

Procedure file

Basic information		
CNS - Consultation procedure Regulation	1995/0203(CNS)	Procedure completed
Rice: reform of the common organisation of the market COM		
Amended by 1997/0218(CNS)		
Amended by 1998/0140(CNS)		
Amended by 2000/0046(CNS)		
Amended by 2001/0085(CNS)		
Subject 3.10.06.03 Cereals, rice		

Key players			
European Parliament	Committee responsible		Rapporteur
	AGRI Agriculture and Rural Development		Appointed
			19/07/1995
			PPE FILIPPI Livio
	Committee for opinion		Rapporteur for opinion
	BUDG Budgets		Appointed
	RELA External Economic Relations		17/10/1995
			PPE SONNEVELD Jan
	DEVE Development and Cooperation		17/10/1995
	CONT Budgetary Control		25/10/1995
Council of the European Union	Council configuration		Meeting
	Fisheries		1899
	Agriculture and Fisheries		1896
	Agriculture and Fisheries		1889
	Agriculture and Fisheries		1876
	Agriculture and Fisheries		1869

Key events			
25/04/1995	Additional information		Summary
19/07/1995	Legislative proposal published	COM(1995)0331	Summary
22/09/1995	Committee referral announced in Parliament		
26/09/1995	Debate in Council	1869	

25/10/1995	Debate in Council	1876	Summary
29/11/1995	Debate in Council	1889	Summary
04/12/1995	Vote in committee		Summary
04/12/1995	Committee report tabled for plenary, 1st reading/single reading	A4-0319/1995	
13/12/1995	Debate in Parliament		
14/12/1995	Decision by Parliament	T4-0625/1995	Summary
22/12/1995	Act adopted by Council after consultation of Parliament		Summary
22/12/1995	End of procedure in Parliament		
30/12/1995	Final act published in Official Journal		

Technical information

Procedure reference	1995/0203(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 1997/0218(CNS) Amended by 1998/0140(CNS) Amended by 2000/0046(CNS) Amended by 2001/0085(CNS)
Legal basis	EC before Amsterdam E 042; Rules of Procedure EP 163; EC before Amsterdam E 043
Stage reached in procedure	Procedure completed
Committee dossier	AGRI/4/07117

Documentation gateway

Legislative proposal		COM(1995)0331 OJ C 021 25.01.1996, p. 0009	19/07/1995	EC	Summary
Economic and Social Committee: opinion, report		CES1314/1995 OJ C 039 12.02.1996, p. 0093	23/11/1995	ESC	Summary
Committee report tabled for plenary, 1st reading/single reading		A4-0319/1995 OJ C 017 22.01.1996, p. 0006	04/12/1995	EP	
Text adopted by Parliament, 1st reading/single reading		T4-0625/1995 OJ C 017 22.01.1996, p. 0138-0190	14/12/1995	EP	Summary

Additional information

European Commission	EUR-Lex
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Final act

[Regulation 1995/3072](#)

Rice: reform of the common organisation of the market COM

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. ?

Rice: reform of the common organisation of the market COM

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. ?

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Pending the European Parliament's opinion, the Council held a discussion on the Commission proposals, introduced by an interim report presented by the Chairman of the Special Committee on Agriculture (SCA). On the basis of that report, examination of the proposals focused for the moment on the following aspects: - intervention arrangements for rice; - standard quality criteria; - sanctions if the maximum guaranteed area is exceeded. A number of suggestions put to the SCA concerning these issues aimed at progressing in the discussions were generally well received. The Commission representative, while emphasising the existing constraints that had to be taken into account in reforming this sector, stated his willingness to contribute to finding ways to enable a decision to be taken on the matter. After the discussion, the Council instructed the SCA to continue discussions so that it could take a decision on the matter as soon as the European Parliament's opinion was received.

