

**LIST OF DOCUMENTS IDENTIFIED BY THE UNIT C.2 OF DG AGRI FOR THE
REQUEST OF ACCESS TO DOCUMENTS No Gestdem 2012-4689 – Reform of the
CMO in fruit and vegetables (Point 9 in the request)**

No	<i>Title/kind (email, note) of document</i>	<i>Author of document</i>	<i>Date of document</i>	<i>AGRI decision Ex. Give access, Refuse, Consult MS</i>	<i>Comment or justification in case of refusal</i>
1	Memorandum of the Netherlands on the reform of the CMO for fruit and vegetables and bananas Adonis A/12923/06	Dutch Agriculture Ministry	26.04.2006	Give access if Author gives his approval	
2	Letter to Ms Lobillo, DG AGR.C.2 Adonis A/20566/06	DPA Dutch Produce Association	04.07.2006	Give access if Author gives his approval	DPA Postbus 2031 2990 DA Barendrecht Tél: +31 180 65 50 20 E-mail: a.klaassen@thegreenery.com

04 MAI 2006 /VI/

12923

Memorandum of The Netherlands on the reform of the CMO for fruit and vegetables and bananas



Landbouw, natuur en
voedselkwaliteit

General

1. The reform of the CMO for fruit and vegetables of 1996 ~~has led to positive developments~~ in the sector. As explained in the conclusions to the Dutch presidency of 2004, we support the intention of the Commission to update the **market organization regulations for fresh fruit and vegetables** and to give them a more market-oriented focus.
2. The **market regulations for processed fruit and vegetables and citrus fruit** must be fundamentally reviewed and revised with the aim of increasing competitiveness in the relevant sectors.
3. The available budget must be used increasingly to invest in **forward-looking measures**, in particular to promote:
 - production and marketing structures
 - production from the point of view of quality and quantity
 - environmental measures
 - (cross-border) cooperation and mergers between producer organizations
4. **The following fundamental aspects** must be consistently taken into account:
 - simplification of the Common Market Organization
 - legal certainty
 - competitive neutrality
 - the interests of producer organizations

CMO for fruit and vegetables (fresh)

5. Producer organizations should be designed to be more attractive to producers. We therefore support options for **greater flexibility in producer organizations**. It is desirable that the Commission looks at possibilities to stimulate **transnational co-operation** and to improve co-operation between market players in different Member States.
6. Clear regulations to prevent the distortion of competition and to keep the administrative costs as low as possible are desirable. In particular **explicit regulations** must be introduced for
 - = cross-border producer organizations
 - = merging producer organizations
 - = cooperation between authorities on checks
7. From our perspective the current instruments of the Common Market Organization for fruit and vegetables already offer positive opportunities for minimizing risks. For this reason the instrument of market intervention should be further restricted. It should only be possible for it to be used for withdrawals by the producer organization in the context of the operational funds. **The introduction of new "crisis management systems", even if they are financed or co-financed by the EU, will therefore encounter reservations.**

We would only consider possible measures related to crisis management systems if the following conditions are fulfilled:

- competitive neutrality
 - WTO compatibility
 - **budget neutrality**
8. An **increase in the scope of the CMO for fruit and vegetables to include culinary herbs and sweet corn** is a major concern of producer organizations with regard to a more market-oriented offering.
 9. The **marketing standards** for fruit and vegetables should be reviewed to determine whether they are necessary and, where appropriate, should be abolished. The standards that need to be retained should be made simpler.
 10. The **financial framework** for the CMO for fruit and vegetables (fresh) – Commission Regulation (EC) no. 2200/1996 – must be retained. The upper ceiling for the financial assistance to producer organizations should remain at 4,1% of the value of the marketed production (VMP).
 11. Market organization instruments such as **export refunds and the entry price system must be negotiated at WTO level**. The results must be implemented with care.

II CMO for processed fruit and vegetables and citrus fruit

12. The market regulations for processed fruit and vegetables and citrus fruit must be reviewed with the aim of a **long-term reduction in expenditure**.
13. On the basis of the objectives and instruments specified in the CAP reform of 2003 and in a similar way to other important agricultural products, **decoupling should be seriously investigated as an alternative** to the current system of processing subsidies.

