

CMO Banana

Estimate of 2001 compensatory aid

2000 was characterised by an explosion of compensation for loss of income paid to community banana producers but our figures indicate that there should be a return to more normal levels in 2001. The excellent European banana market in 2001 and the reduction of the volumes of European bananas marketed account for final aid estimated to be 30 percent down on 2000 to approximately 200 million euros.

Well known to growers of trees crops, the alternate bearing phenomenon (in which a year with low yields follows a year with a bumper crop) affects community banana producers. It is not an agricultural phenomenon in this case but concerns compensation for loss of income. According to our forecasts, the final aid figure for 2001 should be within a range running from EUR 230 to EUR 280 per tonne, i.e. EUR 200 million. This is 30 percent less than in 2000, a record year (cf. *Fruitrop* 81, June 2001, pages 2 and 3).

This system set up in 1993 for the benefit of European producers compensates the loss of income that they have suffered since the advent of the common market organisation (CMO) of bananas and its corollary, the fall in the selling price of their bananas on the European market. This compensatory aid covers the gap between the flat-rate reference income (comparable to the average European production cost) and the average income from production.

The budget allocated by the EU for this aid varies from EUR 120 to EUR 300 million according to the year. The amount varies in the light of two parameters: the intensity of aid and the volume of community bananas for which aid is allocated. The intensity of aid becomes stronger when the selling price of European bananas is low. The year 2000 should be classified among the extreme years from every point of view. The average production income had reached a floor (EUR 257.40 per tonne) and the volume for which aid was provided reached

a peak (782 176 tonnes). European producers only did better in 1997 when 810 537 tonnes of fruits were marketed.

Volumes down, prices up

According to our calculations, while awaiting confirmation from the Commission authorities, 2001 will be an average year for volumes (approximately 735 000 tonnes) and very satisfactory for the sale of European production on EU-15 markets (average weight price expiring facilities between EUR 370 and EUR 400 per tonne). 2001 is thus comparable to 1996, 1997 and 1998 (cf. figure).

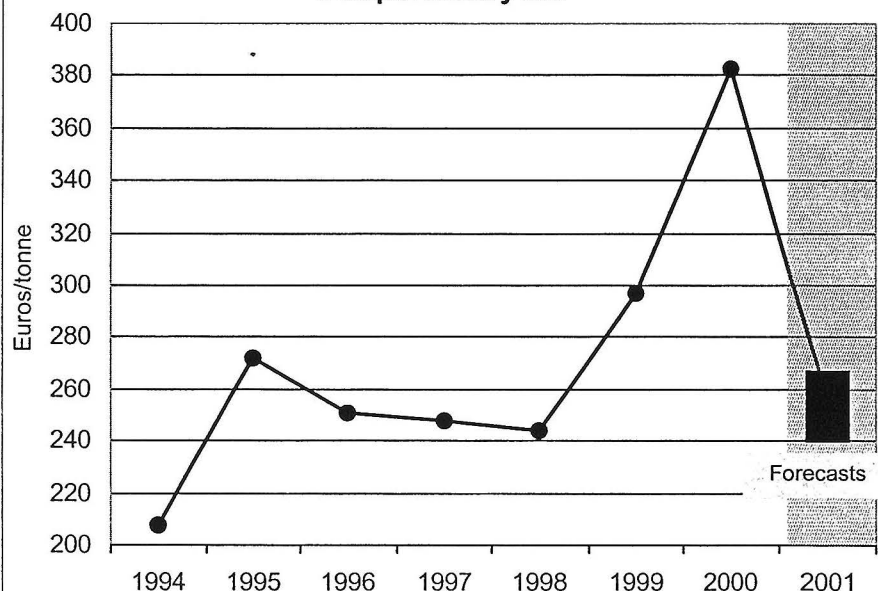
Apart from those in Guadeloupe (+ 4 percent), all community producers reduced their volumes: Canary Islands (-3 percent),

Martinique (-13 percent) and Madeira (-15 percent). The latter origin is in fact in great difficulty; the area devoted to bananas decreased from 1 400 to less than 900 hectares (-36 %) in less than a year (cf. page 3).

The final official 2001 figure for aid will be known by the end of May and make it possible to determine the balance to be paid to producers. This is the difference between the advance paid every two months calculated on the basis of 60 percent of the final aid for 2000, that is to say EUR 230 per tonne and the final aid for 2001. It can already be forecast that the balance to be paid will be small, in the order of a few tens of euros ■

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Compensatory aid



Source: European Commission (94-00), *Fruitrop* (forecasts 2001)