Rice: reform of the common organisation of the market COM

In the view of the ESC, the reduction in intervention prices should be offset by full financial compensation in order to maintain producers' income levels and ensure their survival. Similarly, the principle of equal treatment required that for all producer Member States, the compensatory aid be calculated on the basis of the average of the last three marketing years (1993, 1994, 1995) in each producer country, with due account for trends in consumption and for the accession of the new Member States. The proposed penalties for overshooting the national maximum guaranteed areas needed to be revised. The ESC drew attention to the social consequences of the probable reduction in the area under rice. It was surprised that the Commission proposal did not analyse the social impact of rice growing and did not quantify the workforce in the agro-industrial sector as a whole. The reform of the common market organisation in rice and the reduction of customs tariffs following the GATT Agreements would mean a significant reduction in the prices of Community rice and rice imports. It was vital that this reduction be passed on to the consumer. The ESC agreed that quality policy should be better geared to consumer requirements.

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Noting the progress already achieved, the Council confirmed its intention of concluding this dossier as soon as the European Parliament had delivered its opinion.

Rice: reform of the common organisation of the market COM

Pointing out that the Commission document contained conclusions which severely penalized Community rice producers, the rapporteur proposed, in his amendments, a number of modifications which would ensure that rice production benefitted from the same treatment as other cereals. He also recalled that when the Council approved the first phase of the CAP reform, it undertook to apply the same criteria to all products which were not yet affected by the reform process, in order that there should be no discrimination. The modifications being proposed concerned the reference period, the entry into force of price reductions, administration of the intervention system, quality policy and the penalties to be imposed. ?

Rice: reform of the common organisation of the market COM

In adopting the report by Mr FILIPPI (PPE, I), the European Parliament approved this proposal for a regulation with the following amendments : - the EP calls for the starting date for the reform to be the 1996/97 marketing year, but proposes intervention prices below those recommended by the Commission for paddy rice for the first three years; - compensatory payments must be determined on the basis of average yield in the Member States in the years 1993, 1994 and 1995 (instead of 1992, 1993 and 1994 as proposed by the Commission); - regarding maximum guaranteed areas, the EP proposes the same reference period (1993-95) as the Commission, but would like account to be taken of the particular situations in Spain and Portugal (because of drought) and Guyana (to take account of the consequences of the POSEIDOM programme). In this case, the areas to be taken into consideration will be established on the basis of the periods 1990-92 and 1989-91, raised by the average percentage increase in areas recorded in the other producing countries in the period 1993-95 ; - in the event of an overrun of the NMGA, the EP calls for a reduction equal to the percentage overrun of the NMGA, and not equal to six times the overrun as proposed by the Commission. ?

Rice: reform of the common organisation of the market COM

OBJECTIVE : reform of the common organization 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. COMMUNITY MEASURE : Council Regulation (EC) No 3072/95 on the common organization of the market in rice. SUBSTANCE : reform in the rice sector will introduce a similar mechanism to that adopted in 1992 in the reform of the Community market in cereals. Its key elements are as follows: * a 15% reduction in the producer price

over three years from the 1997/98 marketing year; * compensation to producers in the form of a payment per hectare whose amounts will be calculated on the basis of average agronomic yield in the Member States; * The establishment of a national base area for each producer Member State and a specific base area for French Guyana. The base areas shall be as follows : - Spain : 104 973 ha; - France : Guyana 5 500 ha; metropolitan territory 24 500 ha; - Greece : 24 891 ha; - Italy : 239 259 ha; - Portugal : 34 000 ha. * The imposition of penalties, at national level, where the base area of a Member State has been exceeded. The penalty will be progressive and will depend on the rate of overrun; * The fixing of an intervention price for paddy rice at ECU 351/t for the 1996/7 marketing year, followed by annual reductions to ECU 298,35/t for the 1999/2000 and subsequent marketing years; * Intervention in the rice sector will be open from 1 April to 31 July (four months, four monthly increases); * An enhancement of the quality policy: the parameters for defining the standard quality for intervention are strengthened with a view to bringing them into line with the production standards of third countries exporting to the Community market; * In order to ensure continuity of supply to EC processing plants, the Commission will be authorized to take all appropriate action to deal with exceptional circumstances. ENTRY INTO FORCE : 30 December 1995. The regulation is applicable from the 1996/1997 marketing year. ?

Rice: reform of the common organisation of the market COM

Following the agreement reached by the Agriculture Council on 19 December and in accordance with the request by the Madrid European Council, the Council formally adopted, unanimously, the Regulations on the common organisation of the market in rice and fixing the standard quality of rice.