



**COUNCIL OF
THE EUROPEAN UNION**

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DEVGEN	344
ACP	283
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WTO	381
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STATEMENT OF THE COUNCIL'S REASONS

Subject : Position of the Council at first reading with a view to the adoption of a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation
Adopted by the Council on 10 December 2010

I. INTRODUCTION

On 17 March 2010, the Commission adopted its proposal for a Regulation amending Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation.

The European Parliament adopted its first reading opinion on 21 October 2010.

The Council adopted its position at first reading on 10 December 2010.

II. OBJECTIVE

This ACP Banana Accompanying Measures (BAM) programme is proposed as an amendment to Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation (DCI). The aim of the BAM programme is to assist the restructuring of the banana sectors in the ten main ACP banana-exporting countries.

The EU's Common Market Organisation (CMO) for bananas has been challenged repeatedly in the World Trade Organisation (WTO). Consequently, the EU has negotiated in the WTO framework a trade agreement on bananas which supports the completion of the Doha Development Agenda's (DDA) agricultural modalities and the full Doha Round.

This will lead to a reduction of the ACPs' preference margin that will require adjustments. The proposed BAM programme for the main ACP banana-supplying countries aims to support the adjustment of areas dependent upon banana exports through budget support or specific interventions. The measures will support the adaptation to broader impacts (e.g. social and environmental), economic diversification policies, or investments in improving competitiveness, where this is a viable strategy.

The measures are proposed as a temporary programme with a maximum duration of four years (2010-2013). They would have a budget of €190 million and would be introduced through an amendment to the DCI.

III. ANALYSIS OF THE COUNCIL'S POSITION AT FIRST READING

Following early and constructive discussions between the three institutions, the Council accepted 15 amendments adopted by the European Parliament at first reading. The Council considers that these amendments improve the initial proposal either by fleshing it out, mainly its preamble, or by clarifying some substantial aspects of the BAM programme.

In particular, the EU's assistance now has an explicit focus on poverty eradication and the improvement of living and working conditions of small farmers and other persons concerned.

Furthermore, the Regulation now refers to the regional environment of eligible countries under the BAM programme, specifically the proximity to outermost regions of the EU and OCTs.

The Council also welcomed EP amendments regarding environmental protection requirements as well as social requirements based on ILO standards to be included in country support strategies.

Finally it is worth noting that the text now provides for an assessment of the BAM programme eighteen months before its end, when appropriate recommendations can be made.

The Council has not been able, however, to accept those amendments adopted by the European Parliament which introduce the application of the delegated acts procedure (Article 290 TFEU) for the adoption of multi-annual cooperation programmes and strategy papers. The Council believes that the multi-annual cooperation programmes, not being legally binding acts, do not constitute acts of general application, supplementing or amending the basic act. They constitute implementing measures within the meaning of Article 291 TFEU.

IV. CONCLUSION

With a view to reaching an early agreement on the amended Regulation, the Council has engaged in substantial negotiations with the European Parliament, facilitated by the European Commission. The negotiations have led to a large degree of consensus on the substantial elements of text which relate to the BAM programme as such.

While the proposal of the Commission did not present substantial difficulties to the Council, the Council made a special effort to meet a number of concerns of the European Parliament related to the application of the amended Regulation.

The Council considers that its position at first reading is a balanced compromise and calls on the European Parliament to go along with this text to allow for the entry into force of the Regulation in 2010. This would permit that the funds already inscribed in the 2010 budget are not lost. The Council has expressed serious concern that failure to reach agreement before the end of 2010 might jeopardise the long awaited trade agreement on bananas in the WTO.
