

Bananas other than plantains

1. The banana import regime of the European Union

The production of bananas is very important for the economy of a large number of Latin American, African, Caribbean and Pacific (ACP) countries.

Being aware of this, the European Union has made considerable efforts to put in place an import regime that strikes a fair balance between the interests of all the developing countries that rely heavily on banana exports and the interests of EU banana producers.

The regime introduced on January 1st 2006 (through Council Regulation (EC) No 1964/2005) was based on a tariff-only system and foresaw a Most Favoured Nations (MFN) tariff of 176 EUR/tonne for imported bananas. ACP bananas suppliers continued benefitting from duty free access within a quantitative limit of 775 000 tons.

Pursuant to the Geneva Agreement on Trade in Bananas, initialled in December 2009 and concluded between the EU and the Latin American banana suppliers¹, the MFN import tariff on bananas is reduced in eight steps, from the rate of 176 EUR/tonne to 114 EUR/tonne in 2017 at the earliest (or 2019 at the latest).

Since 1st January 2008, ACP banana suppliers who have initialled an EPA (Economic Partnership Agreement) benefit from **duty and quota free access to the European Union market**.

With respect to non-tariff aspects, bananas imports must meet the requirements of the marketing standard laid down in Regulation 1333/2011.

1.1 Economic Partnership Agreements with African, Caribbean and Pacific (ACP) banana suppliers

Since 1st January 2008, African, Caribbean and Pacific (ACP) banana suppliers who have initialled an EPA (Economic Partnership Agreement) benefit from **duty and quota free access to the European Union market**.

ACP countries which have concluded negotiations on either a full or interim EPA, including all ACP banana suppliers, are Belize, Cameroon, Ivory Coast, Dominica, Dominican Republic, Ghana, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines, and Suriname.

Remaining ACP countries that have not concluded EPA negotiations may benefit from preferences of the Generalised System of Preferences scheme, under which Least Developed Countries benefit from the preferences of the Everything But Arms initiative.

The EU continues its longstanding financial support to the banana sector in ACP countries. The Banana Accompanying Measures (BAM) are designed to help those countries adjust to new trade realities².

1.2 Geneva Agreement on Trade in Bananas

On 15 December 2009, the European Commission initialled an agreement on bananas with Latin American suppliers. This deal has brought to an end the longstanding banana dispute, which soured EU external trade relations for many years. The United States also agreed to settle their open dispute on bananas with the EU by initialling a separate agreement with the EU.

According to this agreement³, the EU will cut the MFN import tariff on bananas in eight steps, from the rate of 176 EUR/tonne to 114 EUR/tonne in 2017 at the earliest (or 2019 at the latest).

With effect as from 15 December 2009, the EU firstly reduced its import tariff down to € 148/tonne. Starting on 1 January 2011, the tariff falls again at the start of each year for seven years, in annual instalments (€143, €136,

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:141:0003:0005:EN:PDF>

² http://europa.eu/rapid/press-release_MEMO-10-83_en.htm

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:141:0003:0005:EN:PDF>

€132, €127, €122, €117, €114). The EU will freeze its cuts for up to two years if Doha Modalities⁴ are not established by the end of 2013. Then from 2016 at the latest, the EU will continue cutting its tariff each year, as agreed - whatever happens in the Doha Round - until it reaches €114/tonne on 1 January 2019 at the latest.

In return, Latin American countries and U.S. agreed to settle the legal disputes still pending against the EU at WTO and not demand further cuts for bananas in the framework of the Doha Round talks on global trade, once it resumes. Following the implementation of the agreements, the disputes have been settled as of 27 October 2012.

1.3 Bilateral agreements

Reduced duties apply in case of some bilateral agreements with important bananas suppliers to the EU, such as with Central America (see OJ L346 of 15 December 2012), Colombia and Peru (see OJ L354 of 21 December 2012).

The agreement with Peru and Colombia are in force since respectively 1 March and 1 August 2013. The agreement with Central American countries entered into force on 1 August in the case of Honduras, Nicaragua and Panama. It will apply to Costa Rica, Guatemala and El Salvador in the coming months.

These agreements provide for a gradual reduction of the import duty for bananas from these countries down to 75 EUR/tonne as of 1 January 2020.

Mexico benefits of an import quota of 2000 tonnes with an intra-quota duty of 70 EUR/tonne⁵.

2. The reform of the aid scheme for EU banana producers

The compensatory aid scheme for banana growers, in force since 1993, was abolished at the end of 2006 and, as of 2007, an additional envelope of EUR 278.8 million for banana aid was added to the funds for the so-called POSEI scheme⁶, which supports agricultural production in the outermost regions of the EU.

For bananas produced in regions other than the outermost regions, an additional amount of EUR 4.5 million overall was transferred to the Single Payment Scheme which applies to agricultural products covered by previous reforms. The new rules apply from 1 January 2007.

Bananas grown within the EU accounted in 2012 for about 12.6% of total EU consumption. They are produced for the main part in the outermost regions (the Canary Islands, the French overseas departments of Guadeloupe and Martinique, Madeira and, marginally, the Azores) situated in tropical or sub-tropical areas, as well as certain quantities (approximately 1% of the total EU production) produced in Cyprus, Greece and continental Portugal.

The reform of the "CMO for bananas" came against the background of the new EU import arrangements for bananas, global trade negotiations, a new generation of partnership agreements with the ACP countries and the renewal of the EU's policy towards its outermost regions and the POSEI programmes specifically dedicated to supporting their agriculture.

The reform aims were:

- to contribute to ensure a fair standard of living for the agricultural community in regions where bananas are produced, while stabilising public expenditure;
- to align the regime with the main principles of the CAP reform – sustainability, competitiveness, market-orientation – and ensure the respect of the EU's international obligations;
- to take adequately into account the particularities of the producing regions;
- to simplify the management of the regime.

⁴ Doha Modalities means that a consensus has been reached in the Trade Negotiations Committee to proceed to scheduling in Agriculture and Non-Agricultural Market Access negotiations.

⁵ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:221:0023:0024:EN:PDF>
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:157:0001:0005:EN:PDF>

⁶ http://ec.europa.eu/agriculture/markets/outermost-regions/intro_en.htm

3. Market Information

The European Union (EU) is the largest consumer and importer of bananas in the world, followed by the United States (US). In 2012, 5.1 million tonnes of bananas were consumed in the EU (-1.5% compared to 2011), of which 4.5 million tonnes (-2.5% compared to 2011) were imported from Third Countries and 0.6 million tonnes (+6% compared to 2011) were produced internally.

In 2012, US imported 4.3 million tonnes of bananas compared to 4.1 tonnes in 2011, which represented an increase of 5.5% compared to the previous year. Almost all bananas imported by the US were of Central and Southern America origin.

The European Union is supplied by three different groups of origins for bananas:

- MFN (Most Favoured Nation) countries, mainly Central and Southern America countries
- ACP (Africa, Caribbean and Pacific) countries
- EU own production.

In 2012, the share of MFN bananas consumed in the EU was 68.3%, while ACP bananas accounted for 19.1% and the EU own production the remaining 12.6%.

The main MFN suppliers of bananas to the EU were Ecuador, Colombia and Costa Rica, which respectively exported 1.3, 1.1 and 0.8 million tonnes.

During the same year, the main ACP suppliers were Dominican Republic, Ivory Coast and Cameroon, which respectively exported 0.29, 0.22 and 0.21 million tonnes.

For more information on the banana market go to:

http://ec.europa.eu/agriculture/fruit-and-vegetables/product-reports/bananas/index_en.htm