

COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION (EEC)

on the common organization of the market in
bananas

(presented by the Commission)

Explanatory memorandum

Introduction

Completion of the single market on 1 January 1993 means that an internal market must be established in the banana sector. Hitherto the Community market has been managed under a variety of rules, with some markets being subject to national policies which have existed for many years. Furthermore, the Community has given undertakings on import and export arrangements to its trading partners both with regard to the protocol on bananas under the Lomé Convention and in the GATT, when the Community presented its offer on agriculture as part of the Uruguay Round negotiations.

The Commission has prepared a report on "Setting up the internal market in the banana sector" which looks at the situation on the Community market, the constraints to be borne in mind and possible solutions and comes to certain conclusions.

Following this report, the Commission consulted representatives of the Member States, producers and traders in the Community and the producing and exporting countries both in the ACP group and in Latin America.

On the basis of this working document, which has already been presented to the representatives of the Member States, and positions adopted during these consultations, the Commission has drawn up a proposal for a market organization in the banana sector, an action plan to assist the ACP countries and guidelines for a submission to the GATT, which are set out here.

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Part I: The common organization of the market
in the banana sector

Introduction

1. The common organization of the market in the banana sector is based on the principles set out in the report by the interdepartmental working party:

- (a) price support through measures affecting imports of bananas from the dollar zone, while ensuring reasonable prices for the consumer;
- (b) a fair division of the advantages and costs of marketing bananas in a decompartmentalized market between producers and importers active in the market, in particular by encouraging importers in the "dollar banana" sector to participate in the marketing of preferential bananas;
- (c) introduction of effective competition;
- (d) involvement of all interested parties in the operation of the scheme;
- (e) a system of specific aid for Community producers (the report adds "traditional ACP suppliers": these are dealt with in Part II of the Explanatory Memorandum).

2. The common organization of the market concerns fresh bananas and processed products based on bananas. In accordance with the position taken in the report, it will last for 10 years. Well before the end of that period the Commission will send the Council a report on the operation of the arrangements together with appropriate proposals as necessary.

I. Internal arrangements

3. All the elements of the market organization are designed to permit the movement of bananas on the Community's internal market and introduce effective competition. It is not necessary to make specific regulatory provision to extend the powers which the Commission already has under Council Regulation (EEC) No 4064/89 on the creation or strengthening of dominant positions.

The various instruments under the market organization will contribute to these objectives, either in themselves or through the way they operate.

4. The market organization provides for the establishment of quality standards for bananas.

Where appropriate, supplementary aid to guarantee a certain level of income may be granted irrespective of income derived from the market, where prices will in any case be supported by the import and export arrangements. This aid should be granted only where producers have sought to maximize their income through a quality policy involving at the least the marketing of products which comply with the quality standards.

5. To further improve the position of Community products on the market, there will be incentives for the establishment of producers' organizations able to concentrate supply from their members.

6. Similarly, there is provision for the establishment of associations bringing together, in a more or less vertical fashion depending on the measures being undertaken, groups of producers, individual producers and other economic or scientific operators involved in the banana trade to manage programmes offering, for example, technical support or assistance on quality strategy.

These groups and associations may play a very useful role in planning measures to improve the structures of Community production.

7. Those within the Community involved in the various aspects of the banana sector must be able to come together and form groups either within a single Member State or, better still, in several Member States in order to boost commercial activity so that Community production can find outlets and all parties can be aware of the problems which occur. The Council will be asked to take a decision on a Commission proposal along these lines.
8. Taken as a whole, these systems of association should permit a balance to be struck between the roles of the various market operators, so contributing to the objective laid down in the report of establishing effective competition.
9. For the long-term development of the arrangements, the introduction of measures to encourage producers and other local operators in the sector to reduce production and marketing costs and improve quality or adapt product quality to meet market demand would be desirable. This could be done under the relevant Community support frameworks and consultations with operators in the sector, particularly when in groups, could prove particularly useful in defining the measures to be undertaken.
10. The report points out that the new scheme should where necessary include income support for producers. It explains that this assistance would be designed to cover part of the difference between the production costs of EC producers and producers in the Dollar Zone. Accordingly, the new scheme provides for the possibility of granting compensatory aid to cover any loss of income.
11. The basis for determining the need for this assistance and for calculating the amount is the basic reference income calculated on the basis of average prices obtained by Community producers on the national markets to which they had priority access up until 31 December 1992. These average producer prices (ex packing shed) are obtained via the average CIF price for bananas of this origin during a reference period prior to 31 December 1992 after deduction of transport costs and delivery FOB. The average CIF prices in the various Member States where there was a market organization stood at about ECU 725 per tonne. Since this income was sufficient for the

subsistence of Community producers before the new system, it can reasonably be taken as a basis for reference as regards costs. What matters for the income of the Community producers is the price at which these bananas will be sold on the Community consumer markets. This is why the second factor of comparison to determine the need for assistance is the average receipts for Community products on the EEC market. Since these receipts may vary somewhat a distinction will be made between the different origins if the recorded prices show significant differences.

12. Once the need for aid has been determined the mechanism for granting it is essentially based on this loss of income. Aid on a per hectare basis would be in the spirit of the reform of the CAP. Nonetheless, there are several reasons for departing from this principle, particularly the need to adapt compensation as flexibly as possible to any fall in income.

As a result aid per tonne is proposed equal to the difference in producer income.

13. In view of the above it is proposed that a threshold should be introduced for production which can receive aid which is still in line with the reformed CAP. This aid too is fixed as regards quantity and corresponds to a maximum quantity equal to the average quantity produced during the reference period broken down by Community production region.
14. Since the aim is to compensate for differences in costs it is nevertheless advisable to grant aid only to producers who have done everything possible to maximize their incomes, i.e. producers who sell products whose quality characteristics are at least equal to those provided for in the standards and who are members of a producer organization. Individual producers who, because of their situation, cannot join a producers' organization would not, however, be excluded from aid.
15. The aid represents compensation granted in cases where the market has not provided sufficient income in relation to the costs of production. At the same time it should be remembered that structural aid provided for elsewhere should facilitate improved competitiveness. Accordingly, there is provision for the aid to be reviewed after three years in the light of developments in productivity.
16. Since income registered on the Community market is the essential criterion for triggering and calculating compensatory aid this income has first of all to be determined, i.e. compensation can only be fixed on a retrospective basis at the end of each year.

To avoid Community producers suffering hardship as a result provision may be made for advances and in 1993, the year when the system will be launched and during which this problem will be at its most serious, there are plans to examine the situation during the year.

