Reform of CMO banana

ACP operator seeks import certificates...

The implementation of Phase II of the 2001 USA-Europe agreement on banana has been the subject of very fierce negotiations. Lobbying by the Dominican Republic, non-traditional ACP sector operators and Fyffes, the historical British operator, has been very effective. The main losers are African integrated production and import chains. They will have to purchase import certificates in order to continue to ship most of the production to the EU.

The implementation of Phase II of the reform of the common market organisation (CMO) of banana following the agreements between the European Commission and the United States strongly mobilised the ACP part of the banana world. As everything had been settled for months for operators and dollar origins, it remained to be decided what type of operator would receive the keys for importing C quota bananas from the 15 or so ACP countries making regular shipments to the European Union market.

The distribution between the different types of European operators was all the more strategic as the C quota (750 000 t), now reserved for ACP origins alone, had been reduced by 100 000 t (privileged but not exclusive access for ACP countries) and by 107 700 t in comparison with the traditional ACP quota applied from July 1993 to June 2001. Claiming to follow both the spirit and the letter of the CMO banana, the European Commission proposed a distribution among operators that would make it possible to conserve traditional ACP flows without closing the market to new operators.

Using a simple calculation based on imports of ACP bananas from 1999 to 2001 by traditional operators in the sector (Fyffes, Compagnie Fruitière, Simba, etc.), the European Commission showed that these operators had not used their import certificates to 100 percent. It therefore proposed to allocate 89 percent of the C quota to the traditional operators and the remaining 11 percent to the non-traditional operators.

This calculation was not acceptable for traditional operators and especially those importing African bananas as they considered it to be an oversimplification. If they had not used their allowance to the full at the time, this was in no case the result of a lack of goods but more because of unstable European regulations (reform of 1 January 1999). Indeed, it encouraged in particular these companies to associate with 'newcomers' to ship the African tonnages in full.

The Dominican Republic confuses the issue

The European Commission—always stuck between various pressure groups and the official positions of the EU member-states—had a difficult position to maintain. In the influence game, the Dominican Republic should be congratulated as it made the most of its advantages on all fronts (both economic and diplomatic). It showed and explained its concern that the European companies selling its products might not have enough import certificates on the pretext that they would not be considered as traditional operators. Relayed to the member-states and the Commission by these enterprises, its position naturally won the day. This strong attitude benefited from a certain lifelessness on the part of the defenders of more favourable distribution among traditional operators. In the spite of the adoption at a late date of a position in their favour by the United Kingdom, followed a shade less vigorously by France, the distribution should not undergo any further change: 89 percent (667 500 t) for traditional operators and 11 percent (82 500 t) for non-traditional operators.

The demands made by the Dominican Republic appeared all the more unacceptable to African operators since the rights generated in 1994 to 1996, thanks to imports of their bananas, were included in the references of A and B quota traditional operators (see box). This comes down to transferring the tonnage to the C quota while maintaining references giving the right to third-countries import certificates in the A and B quotas.

African ACP origins were not yet out of the wood since the reference period used in the calculation of the quantities allocated to traditional operators (the average for 1994 to 1996) was extremely unfavourable. Questioned on the subject by France, the European Commission undertook to examine the question of a change of reference period.

Indeed, Caribbean ACP countries were performing well at the time while the African ACP countries were getting under way (cf. ***FruiTrop*** 80, May 2001). Since then, the African origins have increased their exports to the EU by more than 60 000 t while the other ACP have reduced theirs by 55 000 t. Finally, the historical operators of the Caribbean ACP sectors, and mainly Fyffes, hold more import certificates than they can match with bananas. The situation for operators in the African sector is the exact opposite. This is how the much-criticised 'paper banana' market has been rehabilitated.

The ACP brain-teaser is in position (cf. figure). It comes down to fitting 756 808 t (data for 2000) in space large enough for 750 000 t while disconnecting the import rights system from the true holders of produce. ACP bananas must therefore be imported in A and B quotas and it is up to them to achieve competitiveness comparable to that of dollar bananas ■

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ACP: the Long March

1 July 1993: an individualised share of an 857 700 t quota is allocated to 12 traditional ACP countries. Transfer between ACPs is forbidden. Possibility of exporting over-quota quantities on the third country tariff quota.

