

## Memorandum

On 17 November, banana producers from African, Caribbean and Pacific (ACP) countries from Belize, Cameroon, Côte d'Ivoire, Dominican Republic, Ghana and Suriname met with ACP Ambassadors in Brussels to discuss the crucial role of banana production and trade for the ACP region.

The Cotonou Agreement is set to expire in 2020 and the European Commission is developing a new policy framework to govern relations with the ACP region. In this scenario, measures are needed right now to ensure that the banana industry continues to play a key role in the development of ACP countries.

To this end, the producers set up the *Banana for Development Coalition* with the aim to work hand in hand with the ACP Working Group on Bananas.

### Background

The European Union recognized the economic, societal and developmental benefits of banana production in ACP countries as early as 1975 in the Lomé I Convention. As a result, the 2000 Cotonou Agreement granted ACP banana producers preferential access to the European internal market via a tariff exemption. However, in recent years, the privileged relationship between Europe and the ACP countries has been deeply eroded by the implementation of WTO commitments and bilateral agreements with Latin American countries.

The Geneva Agreement of 2009 created a tariff reduction schedule meant to set banana tariffs at €114 per ton for all Most Favoured Nations in 2019. In parallel, the European Union developed a programme worth up to €190 million in favour of ten banana-producing ACP countries, the so called Bananas Accompanying Measures (BAM). The implementation of the BAMs has proven slow and not always efficient. The beneficial effects of the measures will not realize in the short term.

In the meantime Central American and Andean Pact countries obtained a landing duty of €75 per ton through bilateral agreements with the EU, beyond existing commitments. This effectively made the Geneva agreement a void exercise and allowed Latin American countries to save more than €1 billion on customs duties to the detriment of the ACP region as of August 2015.

The withdrawal of the EU's support for ACP producers has exacerbated the consequences of competition from Latin America. As a result, in recent years Latin American countries have improved their leadership as providers of bananas to the EU. The market share for ACP countries has stagnated at around 20% and the sector is struggling to remain competitive at the international level.

### The benefits of banana production in ACP countries

**Banana production is a driver of economic development.** Producers are established players in local economies and the sector represents a stable source of jobs and growth. It creates 90.000 direct jobs, supporting directly 900.000 people and indirectly twice that amount, improving the living conditions of millions of people. This represents a production of around 1,4 million tonnes, or €800 million per year. 1 million tonnes are produced for export to the EU and 0,4 million tonnes for local and regional trade.

**Banana production ties people to their communities and territories.** The sector reduces incentives for the local population to abandon the land and, eventually, their country by providing long term employment, enhancing economic growth and supporting local communities. A similar conclusion was reached at the summit in La Valletta.

**Bananas are an efficient development tool.** Banana producers are essential partners for local and international authorities for the implementation of development programmes. The banana industry drives investment in infrastructure and services such as hospitals, schools and roads. It provides opportunities for the population in the form of trainings, partnerships with local SMEs and the promotion of family farming.

**The banana sector is a green industry.** Through the foliage, banana plants effectively prevent soil erosion, a serious problem in many ACP countries. With one of the best yields in agriculture, banana production does not require the exploitation of large areas of land. The sector also allows producers to use various sustainable methods of production (i.e. organic, fair trade, certifications).

**Bananas contribute to food security.** The development of the banana industry for the purpose of international trade drives local consumption. Bananas are nutritious and rich in potassium. They are easy to produce, require next to no modification of the land and have a high yield (25–50 tonnes/Ha). Additionally, established producers in ACP countries have the knowledge and experience to ensure the safety of products

exported to Europe.

### **The way forward**

The *Banana for Development Coalition* wants to engage in a dialogue with the European Union to ensure development policies and instruments reach their full potential. To do so, **ACP banana producers need a point of contact within the European Commission** taking responsibility to work on this issue with the ACP Working Group on Bananas.

The development of **the banana sector in traditional producing countries should be sustained** and its competitiveness maintained. To achieve this, the *Banana for Development Coalition* considers that the actions below should be taken urgently:

1. **The tariff regime should remain stable for the future.** Any further reduction of banana tariffs would have a very negative effect on ACP countries. The European Commission should adopt a balanced approach, taking into account the needs of all its partners when it concludes agreements with third parties. The *Banana for Development* coalition calls on the European Commission to remain loyal to the spirit of the Geneva agreement and its long partnership with ACP countries and prevent a further reduction of tariffs below €75 for Latin American countries.
2. A **new set of measures** is needed for ACP producers to ensure the sustainable and long term development of the industry in the region. Projects will focus on income support and productivity, including social and environmental measures in order to deliver the Sustainable Development Goals (SDGs). To ensure an efficient allocation of funds and to determine the exact amounts needed, **a holistic study should be carried out in the next 3 to 5 months.**

Additionally, the knowledge and expertise of established banana producers has great potential for the economic development of the entire ACP region. Banana production can help address crisis situations within countries and in neighbouring countries and provide new sources of revenue to regions in turmoil that are currently struggling. Traditional producers can act as the enablers of this economic transformation, if the right conditions are put in place. This **“network effect” requires a framework enabling the sharing best practices and incentivising investment.** Practically:

1. **ACP countries once bananas producers** and willing to restart, boost and diversify production, or further transform it, **need to be part of the process.** Production areas need support to adapt to new local conditions, now without banana producers;
2. **Regional trade should be encouraged and facilitated,** for the benefit of traditional producers as well as incoming ones;
3. **Public-private partnerships should be encouraged** to capitalise on the potential of the already dynamic private sector in ACP banana-producing countries. Cooperation between public and private players will ensure financial support is used in the most efficient way to address economic, social and environmental concerns;
4. **Research and innovation** in the ACP Banana sector.