17. Furthermore, the situation as it appears in the working party report and recent consultations demonstrate that certain producers are at such a disadvantage as a result of geography, climate, soil or terrain that they will never be able to secure an adequate income if market prices and compensatory assistance remain at levels acceptable to the consumer and the Community budget. Provision should be made from the start for a premium to be paid to such producers for a limited time for the definitive discontinuation of banana production.

This aid should be granted to encourage conversion and may be additional to financial assistance under the other structural programmes or structural policy in general.

II. Trading System

18. This is the crux of the problem since so far the Community has never managed to unite the various national systems into a single Community system. Efforts to establish a common system require various factors to be taken into account such as:
- the existence of politically, economically and socially sensitive Community production situated in regions on the very outer edges of the Community and the maintenance of which requires adequate protection;
 - the need to ensure reasonable prices for the Community consumers;
 - honouring of commitments taken by the Community in the banana protocol annexed to the Lomé Convention providing for the priority marketing of bananas traditionally imported into the Community from the ACP countries;
 - the need to take account of the interests of the "dollar zone" countries for which exports of bananas to the Community are of major economic importance;
 - the obligation for the Community to include the projected banana scheme in the framework of its international commitments in particular with regard to GATT.
19. As is already apparent from the report by the interdepartmental working party the Commission has set itself the priority objective of maintaining various sources of supply to the Community market whether as regards products from its own production areas, from the ACP countries or from other non Member countries. As this aim has hitherto been achieved within the context of essentially national schemes it was clear that it could not be continued at Community level without establishing a certain degree of administrative infrastructure.

20. To this end it is proposed that as regards bananas an import certificate scheme should be introduced, as is traditional for the majority of agricultural products, that imports should be managed within a series of quotas and that Community and ACP products should be clearly identified from the point of view of quantity.

Working on the assumption that Community and traditional ACP production are not likely to increase over the next few years, controlled management of quantities proves necessary only in relation to non-traditional ACP bananas and those originating in other non-member countries.

For reasons already explained in the report by the interdepartmental working party the Commission plans in the first instance to guarantee supplies to the Community market at the present level by importing bananas from non-member countries including non-traditional bananas from the ACP countries, within the framework of a quota which could, for the purposes of the Community's commitments to its GATT partners, be split into:

- a consolidated quota of two million tonnes;
- if the forecast balance shows an increase in consumption, an additional quota. These two taken together form an overall quantity. The customs duty on this overall quantity will be 20%, except in the case of imports from the ACP countries, in respect of which the duty will be 0%.

For the purposes of managing the quantities imported from non-member countries of the Dollar Zone and non-traditional bananas from the ACP countries, the following distinctions can be made:

- 70% of the overall quantity is set aside exclusively for importers who have traditionally been involved in imports from these areas.
- 30% of the overall quantity is set aside for the importers referred to above and also those who so far have marketed bananas produced in the Community and the ACP countries in traditional quantities. Imports within this 30% can be made only by means of a commitment which must guarantee that Community production and traditional ACP imports will continue to be able, within the new decompartmentalized Community market, to find a place on the consumer market.

The imports which will be made within the framework of the latter 30% of the overall quantity can be undertaken under the heading of an importers' partnership similar to some import structures already in place. For the moment the import operation makes provision for only a few simple administrative procedures.

However, in the case of some imports, pending an extension of the partnership system, marketing of Community bananas or bananas traditionally imported from the ACP countries must be complied with by lodging a guarantee confirming satisfactory compliance with this commitment.

Management of the two quotas and the size of the additional quota will be undertaken on the basis of an estimate of Community market requirements and the imports needed to maintain consumer prices at a reasonable level. An Ad hoc committee representing the whole process of import marketing and all the geographical production areas will help the Commission and the Member States in the management of the scheme.

21. Particular attention will be devoted to those operators who while they are involved in the marketing of bananas do not come under the heading of direct importers. To this end a list of operators will be drawn up in each Member State. Newcomers will also have an opportunity of access to the import market and in addition special measures will be taken to allow existing small operators to maintain their activities within the framework of the new system and with a view to avoiding at the same time any concentration at the level of imports.
22. One of the traditional provisions applied in the case of common organizations of markets is the possibility of introducing a safeguard clause, and this is also proposed in this case.

III. General provisions

23. As in all the traditional market organizations provision is made for a management committee.
24. In accordance with the will manifested in the report to involve all interested parties in the operation of the system, the Commission intends to set up an Ad hoc committee for bananas with 16 members representing the various professional categories involved in the banana sector. Seats will be allocated as follows:
 - 3 to Community banana producers
 - 2 to ACP banana producers
 - 2 to banana producers from non-ACP third countries
 - 6 to banana traders
 - 1 to the processing industry
 - 1 to distribution
 - 1 to consumers.

The members of the Ad hoc Committee will be appointed by the Commission on proposals from the organizations, at Community, ACP State or third country level, which are most representative of the economic categories concerned. However, the consumers' representative will be appointed on a proposal from the Consumers' Consultative Committee. These bodies will propose two candidates, each of a different nationality, for each of the seats to be filled. Members of the Committee will serve for a period of one year and may be reappointed for one further year. Services to the Committee will not be remunerated. The Commission will publish the list of members on the Official Journal of the European Communities. The Ad hoc Committee, chaired by a representative of the Commission, will meet once a month when convened by the Commission at its provisional headquarters. It will deal with requests for opinions presented by

the Commission, and could in particular discuss the forecast balance, the need for revision of the forecast balance during the marketing year and the intervals for the management of quotas.

25. It is intended to make applicable to the banana sector the provisions already taken by the Council with a view to allowing Community inspectors to work together with the competent bodies in the Member States to monitor compliance with the planned quality criteria.
26. As mentioned in the report, the planned system is to end on 31 December 2002, and the Commission must present a report to the Council before 31 December 2001, accompanied by any proposals concerning the system to be applied from 31 December 2002.

