

CMO Banana

The real negotiations are only just beginning

A 'happy end' for banana problems does not yet figure on the agenda. Although some journalists announced it in the days following the meeting of the European Council of Ministers of Agriculture on 19 December 2000, the reform of the common market organisation of banana (CMOB) has not yet been completed.

The ministers approved the European Commission's proposal made last October (cf. **Fruitrop** 73 — October 2000 — pages 20 and 21) and set 1 April, or 1 July 2001 at the latest, for the coming into force of the regulation, but the text is at the least imprecise on the subject of the management of tariff quotas.

In addition to the distribution method, the Council has taken a number of decisions setting the outline of the coming CMOB:

- the notion of import quotas has finally been confirmed, together with the levels of the three quotas;
- official elimination of the specific ACP quota and the distribution between the main dollar suppliers in the two other quotas;
- duty levels were set (considered high by some suppliers);
- tariff preference for ACP countries has been recognised.

There remains the thorny problem of quota management. Article 19 of the official text states that the management of tariff quotas can be performed by the application of the method based on allowance for traditional trade flows (using the 'traditional operators/newcomers' method) **and/or** other methods. Among these, the 'first come first served' method comes to mind. This has been the subject of much comment in professional circles but is not mentioned in the text. One of the methods likely to be chosen by the Commission is that of quota distribution among operators on the basis of historic references. This method is being requested vociferously, especially by the transnational

company Chiquita. The viability of the method resides in the ability of all the parties concerned by the subject to be able to come to an agreement on ① the reference period, ② the definition of 'commercial operator' (a very tricky question) and ③ the quantitative distribution of quotas among traditional operators and newcomers. If a consensus of opinion is not reached rapidly, there is a danger that the Commission may set up another management method.

In short, it remains for Chiquita, which has joined a number of Latin American suppliers and is increasing pressure on the new US administration, to reach an agreement with Ecuador, the only dollar origin still hostile to historic references at this stage.

With regard to community producers, the member states concerned have obtained a revision of the system of payment of compensatory aid and the performance of a study of the impact of the new CMOB on their industries. Statements are still vague on the subject of natural catastrophes, but it appears to be understood that the Commission will consider ways of helping banana producers to face the situations resulting from natural catastrophes within the framework of appropriate support measures.

Finally, the question of the coming into force of a tariff only system in 2006 at the latest will obligatorily be examined by the European Council of Ministers. A new battle will then begin ■

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Regulation voted on 19 December 2000 by the Council of Ministers of Agriculture

	Bound tariff quota			Above quota
	A	B	C	
Quantity (tonnes)	2 200 000	353 000	850 000	Without limits to quantity
Open to...	Third countries including ACP			
Customs duty	€75 per t: third countries excluding ACP €0 per t: ACP		€300 per t (*): third countries excluding ACP €0 per t: ACP (*): reduction possible at all times	€680 per t: third countries excluding ACP €380 per t: ACP
Change	Fixed	The quota can be increased in two cases: • increased consumption, • supply affected by exceptional circumstances.	Fixed	-
Quota management system	Traditional/newcomers, 'First come, first served', etc.			-