

CMO Banana

2001 compensatory aid: low tide

After the shock of 2000, the final amount of compensatory aid paid to European banana producers has 'returned to normal' with EUR 210 million for production totalling 767 000 tonnes and aid per tonne of EUR 283.6 (not counting supplementary aid), that is to say a reduction of nearly EUR 100 in comparison with 2000.

On 15 May, the Management Committee unanimously approved the final level of compensation for loss of income in 2001. As expected (*Fruitrop* 89), the level will be moderate. The overall budget is EUR 219 million, down by 83 million (-27%) in comparison with 2000, a disastrous year for the international banana market.

Aid for 2001 has been set at EUR 283.6 per tonne, a decrease of nearly EUR 100 per tonne (-26%) in comparison with 2000. It is slightly lower than that paid in 1999 (EUR 297). One of the features of the 2001 operation is the closeness of the

origins. The average values of community bananas on the European market are similar, except for fruits from Madeira and Greece. The difference between the best-selling origin, Guadeloupe, and that with the poorest performance, Martinique, is EUR 5 per tonne in comparison with nearly EUR 70 in 2000! It is interesting to note that Guadeloupe is the origin with the best sales on the European market for the first time since the setting up of the CMO banana in 1993.

Madeira was awarded supplementary aid that can henceforth be considered as traditional, as it has been paid

eight times in nine years. In spite of a good year for banana sales, the situation is still very difficult for Madeira bananas. The supplementary aid of EUR 80 per tonne is by far the highest ever awarded to Portugal (see figure).

The total volume of community bananas sold was practically stable (-2%), but this is not the case when shipments are examined zone by zone. Canary Island shipments exceed the 420 000-tonne mark again. Spanish production is reaching the limit allowed for the producer region defined in 1993. Martinique production fell by 14% to 234 000 tonnes but is still way above its individual quota. Madeira lost ground once again (-8%) and is just above the 20 000 tonnes that can be marketed. Guadeloupe showed great stability, with shipments remaining at slightly under 90 000 tonnes.

Guadeloupe: top of the class

Finally, the net incomes are practically identical for the Canaries, Guadeloupe and Martinique, the three large zones (see table). This has not always been the case. For example, for 2000, adding the selling price, compensatory aid and supplementary aid gave Canary Island producers EUR 666 per tonne in comparison with EUR 617 in Guadeloupe. The range is very narrow this year. The recurrent theme of the regionalisation of aid—with loss of income no longer calculated on the basis of an average European income but determined according to the income in each production region—will be absent from discussions this time.

Another subject that will be glossed over this year is the very existence of this compensatory aid, at least in its present form. The comparatively low level of aid for 2001 means that the discussion will be postponed.



Canary Islands
Open field and
greenhouse banana
plantation on the
coast

T. Lescot

M. Dorel



Guadeloupe
Highland banana
plantation

However, given the agitation caused by the determination of aid for 2000, this point should be considered. Indeed, the total budget allocated for supporting the incomes of European producers rocketed, loud criticism was made and banana producers were accused of grabbing a fifth of the European support funds for the entire fruit and vegetables sector. Opponents stressed the very high level of aid, which in some regions was as much as twice the selling price of fruits in Europe. All this made it increasingly difficult to justify such aid during a period of general reduction of support for producers and a pared down European budget. The

'reasonable' character of 2001 aid should not hide the debate.

The end of the Canary Island paradox?