III Bananas

We took note of the Commission's document: **Towards a reform of the internal aspects of the Common Organisation of the Market in Bananas**. We are still of the opinion that the compensatory aid for bananas should be decoupled as it is the case in other sectors. Furthermore, The Netherlands are of the opinion that a production aid of over € 10.000 per ha. cannot be explained anymore to the European citizens and (also) for this reason this aid level has to be decreased. Although, from a pragmatic point of view, we do have the feeling that from the four options mentioned, the POSEI-option is the most realistic. However, we do have seriously doubts about the management of the budget. We therefore are of the opinion that a transfer of the banana-budget to the POSEI-budget must be coupled and combined with instruments and guarantees to realise a more effective expenditure of funds.

The Hague, 26 April 2006

Doc. 2. FV



Ms Cristina LOBILLO BORRERO
European Commission, DG AGRI,
130, rue de la Loi
B 1049 Brussels

11 JUL 2006 /VIA/

20566

Date : 4th July 2006
Reference : 06.254/AK/jc
Subject : Reaction on Consultation Document CMO

Dear Ms Lobillo Borrero

Dutch fruit and vegetable growers, represented by the Dutch Produce Association (DPA), have noted with interest the Consultation Document for Impact Assessment dated 18 May 2006.

You are inviting interested parties to reply to this document by 13 July 2006. We would very much like to make use of the opportunity to do so and have set out our answers below.

Our answers follow the order of the questions in the Consultation Document.

Section 2 Questions and problems

In general terms we endorse your analysis, particularly your point that producer organisations (POs) are the cornerstone of the CMO and that the diagnosis made at the time is still valid although it does require amendment in some areas.

We would like to comment on one or two points.

In 2.2. (Imbalance of the supply and distribution chain) you observe that the concentration of supply by producers is stagnating at between 30% and 40% rather than the 60% originally expected. The situation with regard to the level of organisation differs greatly from one country to the next. In some countries the level of organisation is as high as 80% - 90%, while in others it is between 10% and 20%. There is no in-depth analysis of what is causing these big discrepancies and the reasons why producers are not organising themselves into POs, even though such an analysis is needed in order to be able to formulate an opinion on reforming the regulation.

The fact that the 10 new Member States would have to become accustomed to the phenomenon of PO is understandable; however, big discrepancies can also be observed in the 'old' Member States.

This subject is also discussed in 2.3 (Limited appeal of the POs), although no satisfactory explanation is given here either.

In 2.4. (Links with the decoupling of support) you observe that decoupling is not part of the ISG's mandate. We endorse this point of view. However, we do not fully understand why there are suggestions for decoupling in Section 4.

In 2.7. (Short-term crises) you discuss the occurrence of crises. What is missing here is a look back into the past. Prior to 1996 crises were averted through massive intervention. This resulted in a situation that was no longer socially acceptable and that caused widespread environmental problems. These factors, coupled with the desire to start organising sales in a market-oriented way, led to the 1996 reforms.

What is missing from the analysis is a discussion of the changes in the production structure that will develop over the next few years. The production structure differs greatly from country to country, but over the next few years many producers will be ceasing production for various reasons. On the other hand, the remaining businesses will be changing their production structures and expanding their businesses. We will need a proper socio-economic and regional policy to support the businesses that will be pulling out. Although this subject does not strictly form part of the subject of the study, we need to pay attention to it if we are to be able to implement the necessary reforms.

Section 2.9. discusses working conditions. Working conditions and the associated rates of pay (labour costs for the producer) vary widely throughout the EU. This applies to all sectors, not specifically the fruit and vegetable sector.

Section 3. Aims of the Reform

No comments

Section 4. Options and themes studied

4.1.1. Producer Organisations

We are strongly in favour of the "Status quo" option. Producer organisations play an important role in implementing market policy and can respond quickly to developments in the market.

We are not in favour of transferring resources from the first pillar to the second, as proposed in the "Transfer" option.

With regard to the structural funds, we believe that these should also be available to members of the approved POs and that these POs should actually be able to make use of the structural funds, naturally avoiding double subsidies.

4.1.2. Inter-professional relations

This option is not used in the Netherlands.

4.1.3. Encourage cooperation with third country horticulturalists.

We are in favour of working together with producers and/or POs covered by the EDF or MEDA. It is important to intensify these contacts. This would then enable cooperation projects to be set up under the CMO regulation.

Products sold within this framework would also have to be identified as approved products.

4.2. Taking International commitments into account

It is not entirely clear whether this paragraph only relates to fruit and vegetables for the processing industry.

