



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.09.1997  
COM(97) 421 final

97/0218 (CNS)

Proposal for a

COUNCIL REGULATION (EC)

**amending Regulation (EC) No 3072/95 on the common organisation of the market in rice  
and Regulation (EEC) No 2358/71 on the common organisation of the market in seeds**

(presented by the Commission)



## **EXPLANATORY MEMORANDUM**

1. At the time of the reform of the COM for rice, compensatory payments payable from the 1997/98 marketing year were introduced by the new basic Regulation (Council Regulation (EC) No 3072/95) with a view to offsetting the reduction in the intervention price for paddy rice pursuant to that Regulation.

Rice for sowing covered by CN code 1006 10 10 is not included among the products covered by the abovementioned Regulation and accordingly does not qualify for compensatory payments. In order to make up for this and to maintain the price of paddy rice irrespective of its subsequent use, the list of products covered by the COM for rice should be amended by referring to the code for paddy rice (1006 10) without distinction.

Nevertheless, rice for sowing, which is covered by the COM for seeds (Council Regulation (EEC) No 2358/71), must be excluded from the other provisions of the COM for rice, in particular buying-in and the system of export refunds.

Article 3(1) of Regulation (EEC) No 3072/95 sets the intervention price at ECU 298,35/t for the 1999/2000 and subsequent marketing years. Provision should therefore be made for the compensatory payment to remain in force for the 1999/2000 and subsequent marketing years also.

The base area was established for each Member State. When the scale of reductions to be applied is established, the reference to the Commission and to the procedure laid down in Article 22 (Management Committee) should be deleted for the sake of consistency with the other compensatory payment schemes, and in particular for cereals.

2. The extension of the system of compensatory payments to rice for sowing must not, however, disturb the balance of the market for seeds. In order to preserve that balance and in particular to safeguard possibilities of disposing of rice seed in line with the base area established under the compensatory payment scheme, a mechanism should be introduced to stabilise seed production by fixing a maximum quantity on which production aid is payable. The maximum quantity for the Community will be broken down among the producer Member States.
3. Article 21 of Regulation (EC) No 3072/95 provides for mutual notification of the data needed to apply that Regulation and the Regulation on the system of compensatory payments lays down the information on the base area. Those provisions need therefore not be reintroduced.
4. Article 13(12) of Regulation (EC) No 3072/95 states that proof of Community origin must be provided for exports of paddy rice and husked rice. Taking account of the quantities currently imported at reduced or zero import duty and in order to prevent imported rice from being exported directly, proof of Community origin must be provided for all categories of rice.

Proposal for a  
**COUNCIL REGULATION (EC) No .....**  
of .....

**amending Regulation (EC) No 3072/95 on the common organisation of the market in rice  
and Regulation (EEC) No 2358/71 on the common organisation of the market in seeds**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas the system of compensatory payments introduced by Article 6 of Council Regulation (EC) No 3072/95<sup>1</sup> should be extended to cover producers of rice in the husk (paddy or rough rice) for sowing; whereas the fall in prices attendant on the reduction in the intervention price provided for in Article 3 of that Regulation has an impact on prices of rice for sowing; whereas, given the lack of adequate compensation, there is a risk that the result would be lower use of certified seed and a deterioration in rice quality;

Whereas rice for sowing should be included among the products covered by Regulation (EC) No 3072/95 solely so it can qualify for compensatory payments; whereas it should be remembered that the product qualifies for production aid for seeds under Council Regulation (EEC) No 2358/71<sup>2</sup>, as last amended by Regulation (EEC) No 1740/91<sup>3</sup>;

Whereas Article 3 of Regulation (EC) No 3072/95 fixes the intervention price for paddy rice at the same level for the 1999/2000 and subsequent marketing years; whereas provision should be made at the same time for the compensatory payments fixed in Article 6 of that Regulation to remain the same for the 1999/2000 and subsequent marketing years;

Whereas, pursuant to Article 6(4) of the abovementioned Regulation, the system of compensatory payments is to be applied on the basis of an area established by producer Member State; whereas provision should accordingly be made for the reduction applying in the event of an overrun in that area to be determined by the Member State concerned;

Whereas Article 6(5) of that Regulation provides for information to be forwarded by the Member States on the basis of declarations from producers and processors; whereas that provision should be amended to delete any reference to the national base area;

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<sup>1</sup> OJ No L 329, 30.12.1995, p. 18.

<sup>2</sup> OJ No L 246, 5.11.1971, p. 1.

<sup>3</sup> OJ No L 163, 26.6.1991, p. 39.

Whereas it seems economically justified for export refunds to be granted subject to provision of proof that the product has been wholly obtained in the Community within the meaning of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code<sup>4</sup>, as last amended by Regulation (EC) No 82/97<sup>5</sup>; whereas that obligation does not apply in the event of re-export;

Whereas, following the extension of the system of compensatory payments to rice for sowing and in order to ensure balance on the market for rice seed, in particular to safeguard possibilities of disposal in line with the base area established in Article 6 of Regulation (EC) No 3072/95, a mechanism should be introduced to stabilise production of rice seed; whereas provision should be made for the system of compensatory payments to be extended and for the stabilisation mechanism established to apply from the beginning of the 1998/99 marketing year,

HAS ADOPTED THIS REGULATION:

*Article 1*

Regulation (EC) No 3072/95 is hereby amended as follows:

1. In Article 1:

(a) paragraph 1 is replaced by the following:

'1. The common organisation of the market in rice shall comprise a price and trading system and shall cover the following products:

| <u>CN code</u> | <u>Description</u>  |
|----------------|---|
| (a) 1006 10    | Rice in the husk (paddy or rough rice)                                    |
| 1006 20        | Husked (brown) rice   |
| 1006 30        | Semi-milled rice or wholly milled rice, whether or not polished or glazed |
| (b) 1006 40 00 | Broken rice   |

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<sup>4</sup> OJ No L 302, 19.10.1992, p. 1.

<sup>5</sup> OJ No L 17, 21.1.1997, p. 1.

|     |            |                         |
|-----|------------|-------------------------|
| (c) | 1102 30 00 | Rice flour              |
|     | 1103 14 00 | Groats and meal of rice |
|     | 1103 29 50 | Pellets of rice         |
|     | 1104 19 91 | Flaked rice             |
|     | 1108 19 10 | Rice starch';           |

(b) the following paragraph is added:

'3. This Regulation shall apply to rice in the husk (paddy or rough rice) for sowing covered by CN code 1006 10 10 solely for the purposes of the system of compensatory payments provided for in Article 6.'

2. In Article 6:

(a) in paragraph 3, the heading of the fourth column of the table is replaced by '1999/2000 and subsequent marketing years';

(b) in paragraph 5:

(i) the second subparagraph is replaced by the following:

'Where the first subparagraph is applied, the Member State concerned shall, before a date fixed in accordance with the procedure laid down in Article 22 of this Regulation, determine the scale of the reductions to be applied to the compensatory payment. It shall inform the Commission immediately thereof.'

(ii) at the beginning of the third subparagraph, the words 'For each base area' are deleted.

3. In Article 13:

(a) in the first subparagraph of paragraph 12, the first indent is replaced by the following:

'- the products have been wholly obtained in the Community within the meaning of Article 23 of Regulation (EEC) No 2913/92, except where paragraph 13 applies,';

(b) the first subparagraph of paragraph 13 is replaced by the following:

'No export refund shall be granted on rice imported from and re-exported to third countries, unless the exporter proves that:

- the product to be exported and the product previously imported are one and the same, and
- all the import duties were collected on the product's release for free circulation.'

#### *Article 2*

The following paragraph is hereby added to Article 3 of Regulation (EEC) No 2358/71:

- '4a. The maximum quantity of rice seed on which the aid is payable in the Community shall be fixed in accordance with the procedure referred to in paragraph 5. That quantity shall be apportioned among the producer Member States.'

#### *Article 3*

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

However, Article 1(1) and Article 2 shall apply from 1 July 1998.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at .....,

For the Council

# FINANCIAL STATEMENT

1. BUDGET HEADING: 1858 New item in the PDB 98

APPROPRIATIONS: ECU 47m

2. TITLE:

Proposal for a Council Regulation amending Regulation (EC) No 3072/95 on the common organisation of the market in rice and Regulation (EEC) No 2358/71 on the common organisation of the market in seeds.

3. LEGAL BASIS: Article 43 of the Treaty

4. AIMS:

To amend Regulation (EC) No 3072/95 in order:

- to introduce rice seeds in the list of products eligible for compensatory payments as from the 1998/99 marketing year,
- to maintain the compensatory payments fixed up till the 1999/2000 marketing year and to extend them for the subsequent marketing years;

and to amend Regulation (EEC) No 2358/71 in order:

- to ensure a balance in the rice seeds market by introducing a stabilisation mechanism for seeds production.

| 5. FINANCIAL IMPLICATIONS   | PERIOD OF 12 MONTHS<br>(ECU million) | CURRENT FINANCIAL YEAR (97)<br>(ECU million) | FOLLOWING FINANCIAL YEAR (98)<br>(ECU million) |
|---|--------------------------------------|--|--|
| 5.0 EXPENDITURE<br>- CHARGED TO THE EC BUDGET (REFUNDS/INTERVENTION)<br>- NATIONAL AUTHORITIES<br>- OTHER | p.m.                                 | p.m.   | p.m.   |
| 5.1. REVENUE<br>- OWN RESOURCES OF THE EC (LEVIES/CUSTOMS DUTIES)<br>- NATIONAL                           |                                      |  |  |
| 5.0.1 ESTIMATED EXPENDITURE   | 1999<br>p.m.                         | 2000<br>p.m.                                 | 2001<br>p.m.                                   |
| 5.1.1 ESTIMATED REVENUE   |                                      |  | 2002<br>p.m.                                   |

5.2 METHOD OF CALCULATION:

6.0 CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET? ~~YES/NO~~

6.1 CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET? ~~YES/NO~~

6.2 WILL A SUPPLEMENTARY BUDGET BE NECESSARY? ~~YES/NO~~

6.3 WILL FUTURE BUDGET APPROPRIATIONS BE NECESSARY? ~~YES/NO~~

OBSERVATIONS:

This measure does not involve additional costs as the compensatory payments for the hectares of land sown to rice, including rice for seeds, are limited to the national base areas.





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# DOCUMENTS

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