

# The EU rice regime

|  |          |
|--|----------|
| <b>1. REGULATORY FRAMEWORK.....</b>  | <b>2</b> |
| <b>2. INTERVENTION AND SPECIAL MARKET MEASURES.....</b>  | <b>2</b> |
| 2.1. Buying-in.....  | 2        |
| 2.2. Sales .....   | 2        |
| 2.3. Stocks .....  | 3        |
| 2.4. Special market measures .....   | 3        |
| <b>3. DIRECT PAYMENTS .....</b>  | <b>3</b> |
| <b>4. BORDER MEASURES.....</b>   | <b>4</b> |
| 4.1. Import duties.....  | 4        |
| 4.2. Other fixed tariffs and quotas applying to rice.....                                      | 4        |
| 4.3. Export refunds .....  | 5        |
| 4.4. Safeguard measures .....  | 5        |
| <b>ANNEX 1: HISTORICAL NATIONAL YIELDS, NATIONAL BASE<br/>AREAS AND CROP SPECIFIC AID.....</b> | <b>6</b> |
| <b>ANNEX 2: REDUCED IMPORT DUTY REGIMES .....</b>  | <b>7</b> |

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## **1. REGULATORY FRAMEWORK**

The Common Market Organisation for rice is integrated into the Single CMO<sup>1</sup>. This Regulation establishes provisions related to market intervention and trade measures and applies to the following rice products:

- Paddy rice
- Husked rice
- Semi-milled rice
- Wholly-milled rice
- Broken rice
- Rice flour
- Rice groats and meal
- Flaked rice
- Rice pellets
- Rice starch

Direct support measures, including area payments, are established in Council Regulation (EC) No 73/2009.

The marketing year runs from 1 September to 31 August.

## **2. INTERVENTION AND SPECIAL MARKET MEASURES<sup>2</sup>**

### **2.1. Buying-in**

The buying-in period runs from 1st April to 31st July.

Intervention is set at zero tonnes per marketing year. However, the Commission may initiate intervention above that quantity if the market situation and, in particular, the development of market prices, so requires.

The reference price is set at 150 €/t for the standard quality. If the rice offered to intervention differs from the standard quality, the price is adjusted accordingly. Rice will only be accepted into intervention if it complies with certain minimum quality specifications, such as maximum moisture content, maximum level of impurities/defects, maximum level of radioactivity and minimum milling yield.

### **2.2. Sales**

Rice held in intervention stores is disposed of mainly through sale by tender for export or onto the domestic market. Some quantities may be released as food aid for the "most deprived" programme<sup>3</sup>.

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<sup>1</sup> Council Regulation (EC) No 1234/2007

<sup>2</sup> Council Regulation (EC) No 1234/2007 and Commission Regulation (EC) No 1272/2009

Rice is sold out of intervention onto the domestic market only when the prices offered by traders do not undercut local market prices, and only if the offered price is higher than the reference price.

### 2.3. Stocks

No quantities have been bought into intervention since the 2004 reform and there have been no intervention stocks of rice since 2006/07.

### 2.4. Special market measures

The Commission may take special measures to make up for paddy rice shortages following natural disasters.

## 3. DIRECT PAYMENTS<sup>4</sup>

With the 2004 reform, the area payment was raised to 177 €/t to compensate for the 50% cut in intervention price. Since then, a part-coupled/part-decoupled support system has replaced the previous fully coupled aid system:

- **Decoupled area payment** in €/ha: 102 €/t (out of the 177 €/t) multiplied by the historical national yields<sup>5</sup> (t/ha) was integrated into the Single Farm Payment. This part is granted on the basis of historical rights (reference period 2000-2002) paid on the eligible hectares which have a payment entitlement.
- **Coupled crop specific aid**<sup>6</sup> in €/ha: the remaining 75 €/t, also multiplied by the historical national yields, are granted, limited by the current National Base Areas (NBA)<sup>7</sup>. Member States are allowed to subdivide their NBA into sub-areas.

When a Member State exceeds its NBA, the area per farmer for which aid is claimed in that year will be reduced proportionately. In the case of sub-divided areas within a Member State, this reduction will only apply to the farmers in sub-base areas where the area limit has been exceeded. The reduction is made only after the areas in the sub-base areas which have not reached their limit have been redistributed to the sub-base areas in which the limits have been exceeded.

The coupled support has now ceased to exist, with the corresponding amounts being integrated into the single payment scheme.

In addition, Member States may have decided to grant specific support for rice producing farmers in economically vulnerable or environmentally sensitive areas in 2012 and 2013.