We are certainly not in favour of introducing "Area Aid" for **fresh** fruit and vegetables. This runs counter to the aims of the CMO regulation, namely to boost cooperation and sales of fruit and vegetables through approved producer organisations. We are therefore in favour of the "Status Quo" option for the fresh fruit and vegetable sector.

4.3. Prevent and overcome short-term crises.

The primary task of an approved PO is to pursue an active marketing policy. This entails taking steps to match production to demand. The PO can attempt to market its production using a wide range of marketing methods, sometimes even before planting. Large-scale campaigns on this topic are run with many POs.

Nonetheless, surpluses can still occur. In this situation in particular, the PO ought to be expected to seek out additional sales opportunities: for example in new markets, in the processing industry, in the form of assistance for the less well-off (food bank) or, if the worst came to the worst, intervening in the product.

A last option would be not to bring the product on to the market at all and to destroy it in situ.

It is not clear what is meant by a "crisis". This can be defined in innumerable ways. We believe that a crisis should be defined as a situation in which problems arise as a result of extreme weather conditions such as excessive rain, frost, hail or storms. In these conditions it can be advisable for producers to insure themselves against these crises through the PO, and for this insurance to be incorporated in the CMO action plan.

We therefore endorse the "Insurance" option.

4.4. Simplification of standards.

The quality standards must in principle be enforced as a minimum in the marketplace: it is important to be able to sell products that meet uniform standards. This simplifies the fruit and vegetable trade. However, it should not act as too much of a straitjacket: there must be scope for variations and flexibility in order to be able to respond to the market's wishes. We are increasingly seeing specific demand from the market for different qualities and packaging: the EU rules must not be restrictive in this regard. We are therefore in favour of "Co-regulation".

4.5. Promote consumption

It is important to promote the consumption of fruit and vegetables. We must therefore increase the scope for bringing product development and innovation under the CMO regulation. As such developments are extremely risky (both in terms of production and in the packaging and marketing phases), we propose increasing the subsidy opportunities to, say, 60%.

Besides the scope for promotion within the CMO regulation, it is important to reinforce the generic promotion fund so that there will be plenty of scope for promoting the consumption of fruit and vegetables; however, this should not be at the expense of the resources provided under the CMO.

4.6. Preserve the environment

It is already obligatory for a number of actions within the framework of the CMO to ultimately contribute towards environmentally-friendly production. However, we are not in favour of tightening this obligation even further: the more stringent European and national environmental legislation becomes, the more difficult it will be to meet these targets. This is because only environmental actions that go beyond the levels required by law can be included. We are therefore in favour of maintaining the status quo.

Other points

- Cooperation between POs must be intensified. We are therefore in favour of increasing the subsidy percentage on all actions taken within a PO from 50% to 60% in the event of cooperation and/or merger. In this situation, the maximum percentage of 4.1% would have to be increased for a limited number of years in order to make it effective. Cooperation in the chain is also becoming increasingly evident; we would have to examine whether the above can in fact be applied to such combinations;
- Some POs also cooperate internationally with individual producers. In this case too, joint projects should be eligible for a higher percentage, i.e. 60%, for a transitional period;
- Herbs for consumption such as basil, thyme, sage and sea lavender should also be included in the CMO.
- To promote the formation of POs in the new Member States, it would be advisable to provide them with an extra incentive: they should be given the opportunity to bring in experts from the EU 15 to help them set up POs and, in the early years, develop an Operational Programme;
- The administrative burdens for CMO are high. Audits are often duplicated; the OP can be checked anything up to 7 times. This is unnecessary and the audit procedure needs to be simplified. Because of the recent introduction of the new penalty system (2003), discipline among POs has increased even further and we could quite safely manage with fewer inspections. The attractiveness of becoming a member of a PO is influenced by the PO's general overheads and in particular CMO management expenses (administrative burden, personnel costs). Increasing the scope for paying fixed costs makes a PO more attractive. We therefore propose increasing the percentage of fixed costs from 2% to 5%;
- Regulation 220/96 states that the PO must submit its annual report no later than 31 January after the end of the OP year. This period is very short; we therefore propose extending this deadline to 1 March.