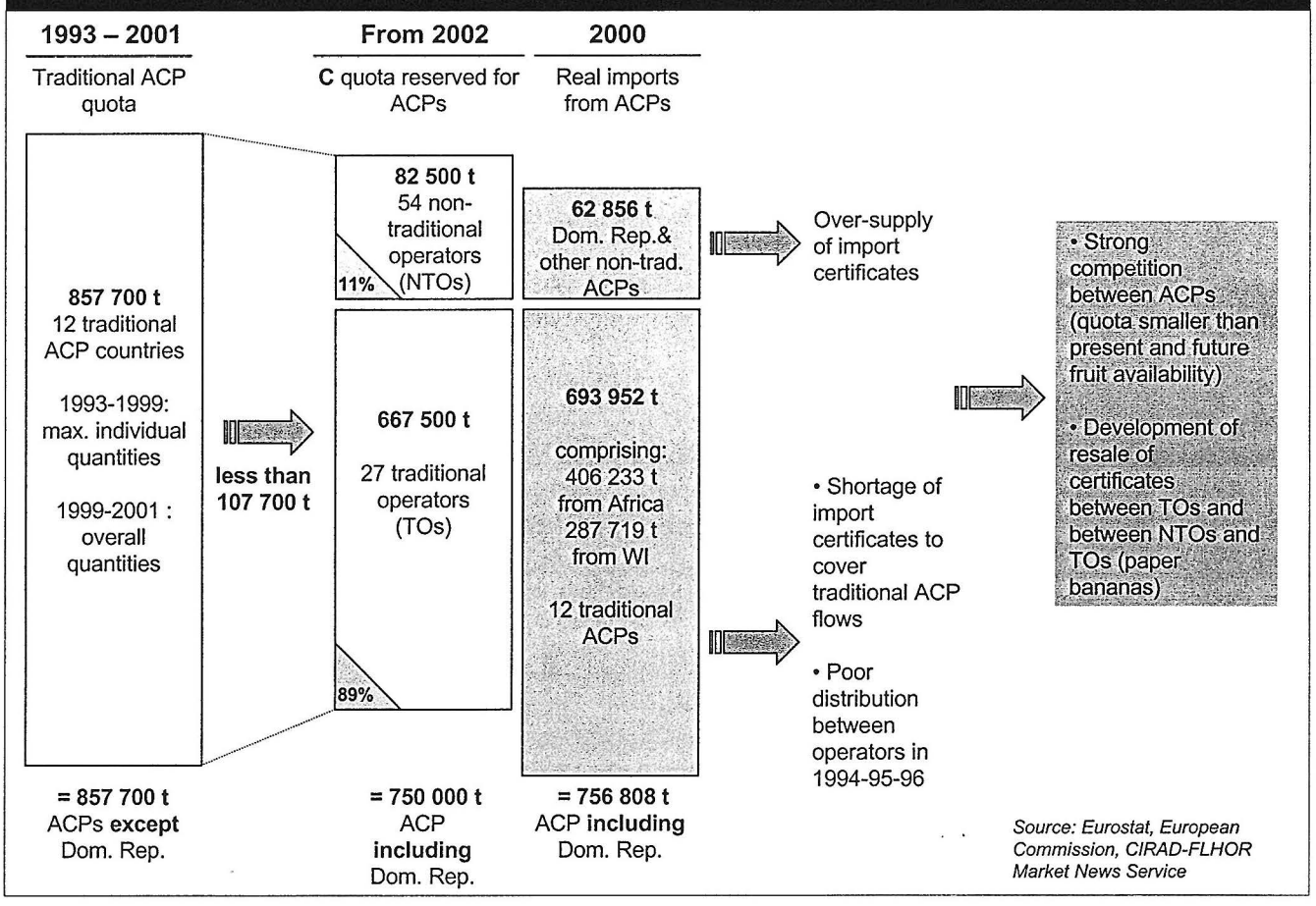
1 January 1995: the Marrakesh Agreements are implemented. Transfer is still forbidden. The possibility of exporting on the tariff quota is limited to 90 000 t, with 55 000 t of this reserved for the Dominican Republic.

1 January 1999: transfer of unused traditional ACP quantities authorised.

1 January 2001: transfer authorised. The 850 000 t C quota opened to third countries and ACP states. Tariff advantage for ACPs in this quota.

1 January 2002: C quota reduced to 750 000 t, for ACPs in the broad sense, including the Dominican Republic.

ACP PHASE II: ON A DIET



Source: Eurostat, European Commission, CIRAD-FLHOR Market News Service

Dominican Republic: the special case of CMO banana

World leader on organic banana and fair trade market, the Dominican Republic exported 60 000 tonnes of bananas to the EU in 2000. This figure was exceeded in 2001 in only 9 months. It exports 6 000 to 11 000 tonnes of bananas per year to the United States. According to professional sources, the 100 000-tonne mark was exceeded in 2001. This origin became an ACP banana supplier by virtue of the banana compromise signed on the occasion of the Marrakesh agreements and which came into force in 1995. It benefited from ACP status (exemption from customs dues) but imported on the 'dollar' tariff quotas. In the present reform, this origin will receive the same treatment as its ACP colleagues. Dominican Republic bananas will be imported on the A, B or C quotas.

DOMINICAN REPUBLIC — MAIN BANANA EXPORTERS

Exporters	Exports 2001 Estimates (tonnes)	Production zone	Shipping company	Main operators and destination countries (*)
Savid Dominicana	50 000	85% in the north 15% in the south	Geest (for the north) Cool Carriers (Sto Do)	**UK:** Pratt's, Jamaican Producer (JP), Mack, Fyffes **Germany:** Savid Europe, Rewe **France:** Pomona, Pronatura **Switzerland:** Migros, Coop **Norway:** Bama **Sweden:** Saba **Japan:** Takanaga, Fruitnet (Japan) **USA and Europe:** Dole
Camelia	12 000	100% in the north	Cool Carriers (Sto Do)	**UK:** Pratt's, Mack
Plantaciones del Norte	20 000	100% in the north	Cool Carriers,Costa Containers (Sto Do)	**UK:** Keelings **Italy:** Delta Fruta **Germany:** Cobana **USA:** Chiquita
Ecofair	2 000	100% in the north	Cool Carriers (Sto Do)	**Netherlands:** Trabana
Caribbean fruit	2 000	100% in the north	Cool Carriers (Sto Do)	**Germany:** Cobana

Note: Sto Do - Santo Domingo / (*): situation at the beginning of 2002 / Professional sources