PART II: RELATIONS WITH THE ACP

27. The fourth Lomé Convention provides the framework for cooperation between the Community, the Member States and the 69 African, Caribbean and Pacific countries (ACP). The trade provisions of the Convention provide for exports of agricultural products originating in ACP States and which are not subject to a common organization of the market nor to specific rules introduced as a result of the implementation of the common agricultural policy to be imported free of customs duties or charges having equivalent effect. Bananas and banana products come into this category.
28. In addition to this general provision the Contracting Parties have recognised the special nature of the banana market by subscribing to a special protocol, Protocol No. 5, which provides that in respect of its banana exports to the Community markets, no ACP State shall be placed, as regards access to its traditional markets, in a less favourable situation than in the past or at present.
29. At present the separate national organizations of the market permit the traditional markets for ACP bananas to be protected from competing supplies from other third countries. The attainment of the Single Market removes that protection. In addition the introduction of a common organization of the market for bananas will change the market situation facing the ACP banana exporters.
30. The majority of ACP exporters share the disadvantages associated with the producing regions of the Community such as insularity, size of exploitation, distance from market, etc. They are also in relative terms more dependent on bananas as a foreign exchange earner and as a significant sector of the economy - some of them almost entirely.
31. A change in market conditions which reduced revenue or resulted in sufficient insecurity to restrict investment and forward commitment of the existing operators could have an immediate negative impact on the development prospects of these countries contrary to the contracted commitments of the Community in the Lomé Convention. It is not an exaggeration to claim that for certain traditional suppliers a decline in returns from the banana trade could result in serious economic and political instability.
32. In as far as the access regime is concerned the proposals for the common organization of the market contained in this proposal would permit ACP States to continue to face the same customs regime as they face at present, i.e. no duties or taxes having equivalent effects. The traditional suppliers would be provided with a guaranteed space in the market in a similar way to that provided for Community producers. Appropriate measures will be taken to ensure that non-traditional ACP suppliers do not expand exports to an extent which could disturb the market. Similar provisions will be taken to ensure that a surge in supplies from traditional suppliers beyond what could be considered to be a "traditional advantage" does not disturb the market.

33. These provisions should meet the requirement of Annex LXXIV of the Convention as far as maintaining access for traditional suppliers is concerned and it is to the market mechanisms that the ACP will look to ensure the continuation of their traditional advantages. However certain of the other conditions which will be applied to this market will present new challenges to the ACP. In particular the need to respect quality standards and the incentives to vertical integration and organization of marketing introduced by the new regime will place additional cost burdens on the industry. It will be necessary to provide additional aid to the traditional suppliers to permit them to make the necessary adjustments.
34. The new requirement to meet certain quality standards, as yet undefined, is an innovation which no ACP State could reasonably anticipate. For programmes aimed at quality improvement it is proposed to provide additional funds. Similarly the Community should be prepared to assist with plans for improved marketing, including organization of producers, vertical integration of the production to distribution chain and the setting up of associations of operators with a view to ensuring the particular marketing structures which the ACP currently use can adapt to the new situation without too much additional cost.
35. Taking an example from the proposals for aid to Community producers it would be reasonable to suppose that the ACP States affected should be prepared to make some effort themselves to ensure a stable future for their industry. The additional aid must therefore be strictly linked to the new requirements which will be introduced by the common organization of the market. Aid which may now appear to have a more urgent priority but could reasonably have been planned for in the context of a normal development programme should continue to be financed through the normal Lomé provisions for financial and technical assistance. For such programmes, where the ACP State has already planned for expenditure on, for example, improved infrastructure or improvement of competitiveness in the Community would consider a complementary assistance to accelerate or extend the programme.
36. The risk to traditional ACP suppliers that adjustments in the marketing arrangements of operators will result in a sudden loss of revenue with immediate impact on the capacity of the small scale producer to survive or of the economy of the ACP State to adjust to the new challenges is sufficiently real to persuade the Commission that additional provision should be made to compensate producers for such losses.
37. This aid must be directly related to a loss of revenue resulting either from a drop in prices on the traditional markets or a reduction of sales resulting from a higher consumption on that market of bananas from third country sources. The calculation of lost revenue can be made in the same way as for the calculation proposed for Community producers.

38. It is important to limit aid to what is directly attributable to the change in the market situation and not to other factors which can affect the returns to ACP exporters. The ACP can benefit from Stabex for certain losses and the compensation scheme should not be used as an alternative to Stabex. Stabex does not have as an objective, nor is it designed to maintain revenue at certain levels. It helps to stabilize excessive fluctuations of receipts. To avoid any confusion in the future between a producer compensation scheme and Stabex it is proposed that any producer compensation would be complementary to payments made by Stabex.
39. Not only should such revenue aid be restricted as to the conditions under which it can be paid, but also the Community must ensure that it is paid to the producers or to a producer organization so that the benefit goes directly to those suffering the loss.
40. A proposal for a Regulation introducing this scheme will be presented shortly.

PART III: RELATIONS WITH LATIN-AMERICAN PRODUCER COUNTRIES

41. The Commission believes that its proposal will allow the traditional exports of the Latin-American producer countries to be maintained and even increased if market conditions permit.
42. The Commission also considers it necessary to strengthen cooperation between the Community and its Latin-American banana-producing partners.
43. In this respect, the Commission feels that the most suitable way of enhancing cooperation is the creation of a diversification and development fund for the benefit of these countries.
44. A proposal for a Regulation to establish such a fund will be presented shortly.

PART IV: GATT NEGOTIATIONS

45. Under the special circumstances governing the creation of a common market for bananas, the Community considers that a recourse to GATT Article XXV(5) is the appropriate way by which the Community could possibly bring its future banana regime in conformity with its GATT obligations and provide its trading partners the necessary assurances about the trade elements of its import regime for bananas.
46. The Commission therefore draws the attention of the Council to the fact that the Commission's proposal makes it necessary to ask the Contracting Parties to approve the Community import regime under the provisions of Article XXV(5) once the Council has decided upon it and that the future regime can only be considered in conformity with the GATT if and when the GATT has approved it in the framework of a Waiver.

PART V: CONCLUSION

For these reasons the Commission:

1. proposes that the Council adopt the proposal for a Regulation concerning the common organization of the market for the banana sector as presented in the annex;
2. informs the Council that consultations will be commenced in good time with the ACP States in accordance with the first indent of Article 168(2)(d) of the fourth Lomé Convention, and with Annex LXXIV thereto concerning the import arrangements for bananas originating in the ACP States as proposed in the common organization of the market;
3. recommends that the Council authorize it to open negotiations within the framework of GATT with a view to obtaining a Waiver under GATT Article XXV(5) for the import arrangements defined in the proposed Regulation once the Council has decided on the substance of those import arrangements.

