Rice: support system for producers

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PURPOSE : to present a proposal for a Council Regulation amending Regulation 1251/1999/EC establishing a support system for producers of certain arable crops, in order to include rice. CONTENT : full integration of arable crops system offers major advantages in terms of simplification and in terms of achieving market balance by enabling farmers to choose freely where possible between rice and other arable products. In order to integrate rice different steps have to be taken: - Member States' national base areas for arable crops need to be expanded taking into account the areas under rice production during the same reference years as were used in the case of arable crops, i.e. 1989, 1990 and 1991; - it is proposed to increase the present area of payment for rice from the present 52.65 EUR/t to 63 EUR/t, which is the same area aid as the one foreseen for cereals from 2001/2002. The 63 EUR/t is to be multiplied by the regional yield to constitute the aid per hectare; - Member States will also need to adapt their regionalisation plans to integrate rice; - rice producing Member States will have the possibility to apply in their regionalisation plan a yield for rice which is different than the one for cereals. If this yield is higher than the one for cereals, a separate base area would have to be defined; - in order to allow this integration without changing the possibility for Member States to maintain the staus quo for the arable crops, global national yields will need to be adaptedto incorporate the existing rice areas. In addition, it is also proposed to fully abolish intervention as this constitutes an obstacle for market fluidity as well as an obstacle for orientation of production towards real market demand. The integration of rice into the arable crop system will allow farmers to better react to market signals as regards the demand. Thus, a legal basis is proposed to allow the Commission to open private storage in order to overcome market disturbances in the absence of intervention. With regard to the budget costs, in case of full integration of rice in the arable crop sector budget expenditure for the payments per hectare will increase by about EUR 27 million per year. However, the abolition of the intervention system will lead to savings that will more than neutralise the additional expenditure. The moment the existing public stocks have been eliminated, savings will be in the order of EUR 38 million per year. In conclusion, in order to implement the integration of the rice sector into the arable crop system, Council Regulation 1251/1999/EC establishing a support system for producers of certain arable crops, needs to be amended. Since the Commission recently proposed to amend Regulation 1251/1999/EC also in the context of the reform of the support system for flax and hemp, this regulation will need to be consolidated after adoption by the Council of both amendments.