With kind regards,
Dutch Produce Association

A.J.M. Klaassen,
Secretary

**LIST OF DOCUMENTS IDENTIFIED BY THE UNIT C.2 OF DG AGRI FOR THE
REQUEST OF ACCESS TO DOCUMENTS No Gestdem 2012-4690 – Reform of the
banana regime: working options (point 10 in the request)**

No	<i>Title/kind (email, note) of document</i>	<i>Author of document</i>	<i>Date of document</i>	<i>AGRI decision Ex. Give access, Refuse, Consult MS</i>	<i>Comment or justification in case of refusal</i>
1	Letter to Commissioner Fischer Boel. Adonis A/16055/06	COPA- COGECA Committee of Professional Agricultural Organisations in the EU General Confederation of the Agricultural Co-operatives in the EU	18.05.2006	Give access if Author gives his approval	Copa-Cogeca Rue de Trèves, 61 1040 – Bruxelles Tél:32 2 287 27 11
2	Input into EC consultation of the impact analysis steering group (G drive)	EUROBAN	05.05.2006	Give access if Author gives his approval	EUROBAN Secretariat 17 Lower Camden Street Dublin 2, Ireland Tel/Fax (+353) 1 475 3515 E-mail: euroban@pobox.com
3	Memorandum of the Netherlands on the reform of the CMO for fruit and vegetables and bananas Adonis A/12923/06	Dutch Agriculture Ministry	26.04.2006	Give access if Author gives his approval	



Committee of Professional Agricultural Organisations in the EU
General Confederation of Agricultural Co-operatives in the EU

FL(06)122L1 - DDJ/PJ

Mrs Mariann FISCHER BOEL
Member of the European Commission
200, rue de la Loi
B - 1049 Brussels

Brussels, 18 May 2006

Regulation (EEC) n° 404/93 on the Common Organisation of the Market in Bananas

Dear Madam,

The introduction of a new EU import scheme for bananas based on a reduced tariff only without any quantitative restriction could increasingly expose EU banana producers to growing imports and to world market fluctuations.

This situation could bring production to a halt in certain EU regions where there are hardly any alternatives to agricultural production on the one hand, and increase the risk of market crises in the fruit sector as a result of the substitution of consumption of fruits such as apples, citrus fruit, grapes etc. by bananas that are cheaper and easier to consume.

COPA and COGECA are of the opinion that the current instruments of the CMO for bananas and, in particular, the compensatory aid and the complementary aids are generally satisfactory. They have taken note of the preoccupation of the European Commission concerning the stabilisation of the budget devoted to this CMO and the potential need to make the aid scheme compatible with the Doha Round.

Therefore, COPA and COGECA request the Commission to maintain the CMO for the banana sector and to proceed only with a number of necessary adjustments. They propose to adjust following provisions:

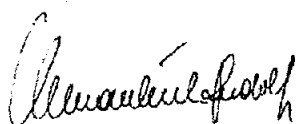
1. the compensatory aid and the complementary aids should be replaced by a Community banana producer support system hinging on the financial envelope and distributed amongst Member States, and based on 2000, the most favourable reference year for farmers;
2. an additional envelope should possibly be granted to each producer country when average regional prices were lower than in 2000 over a period of three years following the implementation of the new customs tariff, in order to take account of the impact of the tariff system only;
3. the "appropriate measures" laid down in Art. 23 should also apply when the Community market is severely disrupted not only by imports but also by climatic accidents;

Cab. FISCHER BOEL									
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4. the trade system with third countries should continue to contain mechanisms to follow up the market situation for bananas given the substitution of bananas by other fruits in the consumption pattern.

Moreover, the customs duties applied to banana imports have been significantly reduced in relation to the levels set at the end of the Uruguay Round. The customs duty currently stands at 176€/tonne. The European Commission must therefore make sure that this customs duty is maintained at the end of the Doha Round. Furthermore, the special safeguard clause must be maintained for bananas. It should be triggered when the average regional price is lower than the average price over the period 2001-2004.

Yours faithfully,



Mr Schwarzböck
President of COPA



Donal Cashman
President of COGECA

Cc: J.L. DEMARTY, R. MILDON, T. GARCIA AZCARATE, N. LEBESSIS, M. MINCH, R. NORRIS

EUROBAN input into EC consultation document of the impact analysis steering group

EUROBAN is a network of about 35 NGOs and trade unions in Europe working in close collaboration with banana workers' unions and small farmers' organisations in banana producing regions of Latin America, the Caribbean and West Africa.

EUROBAN's main objective is to work towards more sustainable practices in banana production and trade worldwide – sustainability from a social, economic and environmental perspective.