Proposal for a Council Regulation
on the common organization of the market in
bananas

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 42 and 43 thereof,

Having regard to the Protocol on the tariff quota for imports of bananas annexed to the Implementing Convention on the Association of the Overseas Countries and Territories of the Community provided for in Article 136 of the Treaty, and in particular paragraph 4 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the operation and development of the common market for agricultural products must be accompanied by the introduction of a common agricultural policy including in particular a common organization of the agricultural markets which may take different forms depending on the products;

Whereas there currently exist within the Member States of the Community producing bananas national market organizations which seek to ensure that producers can dispose of their products on the national market and receive an income in line with the costs of production; whereas these national market organizations impose quantitative restrictions which hamper achievement of a single market for bananas; whereas some of the Member States which do not produce bananas provide preferential outlets for bananas from the ACP States while others have liberal importation rules, which even in one case include a privileged tariff situation; whereas these different arrangements prevent the free movement of bananas within the Community and implementation of common arrangements for trade with third countries; whereas, in view of the introduction of the single market, from 1 January 1993 a common organization of the market for the banana sector must replace the various national arrangements;

Whereas, so that the Community can respect its various international obligations, that common organization of the market should permit bananas produced in the Community and those from the ACP States which are traditional suppliers to be disposed of on the Community market at fair prices for both producers and consumers without undermining imports of bananas from other third country suppliers;

Whereas, to permit the market to be supplied with products of uniform and satisfactory quality and to ensure the disposal of Community products at profitable prices guaranteeing an adequate income, quality standards for fresh bananas and, if necessary, marketing rules for processed products based on bananas should be introduced;

Whereas, in order to maximize income from bananas produced within the Community, the formation of producers' organizations should be encouraged, principally through the granting of start-up aid; whereas, in order for such organizations to be given an effective role in concentrating supply, their members should undertake to market the whole of their production through the organization; whereas the formation of other types of associations, comprising producers' organizations and representatives of the other stages of production, should also be permitted; whereas the conditions under which such associations representing the various aspects of the banana sector may undertake measures of general interest and have their rules extended to non-members either locally or regionally should be defined at a later date; whereas such organizations could also be consulted when framework programmes are drawn up and play an active role in implementing structural measures introduced as part of the market organization;

Whereas the structural shortcomings which restrict the ability of Community production to compete should be mitigated, chiefly to raise productivity; whereas programmes to achieve this in each region of production should be laid down under the Community support frameworks through cooperation between the Commission and the national and regional authorities and with the various types of organization in the sector referred to above being associated as closely as possible with preparation of the measures to be introduced;

Whereas national market organizations have hitherto enabled national banana producers to obtain from the market an adequate income to cover their production costs; whereas, since introduction of the market organization is likely to alter the levels of prices on those markets, provision should be made for compensation to guarantee a minimum level of income to permit the continuation of Community production at the costs entailed by the specific structural situation for as long as this remains unadjusted by the structural measures implemented; whereas provision should be made for aid to be adjusted to take account of increased productivity;

Whereas in certain very small regions of the Community where conditions are particularly unsuited to the production of bananas but better suited to alternative crops the definitive cessation of banana production should be encouraged through a premium for the cessation of banana production; whereas in order to limit the cost of this operation grubbing up should be carried out as soon as possible;

Whereas a forecast supply balance drawn up each year should assess the prospects for production and consumption in the Community; whereas it should be possible to revise that balance during the year in the light of circumstances, including specific climatic events; whereas on the basis of that balance import opportunities should be determined each year;

Whereas import opportunities for quantities exceeding those traditionally imported from ACP States which are traditional suppliers to the Community should be fixed in the form of a basic quota of two million tonnes and an additional quota the size of which is determined on the basis of the forecast supply balance; whereas the arrangements for managing these quotas should ensure that bananas produced within the Community and, in accordance with the Community's commitments in the Fourth Lomé Convention, the quantities traditionally imported from those ACP States which are traditional suppliers can be marketed in the Community; whereas to that end partnership arrangements should be applied to part of the total size of the two quotas; whereas, within this framework, a specific coefficient should be fixed periodically to determine the quantity of bananas produced in the Community and/or in an ACP State which is a traditional supplier which an importer must undertake to market in the Community in return for the right to import bananas originating in other third countries;

Whereas the system for managing quotas requires an import certificate scheme backed by a security; whereas management of the partnership arrangements requires in certain cases introduction of a special security to ensure compliance with the marketing undertakings referred to above;

Whereas the Commission should be able to take appropriate measures to deal with serious disturbances, or the threat of such disturbances, likely to jeopardize achievement of the objectives of Article 39 of the Treaty;

Whereas operation of the market organization would be undermined by the granting of certain assistance; whereas therefore the Treaty provisions permitting consideration of aids granted by the Member States and the prohibition of those incompatible with the common market should be applied to the banana sector;

Whereas, to facilitate implementation of these provisions, a procedure involving close cooperation between the Member States and the Commission within a Management Committee should be included;

Whereas the common organization of the markets in the banana sector must also take appropriate account of the objectives set out in Articles 39 and 110 of the Treaty;

Whereas the replacement of the various national arrangements in operation when this Regulation comes into force by this common organization of the market threatens to disturb the internal market; whereas the Commission should be able to take any transitional measures required to overcome the difficulties of implementing the new arrangements;

Whereas the scope of Council Regulation (EEC) No 1319/85 of 23 May 1989 on the reinforcement of supervision of the application of Community rules on fruit and vegetables should be extended to the banana sector to permit checks that the standards laid down for bananas under that Regulation are being complied with;

Whereas the operation of this Regulation should be examined before the end of the tenth year after its entry into force so that the new arrangements to apply after that date can be considered,

HAS ADOPTED THIS REGULATION:

Article 1

1. A common organization of the market in bananas is hereby established.
2. The organization shall cover the following products:

CN code	Description
ex 08.03	Bananas, excluding plantains, fresh or dried
ex 08.11.90.90	Frozen bananas
ex 08.12.90.90	Bananas provisionally preserved
ex 20.06.00.90	Bananas preserved in sugar
ex 20.07.10	Homogenized preparations of bananas
ex 20.07.99.39	(Jams, jellies, marmalades, purées and pastes
ex 20.07.99.90	(of bananas
ex 20.08.99.48	(
ex 20.08.99.69)Bananas otherwise prepared or preserved
ex 20.08.99.99	(
ex 20.08.92.50	(
ex 20.08.92.79)Mixtures of bananas
ex 20.08.92.91	(otherwise prepared or preserved
ex 20.08.92.99)
ex 20.09.80	Banana juice

3. The marketing year shall run from 1 January to 31 December.

TITLE I - Common quality and marketing standards

Article 2

1. Quality standards shall be laid down for bananas intended to be supplied fresh to the consumer.
2. Marketing standards may also be laid down for processed products made from bananas.

