

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

1995/0203(CNS) - 19/07/1995 - Legislative proposal

**OBJECTIVE:** - To reform the common organisation of the market in rice following the entry into force, on 1 January 1995, of the agricultural provisions of the GATT, which amends the international arrangements for trade in rice. **SUBSTANCE:** - As far as the Union is concerned, the GATT agreements imply the transition from a system of minimum prices based on a threshold price to a system of ceiling prices, which will increase international competition in terms of both agricultural production and the industrial processing of paddy rice to wholly milled rice. The Commission is thus proposing a new regulation relating to the following elements: \* A reduction in producer prices: this reduction could be between a minimum of 15% (ECU 53/t) and a maximum of 34% (ECU 119/t); \* Compensation to producers: a payment per hectare to compensate for this reduction in prices will be calculated on the basis of the average yields in the producing Member States over the last three years (1992 to 1994); this arrangement will be applied to Italy and Greece, whilst the reference yields for Spain and Portugal will be those recorded over the three years preceding the drought (1990/92 and 1989/91 respectively). Payments will be gradually increased between the 1997/98 and 1999/2000 campaigns; \* Community maximum guaranteed area (CMGA): this will be calculated according to the average number of hectares used for rice production in 1990, 1991 and 1992, in other words 396 607 hectares for the EU: 228 034 ha for Italy, 23 500 ha for France, 3 747 ha for French Guyana, 32 884 for Portugal and 18 731 for Greece. Exceeding the CMGA by 5% or over will imply a 6% reduction of the total compensatory payment for the same production year for each percentage point over the limit. Where the CMGA is exceeded by more than 105%, additional reductions will be applied to the Member States concerned; \* Intervention price: for paddy rice, an intervention price will be fixed at ECU 351/t for the 1996/97 marketing year, followed by annual reductions to ECU 293.5/t for the 1999/2000 and subsequent marketing years; \* An enhancement of the quality policy: the parameters for defining the standard quality for intervention must be strengthened with a view to bringing them into line with the production standards of third countries exporting to the Community market. The system of compensatory payments should be used as a selective orientation instrument for production and thus go hand in hand with a quality strategy orientated more towards the requirements of the market; \* Preventive intervention system: this type of intervention should be applied only in exceptional circumstances. The Commission proposes establishing a preventive intervention system involving storage with the producer for four months at the producer's cost, with an advance payment of 60% of the price. During this period, the producer may seek more beneficial methods of selling the stock on the market and sell the produce after having informed the intervention body of his intention.