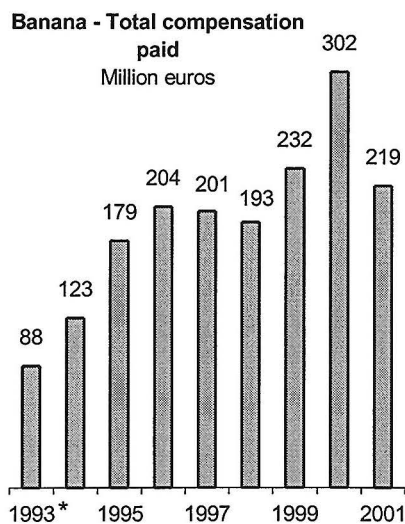
The medium-term future seems quite rosy. The banana markets have held their own for the first five months of 2002. If the traditional summer degradation is not too marked, aid should be moderate once again. This optimism is tempered however. The French origins sometimes found it difficult to follow the high price levels at the beginning of the year. But this is

nothing in comparison with the Canary Islands, which are seeing their sole market—Spain—slipping away. The Canary Island dogma that holds that a banana with poor appearance but with a Canaries label will always replace a dollar banana with perfect appearance does not seem to hold any more. The movement of wholesale prices (see figure) is unfavourable for Canary Island bananas and might weigh heavily in the final calculation of 2002 aid ■

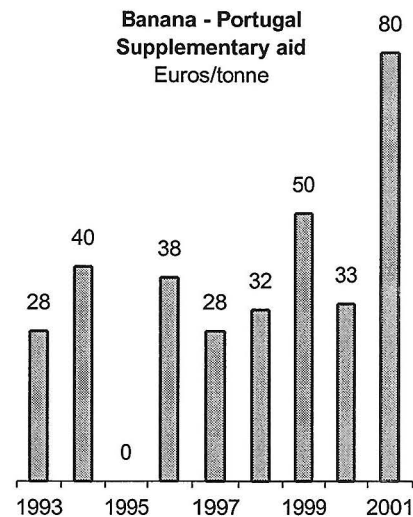
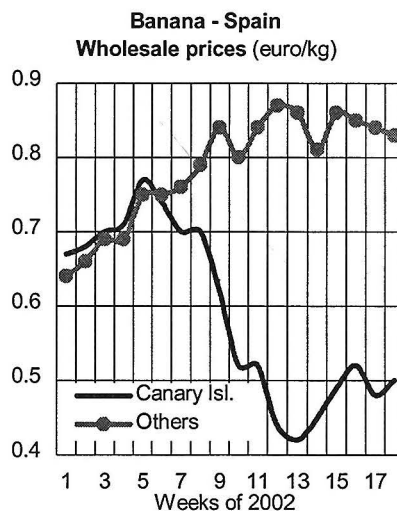
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Compensatory aid — Balance 1993/2001			
Euros/tonne	Value of EU production	Compensatory aid (excl. supplement)	Flat-rate reference income
6 months of 93	297.0	295.9	592.9
1994	385.5	207.4	592.9
1995	321.3	271.6	592.9
1996	302.4	290.5	592.9
1997	344.8	248.1	592.9
1998	378.3	244.2	622.5
1999	343.4	296.9	640.3
2000	257.4	382.9	640.3
2001	356.7	283.6	640.3

Banana — 2001 — Net income by region				
Euros/tonne	Selling price	Aid	Supplement	Net income
Greece	486.40	283.60	0	770.00
Canaries	358.70	283.60	0	642.30
Madeira	250.10	283.60	80.00	613.70
Guadeloupe	364.00	283.60	0	647.60
Martinique	358.30	283.60	0	641.90
EU	356.70	285.71		642.41
Net income = selling price + compensatory aid + supplement				



*: 6 months of 1993



1994/2001 — Community bananas sold									
Tonnes	1994	1995	1996	1997	1998	1999	2000	2001	Guide quantity
Canaries	321 555	369 387	345 943	403 999	437 414	362 188	397 578	420 919	420 000
Martinique	151 965	188 073	249 733	277 013	240 499	258 501	271 269	233 716	219 000
Guadeloupe	82 165	63 207	60 919	97 734	74 294	83 508	87 592	89 042	150 000
Madeira	25 866	34 401	24 203	27 890	30 436	21 770	22 461	20 682	50 000
Greece	3 071	3 138	3 807	3 901	3 589	3 336	3 276	2 909	15 000
Total	584 622	658 206	684 605	810 537	786 232	729 303	782 176	767 268	854 000