

# Rice: reform of the common organisation of the market COM

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1. SUBJECT OF REFERRAL The forthcoming proposal for the reform of the common organization of the market in rice 2. DATE OF REFERRAL By 30 April 1994 (see COM(95)0034, 17 February 1995, vol. I, p. 14) 3. COMMITTEE RESPONSIBLE Committee on Agriculture and Rural Development 4. COMMUNITY LEGISLATION IN FORCE Regulation (EEC) No. 1418/76 (OJ L 166, 25.6.1976, p. 1) on the common organization of the market in rice, as most recently amended by the Act of Accession of Austria, Finland and Sweden Products covered: Grain rice: paddy rice, husked rice, semi-milled or wholly milled rice, broken rice Processed products: flour, groats and meal, flaked rice, pellets, etc. The COM comprises: Prices regime: - A single intervention price for paddy rice, below which market prices are not allowed to fall. This is fixed for the area where there is surplus production (Vercelli, Italy) and applies to all Community intervention agencies. - An indicative price for husked rice, based on the intervention price plus the costs of processing paddy rice into husked rice, marketing costs and transport costs between the main production area (Vercelli, Italy) and the consumption area with the greatest shortfall (Duisburg, Germany). - A threshold price, derived from the indicative price, serving as a reference point for the calculation of levies on rice imports from third countries and fixed for each marketing year for husked rice, round grain wholly milled rice and long grain wholly milled rice. These prices, and the monthly increases in the intervention and indicative prices, are fixed by the Council of Agriculture Ministers every year prior to the commencement of the marketing year, which lasts from 1 September to 31 August. Refunds to producers: Producers may receive refunds on the production of broken rice used for the manufacture of starch and the brewing of beer in the Community. The level of these refunds is fixed periodically by the Commission. Aids to producers: Aid is granted on a per hectare basis for indica rice, with a view to orienting production towards the rice varieties for which there is most market demand. Aid for variety conversion at Community level was granted for the last time in 1993 (ECU 100/ha). Other forms of aid concern the development of rice production in French Guiana (five years) and Portugal (seven years). Aid for marketing: Aid is granted for the supply of rice harvested in the Community to certain French overseas departments (Réunion, Guadeloupe and Martinique). Trade regime: - Import levies: each week, the Commission calculates the amount of the agricultural levy for the various categories of rice, on the basis of the difference between the threshold prices and the cif prices calculated for Rotterdam. - Export refunds: these are fixed periodically or granted on application, and cover the shortfall between the world market price and the Community price. Note: The trade regime under Regulation 1418/76/EEC will have to be modified following the GATT Uruguay Round agreements. EAGGF expenditure: EAGGF (Guarantee) expenditure in the sector stood in 1993 at ECU 116 m, accounting for 0.3% of all expenditure under the Fund. Some 80% of this expenditure concerns refunds to producers and export refunds. Prices over the last few marketing years (in ECU/tonnes) 92/93 93/94 94/95 95/96(1) Indicative price 545.52 530.6 530.6 - Intervention price 313.65 309.6 373.84(2) 373.84 (1) Commission proposal COM(95)0034 (2) Sum multiplied by 1.207509 to take account of the new agri-monetary regime 6. SITUATION OF THE WORLD AND COMMUNITY MARKETS On the world market, global production of rice stood in 1992 at 520.2 m tonnes. This was higher than the 1991 figure of 514.7 m tonnes, thanks to the good harvest in the Asian producer countries, especially Indonesia, China and Myanmar (Burma). World demand was thus covered for 1992, despite increased consumption; prices fell visibly owing to competition between exporter countries. On the Community market, for a total area given over to rice of 353 000 ha production stands at 2 173 000 tonnes (0.4% of world production). The main producer Member State is Italy (area: 216 000 ha; production: 1 286 000 tonnes), followed by Spain (area: 83 000 ha; production: 558 000 tonnes) (1992 figures). The union has a total consumption of 1.5 m tonnes, and is not totally self-sufficient (self-sufficiency rate: 94.4%). Most imports (445 000 tonnes in 1993-1994) are governed by preferential regimes (e.g. those from Pakistan, Suriname, etc.). The 1992 harvest in the Community was the poorest of the last three, owing to drought in Spain and Portugal and

inclement weather during the maturing of the plants in Italy, adversely affecting yield. Trade with third countries fell over that marketing year: imports decreased, while intra-Community trade rose thanks to rice being sent from Italy to other Member States. Exports fell by 58% by reason of the poor harvest and the stable level of internal demand in the Community. No rice was called in for intervention in 1992-1993.

7. CONTENT OF THE PROPOSED LEGISLATION Pending the forthcoming revision of the COM in rice, expected by 30 April 1995, in its proposal for prices and related measures for 1995-1996 the Commission proposes, as a provisional state of affairs, keeping the intervention price at the existing level (ECU 373.84/tonne). As the threshold prices will no longer apply after this marketing year (the variable levies will be replaced by fixed import duties), it is proposed that the intervention price should be abolished. As far as the monthly increases are concerned, a 2.5% reduction is proposed in line with the evolution of interest rates. The Commission also proposes changing the method for measuring full-grain rice and a new definition of broken rice. 8. LEGAL BASIS Articles 42 and 43 of the EEC Treaty 9. BIBLIOGRAPHY - Commission: 'Recueil des Actes Agricoles', vol. 1/3, 'Riz' - Commission: The Agricultural Situation in the Community - 1993 Report - Guide to the new agricultural market legislation - 'Green Europe' - DICOPAC - Dictionnaire de la Politique Agricole Commune - Le guide de la nouvelle Europe Verte, Agra-Europe 10. FURTHER PROPOSED RESEARCH A fact sheet prepared by the Directorate-General for Research will be available shortly.