THE EU RICE REGULATORY REGIME

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February 2015
1. **REGULATORY FRAMEWORK**


This Regulation establishes provisions related to market intervention and trade measures and applies to the following rice products (see Annex I part II of Reg. (EU) 1308/2013):

- Rice in the husk (paddy or rough) CN 1006 10
- Husked (brown) rice CN 1006 20
- Semi-milled or wholly-milled rice CN 1006 30
- Broken rice CN 1006 40
- Rice flour CN 1102 90 50
- Rice groats and meal CN 1103 19 50
- Rice pellets CN 1103 20 50
- Flaked rice grains CN 1104 19 91
- Rolled grains of rice CN 1104 19 99
- Rice starch CN 1108 19 10

The marketing year for rice runs from 1st September to 31st August.

European Parliament and Council Regulation (EU) No 1307/2013 establishes rules for direct payments to farmers, including rice farmers – see details in Chapter 3 below.

In the rice sector, a specific regulation on crop and stock declarations for rice (Commission Regulation (EC) No 1709/2003) requires the Member States to inform the Commission about:

- By 15 November: declaration of stocks held by producers and by rice mills
- By 15 December: crop declaration (area, yield, quantities) for the corresponding marketing year

Another specific regulation (Commission Regulation (EC) No 1312/2008) fixes the conversion rates, the processing costs and the value of the by-products for the various stages of rice processing.
2. EU Market ¹

2.1 Intervention ²


For rice 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 of paddy rice (Art 7 of Reg. 1308/2013).

If the rice offered to intervention differs from the standard quality, the price is adjusted accordingly.

Rice is only accepted into intervention if it complies with certain eligibility criteria (quality specifications), related to moisture content, milling yield, defects in the grains, miscellaneous impurities, grains of other rice varieties (see Annex II of Reg. 1272/2009).

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 people (Art. 16 of Reg. 1308/2013).

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.

In practice for rice no quantities have been bought into intervention since the 2004 CAP reform and there have been no intervention stocks since 2006/07 Marketing Year.

2.2 Direct payments ³


As of 2015, the direct payment scheme dedicates 70% of the available national envelope to the Basic Payment and Single Area Payment Schemes, Young Farmer top-ups and other voluntary options depending on the decisions of the Member States (e.g. Voluntary Coupled Support, support to Areas with Natural Constraints, Small Farmer Scheme, etc.).

The remaining 30% of the national direct payment envelope covers greening payments to farmers.

¹ European Parliament and Council Regulations (EU) No 1308/2013 and No 1307/2013
Under the new regime, Member States enjoy a large flexibility to best address local needs. Member States have the possibility to introduce limited coupled support to the sectors or regions where "specific types of farming or specific agricultural sectors that are particularly important for economic, social or environmental reasons undergo certain difficulties".

Rice is among the crops for which Member States may decide to grant voluntary coupled support (Art. 52 of Reg. 1307/2013). In 2014, six Member States (Greece, Hungary, Italy, Portugal, Romania and Spain) out of the eight rice-producing Member States have notified the Commission about their decision to apply voluntary couple payments to the production of rice as from 2015.

All farmers meeting the established eligibility criteria are entitled to receiving the 'greening' payment. The three types of agricultural practices beneficial for the climate and the environment are: crop diversification, maintaining existing permanent grassland and having ecological focus areas (EFA) on the agricultural area.

However, the crop diversification is not required where arable land of the farmers is entirely cultivated with crops under water for a significant part of the year or for a significant part of the crop cycle, as provided under Article 44 (1) of the above mentioned Regulation. Consequently, a holding where rice is cultivated on all arable land is exempted from crop diversification.

In addition, Article 44 (3) b) and Article 46 (4) (b) foresee that crop diversification and Ecological Focus Area practices are not required when more than 75% of the eligible agricultural area is used for the cultivation of crops under water for a significant part of the year or for a significant part of the crop cycle (such as rice), or in combination with areas under permanent grassland or those used for production of grasses or other herbaceous forage, provided that the arable area not covered by these uses does not exceed 30 ha. As a result, rice growers meeting the above conditions are considered satisfying several of the greening requirements.

