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P-20/67

INFORMATION MEMOCommon organization of the market in rice

The Commission recently submitted to the Council a proposal for a regulation on the common organization of the market in rice. This regulation is intended for the common price stage and is to come into force on 1 September next in accordance with last year's Council decision.

The proposal reproduces many features of the system operating at present, but with the establishment of a common price level for rice, regulation of the market can be considerably simplified and the distinction between producing and non-producing countries abolished. The proposal is also influenced by proposals put forward for other products, particularly by the one for the market in cereals(1), and it contains similar provisions as regards

- (a) institutions,
- (b) the safeguard clause in respect of trade with non-member countries,
- (c) the freedom of buyers and sellers to deal with whomever they wish,
- (d) the deletion of the general provision on exemptions,
- (e) the possibility of transitional measures (up to 31 August 1968 at latest).

This regulation too is divided into three sections, covering the price system, trade, and general provisions.

The price system

Before 1 September each year the Council, acting on a proposal of the Commission, will fix a basic target price for husked rice, applicable to the marketing year beginning in the course of the following calendar year, for the marketing centre of the area with the greatest deficit in the Community (Duisburg). In July 1966 this price was fixed for the 1967/68 marketing year at 18.12 u.a. per 100 kg (ex tax) for a standard quality at the wholesale purchasing stage (delivered to store, in bulk, unloaded).

The intervention price for paddy will be derived from the basic target price for husked rice, converted to paddy, less 4%. The derived intervention price for Arles, already fixed by the Council for the forthcoming marketing year at 12.30 u.a. per 100 kg, will be valid for all marketing centres in France, and the derived price for Vercelli, 12 u.a. per 100 kg, will apply to the other centres in Italy. As in the case of other cereals, provision is made for monthly increases with a view to ensuring that rice is marketed in a balanced fashion related to the needs of the market. Compensation may be paid at the end of the year if stocks to be carried forward reach a minimum level.

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(1) Information Memo P-69 (66).

A production refund will be granted for broken rice used in the manufacture of starch and "Quellmehl", so that these products may be marketed at prices which will enable them to withstand competition from substitute products.

#### Trade with non-member countries

A threshold price will be fixed each year for husked rice, milled rice and broken rice. The Council has already fixed the threshold price for husked rice valid for Rotterdam for the forthcoming marketing year at 17.78 u.a. per 100 kg. This price is designed to ensure that imported husked rice sells on the market at Duisburg at the basic target price. The threshold price for maize will also be taken into account when the threshold price for broken rice is fixed.

A single Community levy will be fixed. The levy to be charged on imports of husked rice, milled rice and broken rice will equal the threshold price less the cif price Rotterdam in each case. Conversion rates will be applied in calculating the levies on paddy and undermilled rice. Levies on processed products (flour, groats, meal and starch) will be made up as before of a variable component (the "broken rice" component) and a fixed component to protect the processing industry. If these products are offered at a price which does not correspond to the price of the basic products used in their manufacture plus processing costs, a further amount, in addition to the levy, may be fixed.

Refunds on exports may be granted under Management Committee procedure to bridge the gap between Community prices and prices on the world market. Refunds will be the same for each product throughout the Community but may vary with the destination of the exports.

The system of import and export licences will remain in force. Licences will be issued by the Member States to any applicant, irrespective of domicile within the Community. From 1 September 1968 these licences will be valid for operations anywhere within the Community, but up to that date licences will be valid in the issuing Member State only.

The provisions dealing with the advance fixing of levies, processing traffic, and special arrangements to deal with shortages are similar to those proposed for the cereals market.

#### Arrangements for the African associates and other overseas territories

It is proposed to reduce the levy chargeable on imports from non-member countries by certain standard amounts to be fixed by reference to the reductions in force hitherto, on husked rice, paddy, undermilled rice, milled rice and broken rice imported from the African states associated under the Yaoundé Convention and from the overseas territories linked with Community countries. It is not proposed to introduce quotas or exemptions from levies for certain countries, but the standard reductions are larger than those previously applied.

Import licences will be valid up to the end of the fourth month following the month of issue. These provisions are included in a second proposed regulation which the Commission has submitted to the Council.

In view of the geographical situation of the French overseas departments, and of social conditions there, it has been found necessary to make provision for the possibility of granting subsidies to rice consumption in these departments.