Most of the new Member States that joined the EU in 2004 and 2007 adopted the Single Area Payment System (SAPS) a transitional, simplified income support scheme which

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<sup>3</sup> [http://ec.europa.eu/agriculture/most-deprived-persons/index\\_en.htm](http://ec.europa.eu/agriculture/most-deprived-persons/index_en.htm)

<sup>4</sup> Council Regulation (EC) No 73/2009 and Commission Regulation (EC) No 1120/2009

<sup>5</sup> See historical national yields in Annex 1

<sup>6</sup> See national crop specific aids in Annex 1

<sup>7</sup> See National Base Areas (NBA) in Annex 1

will remain in place until the end of 2013. A phase-in period also exists for the new Member States to reach the final level of their national ceilings, which also affects the crop specific payment for rice.

#### 4. BORDER MEASURES

Before 1st September 2008, all imports and exports of rice between the Union and third countries were subject to the issuing of import and export licenses. As from 1st September 2008, the licence obligation remains only for imports and exports of husked and of milled or semi-milled rice and for broken rice imports, as well as for all imports made under tariff rate quotas.

##### 4.1. Import duties<sup>8</sup>

Applied import duties for rice are as follows:

| Product | Paddy | Husked         | Milled / semi-milled | Broken |
|---------|-------|----------------|----------------------|--------|
| €/t     | 211   | 30 / 42.5 / 65 | 145 / 175            | 65     |

Import duties for husked and for milled / semi-milled rice may be adapted twice a year, at the beginning of and mid-way through each marketing year, depending on the quantities imported during the previous period.

For husked rice there are two thresholds: if the quantities imported are below the lower threshold (382 326 t) a duty of 30 €/t is applied for the next six months. If the imported quantities are above the higher threshold (517 130 t) the duty is fixed at 65 €/t. If the quantities imported are between both thresholds, the duty is fixed at 42.5 €/t.

For milled and semi-milled rice the system is similar, but there is only one threshold (387 743 t) and two duty possible levels: 145 €/t and 175 €/t.

##### 4.2. Other fixed tariffs and quotas applying to rice<sup>9</sup>

Following international agreements under WTO or bilateral negotiations, Tariff Rate Quotas allow rice imports at a lower or even zero duty. Quotas may be established for all origins or country allocated, and may be limited to one type of rice or open to all types of rice. The total quantities concerned are as follows:

| Type of rice       | Quantity (tonnes) |
|--------------------|-------------------|
| Paddy              | 7                 |
| Husked             | 22 852            |
| Milled/semi-milled | 177 479           |
| Broken             | 217 660           |
| All types of rice* | 39 000            |

<sup>8</sup> Council Regulation (EC) No 1234/2007

<sup>9</sup> See reduced import duty regimes in Annex 2

The "all types of rice" comprises a quota of 35 000 t for the Overseas Countries and Territories (OCT) and another quota of 4 000 t for Bangladesh (these quantities are expressed in husked rice equivalent).

Since 1 January 2010, Economic Partnership Agreements (EPA) have established duty-free and quota-free access to the EU market for all types of rice originating in ACP-Cariforum countries.

Since 1 September 2009, Everything But Arms (EBA) has allowed duty-free and quota-free access to the EU market for all types of rice originating in the Least Developed Countries.

In addition, a zero duty preferential regime is in place for imports of husked Basmati rice (9 eligible varieties) originating in India or Pakistan.

### **4.3. Export refunds**

Export refunds, which are intended to compensate exporters for the difference between the internal market price and the world price that they can obtain on third country markets, may be granted to exporters by a periodical tender or through a more automatic, standing refund system. No tenders have been opened since 2005/06 and standing refunds for rice have been fixed at zero since June 2004.

### **4.4. Safeguard measures<sup>10</sup>**

Appropriate measures may be taken:

- when quotations or prices on the world market reach a level that disrupts or threatens to disrupt the availability of supply on the Community market and where that situation is likely to continue and deteriorate, or
- if, due to imports or exports, the Community market is affected by, or is threatened with, serious disturbance likely to jeopardise the achievement of the objectives set out in Article 33 of the Treaty.

Up to now it has not been necessary to call on the safeguard measures.