This makes it easier for rice farmers to get access to the 'greening' payment.
3. TRADE WITH THIRD COUNTRIES


### 3.1 Import duties

Import duties applied for rice are as follows:

<table>
<thead>
<tr>
<th>Product</th>
<th>Paddy</th>
<th>Husked</th>
<th>Milled / semi-milled</th>
<th>Broken</th>
</tr>
</thead>
<tbody>
<tr>
<td>€/t</td>
<td>211</td>
<td>30 / 42.5 / 65</td>
<td>145 / 175</td>
<td>65</td>
</tr>
</tbody>
</table>

Import duties for husked and for milled/semi-milled rice may be adapted twice, at the beginning and half of each marketing year (i.e. in September and in March), on the basis of imports licences issued during the previous period.

For husked rice there are two thresholds:

- if the imported quantities, excluding Basmati husked rice, are below the lowest threshold (382 226 t for a full marketing year, 191 113 t for the first six months), a duty of 30€/t is applied during the subsequent semester.

- if the imported quantities are above the highest threshold (517 130 t for a full marketing year, 258 565 t for the first six months), 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 (all types) the system is similar, but there is only one threshold (387 743 t for a full marketing year corresponding to 182 239 t for the first six months of a marketing year) and two possible levels of duty: 145 €/t and 175 €/t.

At the beginning of 2015, imports duties were set at:

- 30 €/tonne for husked rice (CN 1006 20)
- 175 €/tonne for milled and semi-milled rice (CN 1006 30)
- 65 €/tonne for broken rice (CN 1006 40)

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5 Agreement in the form of exchange of letters between the European Community and the US (EUOJ L346/6 of 29.12.2005)
6 Agreement in the form of exchange of letters between the European Community and Thailand (EUOJ L346/6 of 29.12.2005)
7 Commission Implementing Regulation (EU) No 191/2012
8 Commission Regulation (EU) No 192/2010
9 Commission Implementing Regulation (EU) No 705/2014
3.2 Other fixed tariffs and quotas applying to rice

Following international agreements under WTO or bilateral negotiations, various Tariff Rate Quotas (TRQs) allow rice imports at a lower or even zero duty. These various TRQs for rice are addressed in various regulations. They 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 of rice under TRQs are summarised in the following table:

<table>
<thead>
<tr>
<th>Type of rice</th>
<th>Quantity (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy</td>
<td>7</td>
</tr>
<tr>
<td>Husked</td>
<td>28 819 *</td>
</tr>
<tr>
<td>Milled/semi milled</td>
<td>247 165 **</td>
</tr>
<tr>
<td>Broken</td>
<td>225 530</td>
</tr>
</tbody>
</table>

Most of the above quantities are imported at 0 duty (see details below). They include:
- * 4 000 tonnes from Bangladesh which may be imported in other forms than husked rice
- ** 22 000 tonnes from Central America and 40 800 tonnes from Peru which may be imported in other forms than milled rice

Above quantities do not include duty-free rice imports with no quantitative limits from Least Developed Countries and ACP countries and of husked Basmati rice from India/Pakistan (see below).

a) WTO quotas

Commission Regulation (EU) No 1273/2011 provides for tariff quotas for imports of rice and broken rice linked to the GATT agreement of 1996. The following annual global tariff quotas are opened on 1 January each year:

1. 63 000 tonnes of wholly milled or semi-milled rice covered by CN code 1006 30, at zero duty;
2. 1 634 tonnes of husked rice covered by CN code 1006 20 at an ad valorem duty fixed at 15 %;
3. 100 000 tonnes of broken rice covered by CN code 1006 40 00, with a reduction of 30.77 % (leading to a reduced duty of 45 €/tonne in 2015)
4. 40 216 tonnes of wholly milled or semi-milled rice covered by CN code 1006 30, at zero duty;
5. 31 788 tonnes of broken rice covered by CN code 1006 40 00, at zero duty.
6. 7 tonnes of paddy rice covered by CN code 1006 10, at an ad valorem duty fixed at 15 %
Note: these import tariff quotas are broken down into import tariff quotas by country of origin and divided among a number of sub-periods in accordance with Annex I of Regulation (EU) No 1273/2011.

In addition a specific tariff quota for 1000 tonnes broken rice of CN 1006 4000 for production of food preparations of CN 1901 1000 (infant foods) is opened through Commission Regulation (EU) No 480/2012.