In April 2005, EUROBAN, IUF and its partners in Latin America, the US and the Caribbean organised a second international banana conference (IBC2) with representatives from all the major stakeholders in the industry: exporting and importing governments, producers from all the principal exporting countries, plantation trade unions, all major banana companies, retailers, international institutions (ILO, FAO and UNCTAD), and civil society organisations including fair trade, environmental, consumer and human right organisations

We wish to feed the following comments and documents into the consultation process. Most of the material is the outcome of discussions initiated at the conference.

This EUROBAN contribution concerns the series of "side topics" identified in the consultation paper:

- the potential for – and means to encourage – synergy EU and ACP producers in the same geographical region;
- the influence of the structure of marketing chains on source of supply and on competition in the European market;
- how to reduce the environmental impact of banana production;
- prospects for organic and fair trade bananas.

1. How to encourage synergies between EU and ACP producers in the same region?

We propose, as a matter of urgency, that the European Commission fund a programme of regular meetings between EU and other small producers in the Caribbean region, as well as support and promote producer-led programmes encouraging cooperation and exchanges among Caribbean producers aiming at:

sharing information and knowledge of new techniques and more sustainable production methods (including with the Dominican Republic on organic production methods);

learning from the marketing experiences of other producers,;

together look at how to increase their productivity and increase efficiencies whilst maintaining high labour standards and engaging in environmentally friendly production.

2. The influence of the structure of marketing chains on source of supply and on competition in the European market

a) In the banana industry, structural overproduction in the international market, coupled with the accelerated search for a cheap banana by big retailers and the consequent pressure on production and producers, is creating a situation of permanent crisis for the workers, producers and, increasingly, for the marketing companies. Downward pressures on buying prices have been – and will increasingly be – passed on to the men and women employed on plantations and in pack-houses, as well as to the smallest-scale producers. It has been directly responsible for the displacement by migrant and/or sub-contracted workers of permanent local jobs and has led to increased poverty in most banana exporting communities. It has also led to lower standards, exacting a heavy toll on societies in terms of health and environmental damage.

The shift of banana companies from “higher cost” countries and the expansion of banana production in “low cost” areas of West Africa and Latin America is putting further pressure on wages and working conditions worldwide, and is a significant factor in the spread of sub-contracting and labour migration. The pressure which some supermarket chains – mainly from the UK and Germany – have put on banana prices, in their efforts to compete with their rivals in national markets, is translating directly into

cuts in wages and benefits for plantation workers and the abandonment of plantations; for similar reasons, thousands of small producers in different countries have been forced into bankruptcy and more are forced into poverty as this inexorable "logic" is played out.

The elimination of EU banana import quotas has accelerated this 'race to the bottom' by exposing the highest cost producers such as Panama, Colombia or Costa Rica to fierce competition from countries whose disrespect of basic labour rights and low wages give them an unfair advantage in the market (e.g. Ecuador, Guatemala, Brazil). Much lower prices in the EU market are expected from May-June 2006 – if not, then from spring 2007 – when the effect of adverse climatic conditions will be offset by expanding exports from more and more sources. This is likely to lead to increased poverty in – and a new wave of migration from – the banana exporting regions.

European producers, including those in the overseas regions will not be spared. It will become increasingly difficult for European producers to compete in a quota-free environment, given their much higher costs of production and the planned reduction of CAP subsidies. The abandonment of farms will generate the same problems of migration – in this case to continental Europe.

No diversification scheme so far has proved that it can offer the same levels of employment and the same benefits for the local economies of these regions.

b) In the banana sector, the concentration of power at the top of the chain means that it is the retailer who is, in effect, increasingly setting the economic terms of trade with producers as well as the quality, environmental and (in some cases) social standards to which they must work if they want to keep their market outlets. All of these have social and environmental impacts at the production end of the supply chain. The substantial market shares held by the leading retailers have offered them increased ability to exercise abuses of their buyer power in their dealings with suppliers.

Increasing dependency of European and other producers on supermarkets is another issue that the European Commission should address. Producers everywhere are complaining that the price-cutting competition among retailers is increasingly undermining their ability to survive in the market, whilst reduced competition means they have no alternative but to accept whatever the large multiple retailers dictate the price to be. At the same time, the major food retailers have been leading 'banana price wars', advertising along the lines of "every day low price", "more for your money",

"good food costs less", "helping you spend less every day", etc.

