aid divided into national envelopes, to be integrated into the relevant Posei programme for the outermost regions, and into the single payment system for other production areas.

2.3 The proposal entails reforming three Community regulations:

2.3.1 Regulation 404/93, the banana CMO. Title II (producers' organisations and concentration mechanisms), Title III (compensatory aid scheme, operational programmes, grubbing-up premium) and a number of articles from Titles IV and V, rendered obsolete by the replacement of the tariff quota scheme by a tariff-only one, are deleted, and some articles of Title V are amended: the Management Committee for Bananas is abolished (references to it are to be construed as being to the Management Committee for Fresh Fruit and Vegetables), and the provision requiring an annual report under Regulation 404/93 is removed.

2.3.2 Regulation 1782/2003, the 2003 CAP reform. The relevant articles are amended in order to bring bananas not produced in outermost regions under the single payments scheme. To this end, the national ceilings are amended for Greece (+ EUR 1.1 million), Portugal (+ EUR 0.1 million) and Cyprus (+ EUR 3.4 million). These Member States will establish the reference amounts and the number of eligible hectares to receive single payments based on a representative period between 2000 and 2005.

2.3.3 Regulation 247/2006, Posei agricultural products. The Posei budgets are increased by EUR 278.8 million: Poseican EUR 141.1 million, Poseidom EUR 129.1 million and Poseima EUR 8.6 million.

2.4 The Committee considers that the Commission's proposal involves a certain abandonment of its responsibility to the Community banana production sector, since in practice it empties the banana CMO of its content, transferring financial support for this product to the general budget for the Posei programmes, with no specific chapter for bananas.

2.5 The Committee welcomes the European Commission's proposal for a system of fixed national budget envelopes, but is concerned that the ensuing overall budget will be insufficient in the event of a major fall in Community prices as a consequence of the greater market liberalisation brought about by the new import regime, and of likely market trends following the current international trade negotiations.

3. Specific comments

3.1 The Commission should find an alternative means of maintaining the Community framework of banana producer organisations, since European banana production is highly fragmented. It consists mostly of small producers who have to sell their produce on a highly competitive market, meaning that major concentration of supply is necessary. The Committee believes that this Community framework of producer organisations could be maintained by retaining a number of the provisions of Title II of Regulation (EC) No 404/93, specifically Articles 5, 8 and 9.

3.2 Bananas are a highly intensive crop, requiring year-round maintenance. This entails constant expenditure, principally on account of the intensive labour involved and use of irrigation. This is why the present scheme established an advance payment system, which should be retained.

3.3 The Commission's proposal should be more specific concerning the content of the report to serve as the basis for proper measures in the event of loss of income on the part of producers under the impact of the new import regime.

Brussels, 13 December 2006.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS