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<sup>10</sup> Council Regulation (EC) No 1234/2007

**ANNEX 1: HISTORICAL NATIONAL YIELDS, NATIONAL BASE AREAS AND CROP SPECIFIC AID**

**Table 1: Historical National Yields (tonnes per ha)**

| <b>Member State</b>        | <b>Historical national yields (t/ha) <sup>11</sup></b> |
|----------------------------|--|
| <b>Spain</b>               | <b>6.35</b>  |
| <b>France metropolitan</b> | <b>5.49</b>  |
| <b>French Guyana</b>       | <b>7.51</b>  |
| <b>Greece</b>              | <b>7.48</b>  |
| <b>Italy</b>               | <b>6.04</b>  |
| <b>Portugal</b>            | <b>6.05</b>  |

**Table 2: National Base Areas and Crop specific aid**

| <b>Member State</b>        | <b>National Base Area (ha)</b> | <b>Crop specific aid (€/ha) <sup>12</sup></b> |
|----------------------------|--------------------------------|---|
| <b>Bulgaria</b>            | <b>4 166</b>                   | <b>345.255</b>                                |
| <b>Greece</b>              | <b>20 333</b>                  | <b>561.00</b>                                 |
| <b>Spain</b>               | <b>104 973</b>                 | <b>476.25</b>                                 |
| <b>France metropolitan</b> | <b>19 050</b>                  | <b>411.75</b>                                 |
| <b>French Guyana*</b>      | <b>4 190</b>                   | <b>563.25</b>                                 |
| <b>Italy</b>               | <b>219 588</b>                 | <b>453.00</b>                                 |
| <b>Hungary</b>             | <b>3 222</b>                   | <b>232.50</b>                                 |
| <b>Portugal</b>            | <b>24 667</b>                  | <b>453.75</b>                                 |
| <b>Romania</b>             | <b>500</b>                     | <b>126.075</b>                                |

\* for 2009 only

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<sup>11</sup> Council Regulation (EC) No 73/2009.

<sup>12</sup> Council Regulation (EC) No 73/2009.

## ANNEX 2: REDUCED IMPORT DUTY REGIMES

### Total Tariff Rate Quotas in 2012<sup>13</sup>

| Type of rice       | Quantity (tonnes) |
|--------------------|-------------------|
| Paddy              | 7                 |
| Husked             | 22 852            |
| Milled/semi-milled | 177 479           |
| Broken             | 217 660           |
| All types of rice* | 39 000            |

\*expressed in husked equivalent

#### 1. WTO quotas<sup>14</sup>

| Type of rice       | Tonnes | Duty  |
|--------------------|--------|---|
| Paddy              | 7      | 15% ad valorem                                      |
| Husked             | 1634   | 15% ad valorem                                      |
| Milled/semi-milled | 103216 | 0   |
| Broken             | 132788 | 100000 t with 30.77 reduction;<br>32788 with 0 duty |

#### 2. Egypt's quotas<sup>15</sup>

| Type of rice | Tonnes | Duty |
|--------------|--------|------|
| Husked       | 21.218 | 0    |
| Milled       | 74.263 | 0    |
| Broken       | 84.872 | 0    |

These quotas are managed on a first-come, first-served basis.

#### 3. Bangladesh's quota<sup>16</sup>

| Type of rice | Tonnes | Duty                    |
|--------------|--------|-------------------------|
| All rice     | 4 000* | Varies per type of rice |

\*in husked equivalent

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<sup>13</sup> These quantities increase annually due to the 3% increase of Egypt's quotas, provided for until 2014

<sup>14</sup> Commission Regulation (EC) No 1273/2011 and (EC) No 2058/1996

<sup>15</sup> Commission Regulation (EC) No 747/2001.

<sup>16</sup> Council Regulation (EC) No 3491/1990 and Commission Regulation (EC) No 1964/2006.

#### **4. Everything But Arms (EBA)<sup>17</sup>**

Duty-free, quota-free access for all types of rice from the Least Developed Countries (LDC) as from 1 September 2009.

In 1997 trade privileges were withdrawn from Myanmar (Burma) – one of the few rice exporters amongst the EBA countries – due to forced labour.

#### **5. Economic Partnership Agreements (EPA) - Cariforum/ACP**

As from 1 January 2010, duty free quota-free access for all types of rice from Cariforum/ACP countries<sup>18</sup>.

#### **6. Overseas Countries and Territories (OCT)<sup>19</sup>**

Import quota for rice cumulating ACP/OCT origin

| Type of rice | Tonnes  | Duty |
|--------------|---------|------|
| All rice     | 35 000* | 0    |

\*in husked equivalent

#### **7. Basmati free market access<sup>20</sup>**

Duty-free and quota-free preferential regime for imports of 9 eligible husked Basmati rice varieties originating in India or Pakistan.

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<sup>17</sup> Council Regulation (EC) No 980/2005

<sup>18</sup> Council Regulation (EC) No 1528/2007

<sup>19</sup> Commission Regulation (EC) No 1274/2009

<sup>20</sup> Council Regulation (EC) No 1234/2007 and Commission Regulation (EC) No 972/2006.