It is a general principle that decent prices must be paid to farmers to guarantee a constant supply of good quality food produced under good environmental conditions.

If the reform of the CMOB favours decoupling, farmers' decisions will be influenced more by the signals coming from the retail sector in terms of price and demand. The support system that was part of the CAP will no longer provide the same safety-net. This will mean, on the one hand, that the multiples will be much more significant price-makers in the food chain than previously. A greater level of food imports into the Community will, on the other hand, tend to drive farm-gate prices downwards when world prices are low. If farmers are subject to falling incomes and increasing costs over an extended period of more than a few weeks, more farmers will go out of business. Such a development will lead to reduced banana production in Europe and social instability in its outermost regions. In the Eastern Caribbean, this bad situation is likely to be aggravated by the difficult economic situation facing the Windward Islands after the reform of the EU banana import regime and the ongoing erosion of their preferential access. It would also hinder the objective of maintaining and developing a living countryside in the Canary Islands, Martinique, Guadeloupe and Madeira.

...
The EC will be aware of the impact on Spanish and French banana markets of increased banana exports coming from Latin America since 1st January 2006. This impact is already displacing – and is likely to further displace – national production from these countries' overseas territories.

Another of the many impacts of the new import regime is that new vertically integrated fruit operators selling cheap Latin American fruit into the East and South of the EU-25 have demonstrated their potential to further undermine prices – and therefore, ultimately, standards – inside the EU-25 itself, especially if these companies start selling into an already saturated EU market. These are companies which have so far not felt any pressure to respect international labour standards in their supply chains

3. How to reduce the environmental impact of banana production

EUROBAN believes that looking just at environmental impact of banana production is not enough. To improve the sustainability of the banana production, the EC has to take into account the social and economic standards of production too. Health and safety

measures only tend to be effectively applied if a union is active on the plantation. Producers who do not receive a decent price for their boxes of bananas are not likely to pay decent wages nor can they ensure the safety and well being of the workers. They will tend to 'flexibilise' labour further and reduce the costs of the last remaining costs that can be reduced (labour) turning to migrant labour.

In the proposal "*Recycling EU banana tariff revenue*" – put together by the organisers of the International Banana Conference and forwarded to the relevant services of the European Commission at the end of March – we propose that the EU use the tariff revenue to (among many other things):

- Fund and implement research & development programmes to find effective measures for the prevention of occupational and environmental risk in banana production; and to implement education and empowerment programmes with workers in health, safety and environmental issues.

- Fund and implement research & development programmes to improve occupational health and safety and environmental impacts in banana production. Health and safety committees, trade union safety representatives and worker and farmer training and empowerment are essential for implementing improvements.

And more importantly to:

- Support financially and politically the creation of an international multi-stakeholder forum on bananas as a way of tackling the major social, economic and environmental issues in the industry. Participants in the second International Banana Conference have drafted a proposal for such a forum which was forwarded to the EC at the end of April. The proposal will be presented at the next FAO ICG session and is re-attached to this contribution. The objectives of such a forum would be to work towards a socially, environmentally, and economically sustainable banana industry; to improve communication and information exchange between all operators in the industry; to encourage trust-building along the food chain, and to offer a structure in which to continue discussions started at the two International Banana Conferences by working towards practical solutions in a non-confrontational environment. The forum could also explore the feasibility of an International Banana Agreement with

social and environmental chapters. Such an agreement should seek to address structural overproduction and endemic low prices, as well as to promote sustainability.

We are aware that a proposal to link support of community banana production to the decrease in the use of pesticides is being presented by CIRAD. We believe that the chances of success of such a programme and the benefits for the producers would be greatly improved if it was developed within an independent forum in which all operators involved in the supply chain participate. We also believe it could benefit the industry as a whole if the results are shared with other small producers in similar regions. Such a proposal should also aim to benefit the private farmers and workers' cooperatives that have taken over (contaminated) and abandoned by the multinational companies in regions of intensive production where entire communities remain dependent on banana earnings.

We believe that it is important to analyse carefully who the target beneficiaries are to be.