Article 3

1. Unless the Commission decides otherwise in accordance with the procedure laid down in Article 30, products for which common standards have been laid down may be marketed within the Community only if they comply with those standards.
2. For the purpose of establishing whether products comply with quality standards, checks may be carried out by the bodies designated by the Member States.

Article 4

Quality and marketing standards, the marketing stages at which products must comply with such standards and measures to ensure the uniform implementation of the provisions of Articles 2 and 3, including those concerning checks, shall be laid down in accordance with the procedure provided for in Article 30.

TITLE II - Producers' organizations and concertation mechanismsArticle 5

1. For the purposes of this Regulation, "producers' organization" means any organization of producers established in the Community which:
 - (a) is set up by the producers themselves in order to:
 - concentrate supply and regulate prices at the production stage for one or more of the products referred to in Article 1;
 - make available to member producers appropriate technical facilities for the packing and marketing of the products in question;
 - (b) is able to demonstrate a minimum volume of marketable production and a minimum number of producers;
 - (c) has rules containing provisions:
 - requiring producers to market through the organization the whole of their production of the product or products for which they joined that organization;

- giving the producers control of the organization and its decision-making procedures;
- penalizing any violation by member producers of the rules laid down by the organization;
- imposing levies on its members;
- concerning the admission of new members;

(d) lays down rules concerning production intelligence and production and marketing rules;

(e) keeps separate accounts for its activities relating to bananas;

(f) is recognized by the Member State concerned in accordance with paragraph 2.

2. On application, the Member States shall recognize the organizations concerned provided they offer adequate guarantees of the length and effectiveness of their work, with particular reference to the tasks listed in paragraph 1, and provided they satisfy the conditions laid down there.

Article 6

1. For the five years following the date of recognition, the Member States shall grant recognized producers' organizations assistance to encourage their establishment and assist their administrative operation.
2. Article 14(1), (3) and (5) and Article 36(2) of Council Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables¹ shall apply.

Article 7

1. Associations of producers or of producers' organizations set up to carry out one or more measures of common interest may participate in the preparation of the measures provided for in the operational programmes referred to in Article 10. The members of such associations may include processors and traders.
2. The measures of common interest referred to in paragraph 1 may include applied research, training of producers, a strategy on quality and the development of environmentally sound production methods.

¹ OJ No L 118, 20.5.1972, p. 1.

Article 8

1. In accordance with the procedure provided for in Article 43(2) of the Treaty, the Council shall lay down conditions for the recognition and operation of groups encompassing one or more of the economic activities relating to the production, marketing or processing of bananas in order in particular:
 - to improve market intelligence and knowledge of the likely development of markets and marketing conditions;
and
 - to reduce the dispersion of supply, guide production and promote improvements in the quality of bananas in order better to meet market needs and demand from consumers.
2. The provisions to be adopted shall include, under conditions to be determined, the possibility of extending to non-members the rules adopted by these groups provided such rules are of general interest to the sector as a whole and their extension complies with the Treaty's competition rules.

Article 9

Implementing rules for this Title shall be adopted in accordance with the procedure laid down in Article 30.

TITLE III - AssistanceArticle 10

1. Acting in the framework of cooperation between the Commission and the national and regional authorities, the competent authorities of the Member States may draw up operational programmes under the Community support frameworks for the regions eligible defining the measures to be undertaken in the banana sector to achieve at least two of the following objectives:
 - a quality and commercial strategy for the products of the area in the light of likely developments in costs and markets;
 - improved utilization of resources while respecting the environment;
 - greater competitiveness.
2. Acting through the cooperation referred to in paragraph 1, the competent authorities shall, as far as possible, associate in the preparation of the measures referred to in paragraph 1 groups, associations and organizations in the banana sector, as referred to in Articles 5, 7 and 8 respectively, and technical and economic research centres.
3. As regards the measures in the operational programmes, organization, decision-making and implementation shall be carried out in compliance with the regulations in force for the management of the structural Funds.

Article 11

In the framework of cooperation between the Commission and the national and regional authorities, the producers' organizations, associations and groups referred to in Articles 5, 7 and 8 may be asked to submit to the competent authorities their views on the implementation of the measures to be proposed.

Article 12

1. Compensation for any loss of income shall be granted to Community producers who are members of a recognized producers' organization which is marketing in the Community bananas complying with the common standards laid down. However, compensation may be paid to an individual producer who, because of his specific situation, and in particular his geographical location, is unable to join a producers' organization.
2. The maximum quantity of bananas produced in the Community and marketed for which compensation may be paid shall be fixed at 854 000 tonnes, to be broken down as follows for each producer region in the Community:
 1. 420 000 tonnes for the Canary Islands
 2. 150 000 tonnes for Guadeloupe
 3. 219 000 tonnes for Martinique
 4. 50 000 tonnes for Madeira
 5. 15 000 tonnes for Crete.

Subject to the maximum quantity for the Community, the quantity for each region may be adjusted.

3. Compensation shall be calculated on the basis of the difference between:
 - the "flat-rate reference income" for bananas produced and marketed within the Community and
 - the "average production income" obtained on the Community market during the year in question for bananas produced and marketed within the Community.
4. The "flat-rate reference income" shall be:
 - the average price of bananas produced in the Community and marketed during a reference period prior to 1 January 1993 to be determined in accordance with the procedure laid down in Article 30;
 - less the average cost of transport and delivery FOB.

It shall be reviewed by the Commission when the aid is fixed after three years to take account in particular of trends in productivity.

5. The "average production income" for Community bananas shall be calculated each year from:
 - the average price of bananas produced in the Community and marketed during the year in question,
 - less the average cost of transport and delivery FOB.
6. Before 1 March of each year, the Commission shall determine compensatory aid for the previous year in accordance with the procedure laid down in Article 30.

Supplementary aid shall be granted to one or more producer regions when average income from production is significantly lower than the average Community income.
7. Advances may be paid, against a security, on the basis of compensation granted in the previous year.
8. The Commission shall carry out before 30 June 1993 an interim examination of average production income for that year. On the basis of this examination, the Commission may determine an advance in accordance with the procedure laid down in Article 30.

Article 13

1. A single premium shall be granted to banana producers in the Community who cease to produce bananas.
2. Granting of the premium shall be subject to the written agreement of the recipient:
 - (a) to undertake or have undertaken in a single operation to take place during a period to be determined in 1993 or 1994:
 - the grubbing up of all banana trees on the holding where the area planted to bananas is less than 10 hectares;
 - the grubbing up of half the banana trees on the holding where the area planted to bananas is 10 hectares or more;
 - (b) not to plant banana trees on the holding concerned for a period of twenty years from the year in which grubbing up took place.

