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INFORMATION MEMOCommon rice policy from September 1st, 1964.

On September 1, 1964, EEC Regulation No. 16/64 (the rice regulation) will become operative in all its parts. In essence it is similar to the regulations issued for the other types of grain. The same instruments of trade policy have been used: a levy arrangement, a system of import licences, a safeguard clause, refunds on exports, target prices and intervention prices. Since the levy system replaces all other instruments of import policy, such as quantitative restrictions, compulsory mixing regulations and customs duties, it promotes multi-lateral world trade in the rice sector as in others. However, the rice regulation contains a few particularities which may be explained by the special characteristics of the Community rice market. These particularities are due mainly to the fact that only two Member States, Italy and France, grow rice. Unlike trade in grain, however, the rice trade of these countries is of small importance in relation to world trade. Between 1959 and 1962 world and EEC exports of rice developed as follows (in thousand metric tons):

	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
World exports	6 772	6 969	6 138	5 780
EEC exports to non-member countries	195	196	238	218
EEC exports as a percentage of world exports	2.88	2.81	3.88	3.77

EEC imports from non-member countries for the same years were as follows (in thousand metric tons):

	353	394	279	322
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Imports and exports thus roughly balance out. There is, however, an annual import surplus of above 100 000 tons of broken rice.

Rice production in the Community amounts to about 750 000 tons annually, corresponding to about 600 000 tons of husked rice. Community production and intra-Community trade in rice account for less than 0.5% of the Community's total agricultural output and trade in agricultural products.

Thus, by contrast with the usual types of cereals grown in all Member States, there is in the case of rice a clear distinction between those Member States which grow rice and those which do not.

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A) Member States which do not grow rice

With certain reservations it is already possible to establish a uniform market in the non-producer Member States which will thus have a common threshold price and a single cif price and will charge uniform levies on imports from non-member countries.

The levy is equal to the difference between the threshold price of the importing country and the cif price, when imports are from non-member countries, or the free-at-frontier price, when they are from producing member countries. In the latter case this difference is reduced by a standard amount in order to maintain Community preferences. This standard amount has been initially laid down at 0.20 units of account per 100 kg. for husked rice and 0.14 units of account per 100 kg. for broken rice.

When paddy is imported the amounts of levy for husked rice are corrected in accordance with a table of equivalence.

The levy arrangements for milled rice, i.e. flour of rice, groats and meal of rice and rice starch, are the same as those for cereals products. These levies therefore consist of two components: a variable component corresponding to the levy on the primary product and a fixed component for the protection of the processing industry.

The amount of the common threshold price is laid down by the Council on a proposal of the Commission for the first marketing year. In the case of husked rice it corresponds to the price noted on the world market for rice of a standard quality, increased by 5%. For husked rice the common threshold price is 14.20 units of account per 100 kg. and for broken rice 9.66 units of account per 100 kg.

The cif price is noted for deliveries to a North Sea port, in practice Rotterdam. It is noted on the basis of the most favourable offers on the world market and, with certain exceptions, is fixed each Wednesday by the Commission

The Commission alters the cif price previously fixed only if a change in the factors on which it is computed causes these prices to rise or fall by at least 0.10 units of account per 100 kg.

B) Member States which grow rice

Each year during the transitional period the two rice-growing countries fix a threshold price - the basis for the levy - for husked round grain rice of a standard quality which is the same for all Member States. This threshold price is so fixed that in the marketing centre of the area of greatest deficit the selling price of the imported product, when the standard amount is taken into account, reaches the basic target price. The threshold price for broken rice corresponds to the threshold price for husked rice less a specific percentage laid down on the basis of a reference period.

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In the case of France, the cif price is that noted for deliveries to Dunkirk, in the case of Italy, that noted for deliveries to Palermo.

The basic target price is fixed annually for husked rice at the wholesale purchasing stage for a uniform standard of quality. In the same way derived target prices and a monthly scale of basic target prices for a period of eight consecutive months are laid down. The upper limit of the basic target price is Lit. 11 450 per 100 kg in Italy and FF. 90.45 per 100 kg in France. The lower limit is Lit. 9 555 per 100 kg in Italy and FF. 75.48 per 100 kg in France.

The intervention price is fixed annually for paddy. During the transitional period this price must be 7%, and in the final phase of the common market 4%, below the derived target price. Throughout the rice marketing year the Member States are required to buy at the intervention price any paddy offered to them.

At the end of the transitional period the Council is to lay down a uniform threshold price and a uniform basic target price for the whole Community. In the final phase of the common market the natural conditions of price formation will be taken into account when fixing the individual target prices derived from the basic target price for the whole Community.

All imports and exports of rice are subject to an import/export licence. The issue of such licences is conditional on the deposit of surety. The import licence is valid until the end of the third month following the one in which it was issued. It may be extended for a further month under certain conditions. Licences will be issued without restriction until the end of the transitional period.

If the free-at-frontier price for rice imported from a producer Member State is above the threshold price of the importing Member State, the producer State may grant a refund. In order to enable exports to be made to non-member countries, Member States may compensate the differences between their prices and world market prices by a refund. A refund arrangement is also provided for broken rice, flour of rice, groats and meal of rice and rice starch.

If a Member State grants a refund on exports of milled rice, it must also grant a refund on exports of husked rice or paddy. If it grants a refund on exports of husked rice, it must do likewise for exports of paddy.

For the safeguard clause, for the prior fixing of the amounts of the levies and for all tables of equivalence the same provisions apply as in Regulation No. 19 (cereals). The Cereals Management Committee is also competent for questions relating to the organization of the rice market.

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Special arrangements have been made for rice originating in the associated African States and Madagascar or in the overseas countries and territories. Imports of rice from Madagascar into France or from Surinam into the individual non-producer Member States up to an amount corresponding to two-twelfths of the average imports of paddy, husked and milled rice by the Member States concerned in 1961, 1962 and 1963 will not be subject to levy.

The levies charged on other imports of rice from the associated African States and Madagascar or from the overseas countries and territories will be as follows:

- (a) For husked, paddy or broken rice, a levy corresponding to that charged on imports from non-member countries reduced by an amount equal to the standard amount laid down in EEC Regulation No. 16/64 (the rice regulation);
- (b) For milled rice, a levy made up of a variable component corresponding to the amount applicable to imports from non-member countries and a fixed component corresponding to the amount applicable to imports from Member States.

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