4. Prospects for organic and fair trade bananas and how to encourage them

Organic production: our work with the Windward Islands Farmers' Association in the past 13 years has led us to believe that organic or at least more sustainable production methods could be encouraged with increased producer organisation and collaboration. Organic production in the Windward Islands has not happened so far because of the lack of structures to accompany producers. The location of many banana farms on hilly land means that a producer cannot convert to organic unless all of his/her neighbours (in the same watershed) also convert to non-chemical production systems. This is also true for many parts of Martinique, Guadeloupe, the Canary islands and Madeira.

The demand for organic bananas on the EU market is still growing rapidly and the fair trade organisations are faced with increasing difficulties in sourcing organic fair trade bananas.

Fair trade: the message coming from the European institutions so far is that the fair trade labelling model is not relevant for European producers, as the whole of production in Europe is considered to derive from good labour and environmental

conditions. This assumption should be analysed more closely. The papers attached contain some concrete recommendations about how to encourage fair trade outside Europe.

In general terms, we share the underlying view that production and trading standards should be raised towards this relatively high common denominator, rather than allowing standards in the EU producer territories and the higher standard ACP and 'third' exporting countries to be pushed downwards towards the lowest common denominator, as is currently the trend.

Should the EC seek to incorporate into its analysis an assessment of any specific impact other than the one envisaged?

We believe that the EC should undertake a comprehensive evaluation of the reform of the EU banana import regime and its impact on poverty, income, wages, the environment, levels of development in all exporting countries, incorporating a gender analysis to these. These are factors which influence prices, level and conditions of production worldwide.

We also believe that an assessment of the socio-economic situation of neighbouring countries, especially migrant flows, would be an important contribution to future policymaking for the EU and its member states. In particular, in relation to migrant flows between Peru and Ecuador, Nicaragua and Costa Rica, and within the Caribbean (Haiti-Dominican Republic-Windward Islands-French Caribbean). Such an assessment would also help member states better understand the impact that a decline in – or the complete demise of – production could have on the economies of these small islands.

EUROBAN Secretariat – 05/05/06

04 MAI 2006 /VI/

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Memorandum of The Netherlands on the reform of the CMO for fruit and vegetables and bananas



Landbouw, natuur en
voedselkwaliteit

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CMO for fruit and vegetables (fresh)

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 - = cross-border producer organizations
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7. From our perspective the current instruments of the Common Market Organization for fruit and vegetables already offer positive opportunities for minimizing risks. For this reason the instrument of market intervention should be further restricted. It should only be possible for it to be used for withdrawals by the producer organization in the context of the operational funds. The introduction of new "**crisis management systems**", even if they are financed or co-financed by the EU, will therefore encounter reservations.

We would only consider possible measures related to crisis management systems if the following conditions are fulfilled:

- competitive neutrality
- WTO compatibility
- budget neutrality

8. An **increase in the scope of the CMO for fruit and vegetables to include culinary herbs and sweet corn** is a major concern of producer organizations with regard to a more market-oriented offering.
9. The **marketing standards** for fruit and vegetables should be reviewed to determine whether they are necessary and, where appropriate, should be abolished. The standards that need to be retained should be made simpler.
10. The **financial framework** for the CMO for fruit and vegetables (fresh) – Commission Regulation (EC) no. 2200/1996 – must be retained. The upper ceiling for the financial assistance to producer organizations should remain at 4,1% of the value of the marketed production (VMP).
11. Market organization instruments such as **export refunds and the entry price system must be negotiated at WTO level**. The results must be implemented with care.

II CMO for processed fruit and vegetables and citrus fruit

12. The market regulations for processed fruit and vegetables and citrus fruit must be reviewed with the aim of a **long-term reduction in expenditure**.
13. On the basis of the objectives and instruments specified in the CAP reform of 2003 and in a similar way to other important agricultural products, **decoupling should be seriously investigated as an alternative** to the current system of processing subsidies.

III Bananas

We took note of the Commission's document: **Towards a reform of the internal aspects of the Common Organisation of the Market in Bananas**. We are still of the opinion that the compensatory aid for bananas should be decoupled as it is the case in other sectors. Furthermore, The Netherlands are of the opinion that a production aid of over € 10.000 per ha. cannot be explained anymore to the European citizens and (also) for this reason this aid level has to be decreased. Although, from a pragmatic point of view, we do have the feeling that from the four options mentioned, the POSEI-option is the most realistic. However, we do have serious doubts about the management of the budget. We therefore are of the opinion that a transfer of the banana-budget to the POSEI-budget must be coupled and combined with instruments and guarantees to realise a more effective expenditure of funds.