Areas planted to bananas after this Regulation has come into force and holdings of less than 0.2 hectares shall not be eligible for the premium.
3. The premium shall be ECU 1 000 per hectare. In accordance with the procedure laid down in Article 30, this amount may be adjusted to take account of the specific conditions in certain areas.
4. In accordance with the procedure laid down in Article 30, the Commission may authorize a Member State to exclude from eligibility for the premium for cessation of banana production producers situated in areas where disappearance of this crop would have negative consequences, in particular on the maintenance of micro-climatic or soil conditions.

5. This premium shall be compatible with the granting of aid under Title III of Regulation (EEC) No 3763/91, Title II of Regulation (EEC) No 1600/92 and Title III of Council Regulation (EEC) No 1601/92 and with the granting of structural assistance under Council Regulations (EEC) Nos 2052/88 and 4253/88.¹

Article 14

Detailed rules for the application of this Title shall be adopted in accordance with the procedure laid down in Article 30.

However, detailed rules for the application of Articles 6 and 11 shall be adopted in accordance with the procedure laid down in Article 29 of Council Regulation (EEC) No 4253/88.²

TITLE IV - Trade with third countries

Article 15

For the purposes of this Title:

1. "traditional imports from the ACP States" means the quantities of bananas exported by the ACP States to the Community in 1990. Such bananas shall be referred to as "traditional ACP bananas";
2. "non-traditional imports from the ACP States" means the quantities of bananas from the ACP States which exceed the quantity defined at 1 above. Such bananas shall be referred to as "non-traditional ACP bananas";
3. "imports from non-ACP third countries" means quantities exported by other third countries. Such bananas shall be referred to as "third country bananas";
4. "Community bananas" means bananas produced within the Community;
5. "market" and "marketing" mean placing on the market, not including the making available to the consumer of the product.

1 Regulation (EEC) No 3763/91, OJ No L 356, 24.12.1991, p. 1
 Regulation (EEC) No 1600/92, OJ No L 173, 27.6.1992, p. 1
 Regulation (EEC) No 1601/92, OJ No L 173, 27.6.1992, p. 13
 Regulation (EEC) No 2052/88, OJ No L 185, 15.7.1988, p. 9
 Regulation (EEC) No 4253/88, OJ No L 374, 31.12.1988, p. 1.

2 OJ No L 374, 31.12.1988, p. 1.

Article 16

1. Before 1 December of each year, a forecast supply balance shall be prepared of production and consumption in the Community and of imports and exports.
2. The forecast supply balance shall be prepared on the basis of:
 - available figures concerning quantities of bananas marketed in the Community during the previous year, broken down according to their origin;
 - forecasts of the production and marketing of Community bananas;
 - forecasts of imports of traditional ACP bananas;
 - forecasts of trends in consumption.
3. Where necessary, in particular to take account of the effects of exceptional circumstances affecting export or import conditions, the balance may be revised during the marketing year.

Article 17

1. Imports into the Community of third country bananas and non-traditional ACP bananas shall be subject to a basic quota of two million tonnes and an additional quota which shall be fixed each year on the basis of the forecast supply balance.
2. 70% of the total volume of both quotas shall be managed under the arrangements provided for in Article 18.
3. 30% of the total volume shall be managed under the partnership arrangements provided for in Articles 19 to 21.
4. Each year when the forecast supply balance is prepared, a "banana coefficient" shall be determined. This coefficient shall determine the total quantity of bananas which can be imported within the framework of the 30% of the total volume referred to in paragraph 3 in the light of the quantity of Community and/or traditional ACP bananas which the importer undertakes to market.

In determining the coefficient, the impact of Article 21 shall be taken into account.
5. If the forecast supply balance is adjusted during the marketing year, the additional quota and the banana coefficient may be adjusted accordingly if necessary.

6. In accordance with the procedure laid down in Article 30, the Commission shall adopt the detailed rules necessary for:
- managing the quotas during the course of the year in question, in particularly an import certificate scheme and a security mechanism to ensure that importers comply with their obligations;
 - fixing and amending the banana coefficient during the marketing year.
7. Before 1 December each year, the Commission shall determine in accordance with the procedure laid down in Article 30 for the period commencing on the following 1 January:
- (a) the forecast supply balance;
 - (b) the size of the basic and additional quotas;
 - (c) the banana coefficient.

Amendments to the balance, the size of the additional quota and the banana coefficient during the marketing year shall be decided on in accordance with the same procedure.

Article 18

1. The import opportunities referred to in Article 17(2) shall be available to importers established in the Community who, during the period 1989-91, marketed on their own account a minimum quantity, to be determined, of third country or non-traditional ACP bananas.
- Supplementary criteria to be met by importers shall be laid down in accordance with the procedure provided for in Article 30. The Member States shall draw up the list of importers and the average quantity per importer referred to in paragraph 2.
2. If the volume of applications exceeds the quantities available under the quota, the quantity allocated to each importer shall be determined on the basis of the average quantity which he marketed between 1989 and 1991.
3. A quantity corresponding to at least 5% of the import opportunities referred to in paragraph 1 shall be reserved each year for new importers starting to market bananas during the year. This percentage may be adjusted when the forecast supply balance is prepared.
- If the volume of applications exceeds the quantities available, each application shall be reduced by an equal percentage.
- Quantities not used shall be reallocated to the importers referred to in paragraph 1 under conditions to be laid down.
4. A quantity to be determined shall be reserved for the importers defined pursuant to Article 21 in the same way as described in paragraph 3.

Article 19

1. The import opportunities referred to in Article 17(3) shall be open to any importer established in the Community who undertakes to market there a specified quantity of Community and/or traditional ACP bananas.
2. Importers who during 1989 to 1991 marketed on their own account a minimum quantity of Community or traditional ACP bananas shall receive on application an import licence as provided for in Article 20(1)(1) for a quantity not exceeding the average quantity which they marketed during that period.
3. The supplementary criteria to be complied with by importers shall be determined in accordance with the procedure laid down in Article 30. The Member States shall draw up the list of importers and the average quantities for the importers referred to in paragraph 2.

Article 20

1. The import opportunities referred to in Article 17(3) shall be subject to the partnership arrangements under which the import licence shall be issued:

1. to importers who during the previous year marketed Community or traditional ACP bananas and who undertake to import such bananas during the year in question:
 - (a) if the application relates to a quantity equal to that calculated from application of the banana coefficient to the above quantities marketed during the previous year, on provision of a simple security;
 - (b) if the application relates to a quantity less than that calculated from application of the banana coefficient to the above quantities marketed during the previous year, on provision of simple security.

Furthermore, the importer may obtain on application an import licence for a quantity equal to the difference between the quantity to which he would be entitled and the quantity for which he applied on his own account, where applicable. A simple security shall be required for the quantity shown on the latter import licence;

- (c) if the application relates to a quantity greater than that referred to at (a), the importer shall provide a special security in accordance with (2) for the excess quantity;

- (2) in the case of an importer who has not marketed Community or traditional ACP bananas between 1989 and 1991 and who undertakes to market such bananas during the year in question, on provision of a special security in respect of the quantity calculated by application of the banana coefficient to the quantity of third country or non-traditional ACP bananas which he applies to import.

The special security shall be fixed at an amount covering the purchase and marketing during that year of a quantity of Community or traditional ACP bananas equal to that applied for with multiplied by the banana coefficient in force at the time of the application.

The security shall be released on presentation of proof of purchase and marketing of these bananas.

2. Point 1 of the preceding paragraph shall apply where an importer who, although not having complied himself with the obligation to import Community or traditional ACP bananas, is a member of an association, one of whose members has complied with that obligation between 1989 and 1991. In such a case, the association shall be regarded as a single individual for the purpose of the rights and obligations relating to importation.
3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30. They shall include:
 - the conditions to be met by associations as referred to in paragraph 2 and the rights and obligations of such associations vis-à-vis these arrangements;
 - the method of calculating the special security referred to at paragraph 1(2);
 - the conditions with which the proofs of purchase and marketing referred to in paragraph 1(2) must comply;
 - the measures to be applied if the obligation referred to in paragraph 1(2) is not respected. These may include reduction or temporary or permanent suspension of the right to import bananas originating in non-ACP third countries.

Article 21

1. An importer who, between 1989 and 1991, regularly marketed quantities of non-traditional ACP or third country bananas averaging a percentage to be determined of the average total of bananas imported from those sources over that period shall, on application to the Member State where he is established, be granted the status of "small importer".

Once that status has been granted, he shall be entitled, for a period of five years ending on 31 December 1997, to import into the Community a supplementary quantity of non-traditional ACP or third country bananas to be determined in relation to the quantity which he is entitled to import under Article 20.

2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure laid down in Article 30.

Article 22

Import licences issued shall be transferable.

Rules governing such transfers shall be adopted in accordance with the procedure laid down in Article 30.

Article 23

1. Except where otherwise provided for in this Regulation,
 - the levying of any charge having an effect equivalent to a customs duty,
 - the application of any quantitative restriction or measure having equivalent effect onimports from third countries of the products referred to in Article 1 shall be prohibited.
2. The tariff quota laid down in the Protocol on the tariff quota for imports of bananas annexed to the Implementing Convention on the Association of the Overseas Countries and Territories provided for in Article 136 of the Treaty shall be discontinued.

Article 24

The general rules for the interpretation of the common customs tariff and the particular rules for its application shall apply to the classification of products coming under this Regulation. The tariff nomenclature resulting from application of this Regulation is contained in the common customs tariff.

Article 25

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 experiences, or is threatened with, serious disturbances which may endanger the objectives set out in Article 39 of the Treaty, appropriate measures may be applied in trade with third countries until such disturbance or threat of disturbance has ceased.

2. If the situation mentioned in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures; the measures shall be communicated to the Member States and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three days following receipt of the request.
3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were communicated. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measures in question.

Article 26

The Commission shall adopt detailed rules for the application of this Title in accordance with the procedure laid down in Article 30. These rules shall include all measures required to ensure sound management of the arrangements provided for in Articles 18 to 22 and to ensure that importers comply with their obligations.

TITLE V - GENERAL PROVISIONS

Article 27

Save as otherwise provided for in this Regulation, Articles 92 to 94 of the Treaty shall apply to the production of and trade in the products referred to in Article 1.

Article 28

1. The measures laid down in Articles 10 and 13 shall constitute intervention intended to stabilize the agricultural markets within the meaning of Article 3(1) of Regulation (EEC) No 729/70.
2. The measures laid down in Articles 6 and 11 shall be part-financed by the Guidance Section of the EAGGF.
3. Detailed rules for the application of this Article, and in particular a definition of the conditions to be met before financial aid from the Community can be paid, shall be adopted in accordance with the procedure laid down in Article 30.

Article 29

1. A Management Committee for Bananas (hereinafter called the 'Committee') shall be established, consisting of representatives of the Member States and chaired by a representative of the Commission.
2. Within the Committee the votes of Member States shall be weighted in accordance with Article 148(2) of the Treaty. The Chairman shall not vote.

Article 30

1. Where reference is made to the procedure laid down in this Article, the Chairman shall refer the matter to the Committee either on his own initiative or at the request of the representative of a Member State.
2. The representative of the Commission shall submit a draft of the measures to be taken. The Committee shall deliver its Opinion on such measures within a time limit to be set by the Chairman according to the urgency of the questions under consideration. An Opinion shall be adopted by the majority laid down in Article 148(2) of the Treaty.
3. The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the Opinion of the Committee, they shall forthwith be communicated by the Commission to the Council. In that event, the Commission may defer application of the measures which it has adopted for not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within one month.

Article 31

The Committee may consider any other question referred to it by its Chairman either on his own initiative or at the request of a representative of a Member State.

Article 32

The Member States shall provide the Commission with the information it requires to implement this Regulation, in particular concerning:

- measures taken to apply and check common quality standards;

- producers' organizations;
- the content and implementation of the regional framework programmes for bananas;
- provisions for the management of any compensatory aid;
- lists of importers;
- data on production and prices;
- quantities of Community, traditional ACP, non-traditional ACP and third country bananas marketed in their territory;
- forecasts of production and consumption in the following year.

Article 33

If specific measures are required to assist the transition from arrangements existing before the entry into force of this Regulation to those laid down by this Regulation, and in particular to overcome difficulties of a sensitive nature, the Commission, acting in accordance with the procedure laid down in Article 30, shall take any transitional measures it judges necessary.

Article 34

In Article 1(1) of Council Regulation (EEC) No 1319/85:

1. the second indent is replaced by the following:

"- inspection of the conformity with quality standards, or certain quality requirements

(a) of products listed in Annex II to Regulation (EEC) No 1035/72 which are withdrawn from the market in accordance with Articles 15 and 15a or bought in accordance with Articles 19 and 19a of that Regulation and

(b) products in the banana sector covered by Council Regulation (EEC) No /92.";

2. the fourth indent is replaced by:

"verification of the recording of the prices referred to in Articles 17 and 24 of Regulation (EEC) No 1035/72".

Article 35

The Commission shall report to the Council by 31 December 2001 on the operation of this Regulation and make proposals concerning the new arrangements to apply after 31 December 2002.

Article 36

This Regulation shall enter into force on 1 January 1993.

Done at Brussels,

For the Council

Financial Statement

Date :

1. BUDGET HEADING : Article 150		APPROPRIATIONS : ECU 832 million		
2. TITLE : Draft Council Regulation concerning the common organization of the market for the banana sector				
3. LEGAL BASIS : Articles 42 and 43 EEC				
4. AIMS : Introduction of a common organization of the banana market				
5. FINANCIAL IMPLICATIONS	PERIOD OF 12 MONTHS	CURRENT FINANCIAL YEAR (1992)	FOLLOWING FINANCIAL YEAR (1993)	
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET (INTERVENTIONS)	+ ECU 184 million	-	+ ECU 94.3 million	
5.1 REVENUE - OWN RESOURCES OF THE EC (CUSTOMS DUTIES)	+ ECU 111.8 million	-	+ ECU 111.8 million	
	1994	1995	1996	1997
5.0.1 ESTIMATED EXPENDITURE	+ ECU 186.9 m	+ ECU 184.7 m	+ ECU 184 m	
5.1.1 ESTIMATED REVENUE	+ ECU 111.8 m	+ ECU 111.8 m	+ ECU 111.8 m	
5.2 METHOD OF CALCULATION See annex				
6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET ?				YES
6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET ?				YES
6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY ?				NO
6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY ?				YES
COMMENTS :				
The 1993 preliminary draft budget contains no appropriations for this measure. A special financial statement for the structural aspects is annexed.				

ANNEX TO THE FINANCIAL STATEMENTA. EXPENDITURE UNDER THE EAGGF GUARANTEE SECTION1. Premium for discontinuation of banana production (Article 13)

It is assumed that 5% of banana plantations (about 1 200 hectares) will receive this aid.

Assuming that aid amounts to ECU 1 000 per hectare, expenditure will total ECU 1 000/ha x 1 200 ha x 1.145 (DR) = ECU 1.4 million, or ECU 700 000 for each of the two marketing years 1993 and 1994.

Expenditure will fall in the financial year following the grubbing up, i.e. ECU 700 000 in 1994 and ECU 700 000 in 1995.

2. Compensation (Article 12)¹

- It is assumed that the average weighted price of Community bananas is ECU 723 per tonne.

The average weighted cost of transport is assumed to be ECU 188 per tonne and the average cost FOB of bananas is estimated at ECU 38 per tonne.

Flat-rate reference income (para. 4) is $723 - 188 - 38 = \text{ECU } 497$ per tonne (a).

It is assumed that the reduction provided for in para. 4 will not be applied during the first marketing years.

- The average price of bananas in the Community after introduction of the market organization may be estimated from the CIF price of dollar zone bananas in Belgium, the Netherlands, Ireland and Denmark, the Member States with no special arrangements. This recently stood at ECU 414 per tonne.

Once customs duties of 20% have been added, the price on the Community market is therefore $414 \times 1.2 = \text{ECU } 497$ per tonne.

The average production income referred to in para. 5 is $497 - 188 - 38 = \text{ECU } 271$ per tonne (b).

- The compensatory payment is the difference between (a) and (b): $497 - 271 = \text{ECU } 226$ per tonne.

¹ All calculations are in budgetary ecus.

Community production is 854 000 tonnes, of which 20 000 tonnes will be removed through grubbing up during each of the first two years. The cost will be:

1993: 834 000 tonnes x ECU 226 per tonne = ECU 188.5 million
 1994: 814 000 tonnes x ECU 226 per tonne = ECU 184.0 million

It is presumed that the aid will not be modulated as provided for in para. 6.

3. Summary of expenditure

Assuming that the advance provided for in Article¹² (7) is paid at the rate of 50%, expenditure may be broken down as follows:

ECU million (budgetary)

	1993	1994	1995	1996
Discontinuation of production (Art.13)	-	0.7	0.7	p.m.
Compensatory aid (Article 12)				
1993	94.3	94.2	p.m.	-
1994	-	92.0	92.0	p.m.
1995	-	-	92.0	92.0
1996	-	-	-	92.0
TOTAL	94.3	186.9	184.7	184.0

B. ADDITIONAL REVENUE

In 1991 a quota of 1.35 million tonnes of bananas at zero duty was granted.

In future this quantity too will be subject to duty at 20%. The average CIF price of imported bananas is ECU 414 per tonne (see the second indent of A (2)).

1 350 000 tonnes x ECU 414 per tonne x 20% = ECU 111.8 million.

34 bis

FINANCIAL STATEMENT

concerning the
Draft Council Regulation concerning the common organization of
the market for the banana sector

1. Budget heading (1993 nomenclature)

B2-100 : (Compulsory expenditure, differentiated appropriations) Specific structural measures directly related to market policy and outdated measures (Non-compulsory expenditure, differentiated appropriations)

B2-1010 : (Non-compulsory expenditure, differentiated appropriations) CSF - Objective 1

2. Legal basis : Articles 42 and 43 EEC.

3. Description of the measure :

Encouragement of the formation of producers' organizations by granting aid for the preparation of programmes designed to:

- apply a quality and marketing strategy;
- improve the utilization of resources from an environmental point of view;
- improve competitiveness.

4. Type of expenditure : Part-financing of eligible expenditure subject to the limits laid down by Article 13 of Regulation (EEC) No 2052/88.

5. Financial impact on intervention appropriations :

<u>Year</u>	<u>Commitment and payment appropriations</u> (ECU million)
1992	-
1993	-
1994	p.m.
1995	p.m.
1996	p.m.
1997	p.m.

NOTE:

The nature of the measures to be financed means that no expenditure will be incurred until 1994.

These measures will be implemented in accordance with the rules on the structural Funds. Since this is expenditure for the Objective 1 regions, it will be financed from new allocations to be granted to the regions concerned for 1994/97.

The amount of finance, which will be very small under Regulation No

34ter

1035/72, depends on factors such as specific conditions which have yet to be determined and the priority they receive

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