<table>
<thead>
<tr>
<th>Type of rice</th>
<th>Tonnes</th>
<th>Duty</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy</td>
<td>7</td>
<td>15% ad valorem</td>
<td>All countries</td>
</tr>
<tr>
<td>Husked</td>
<td>1,634</td>
<td>15% ad valorem</td>
<td>All countries</td>
</tr>
<tr>
<td>Milled</td>
<td>103,216</td>
<td>0 duty</td>
<td>Thailand, United States, Australia, India, Pakistan, Others</td>
</tr>
<tr>
<td>Broken</td>
<td>132,788</td>
<td>100,000 tonnes with 30.77% reduction (ie 45 €/t in 2015)</td>
<td>Thailand, United States, Australia, Guyana, Others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31,788 tonnes at 0 duty</td>
<td>All countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,000 tonnes at 0 duty for production of infant foods</td>
<td>All countries</td>
</tr>
</tbody>
</table>

**b) Basmati Rice from India and Pakistan**


A zero rate of import duty is granted to husked Basmati rice falling within CN code 1006 2017 and CN code 1006 2098 of the following 9 varieties originating from India or Pakistan:

- For India (8 varieties): Basmati 370, Basmati 386, Type-3 (Dehradum), Taraori Basmati (HBC-19), Basmati 217, Ranbir Basmati, Pusa Basmati and Super Basmati.

- For Pakistan (4 varieties): *Kernel (Basmati)*, Basmati 370, Pusa Basmati and Super Basmati.
c) **Bangladesh quota**


The arrangement is limited to a quantity equivalent to 4000 tonnes of husked rice.

Different rates of reduced imported duty apply for paddy rice (CN 1006 10), husked rice (CN 1006 20), milled rice (CN 1006 30).

d) **Egypt quota**

Commission Regulation (EU) No 449/2010 provides for tariff quotas at 0 duty for certain agricultural products from Egypt including:

- 23 185 tonnes of husked rice (CN 1006 20) at 0 duty
- 81 149 tonnes of milled rice (CN 1006 30) at 0 duty
- 92 742 tonnes of broken rice (CN 1006 40) at 0 duty

e) **Peru quota**

Commission Regulation (EU) No 405/2013 provides for tariff quotas for certain agricultural products from Peru including:

- 40 800 tonnes of rice (ex CN 1006) in 2015 at 0 duty (with an increase of 3 400 tonnes each subsequent year)

f) **Central America quota**

Commission Regulation (EU) No 924/2013 provides for tariff quotas for certain agricultural products from Central America including:

- 22 000 tonnes of husked long grain rice or milled long grain rice in 2015 at 0 duty (with an increase of 1 000 tonnes each subsequent year)

g) **Developing Countries**

Regulation (EU) No 978/2012 of the European Parliament and the Council (which repealed previous Regulation No 732/2008) provides for a scheme of generalised tariff preferences (GSP) for developing countries including a special arrangement for the Least Developed Countries (Everything But Arms (EBA) arrangement established under Regulation 978/2012).

In practice since 1 September 2009, the EBA arrangement has allowed duty-free and quota-free access to the EU market for all types of rice originating in the Least Developed Countries.

The list of 49 countries benefiting from the EBA arrangement includes in particular rice producing countries like Bangladesh, Cambodia, Lao and Myanmar.
h) ACP countries (with Economic Partnership Agreements (EPA))

Council Regulation (EU) No 1528/2007 provides for arrangements for products from ACP (Africa, Caribbean and Pacific) countries which have concluded Economic Partnership Agreements (EPA) with the EU.

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

Note: a TRQ for rice from Overseas Countries and Territories (OCT) ceased to apply on 1st January 2014 following the repeal of Council Decision 2001/822/EC and its replacement by Council Decision 2013/755/EU which did not maintain rice quotas for Netherlands Antilles and Aruba.

3.3 Export refunds

Export refunds, with the aim 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 Marketing Year and standing refunds have been fixed at zero for rice since June 2004.

3.4 Safeguard measures10

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 EU market and where that situation is likely to continue and deteriorate, or

- if, due to imports or exports, the EU 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.

3.5 Other measures

Appropriate safety measures can be taken. On 1st January 2015, the following specific import measures were in place:

Imports from China: rice products must be accompanied by a safety certificate and an analytical report showing that the products have been tested free from the presence of non-authorised GMOs.11

11 Commission Implementing Decision 2011/884 on emergency measures regarding unauthorised genetically modified rice in rice products originating from China and repealing Decision 2008/289
ANNEX

Key EU Regulations on rice

(non-exhaustive list)

1. General CAP regulations:


2. Specific rice regulations:


- Regulation (EU) No 191/2012 fixing the import duties applicable to certain husked rice (OJ L 69 of 08.03.2012)

- Regulation (EU) No 192/2010 fixing the import duties applicable to semi-milled and wholly milled rice (OJ L 56 of 06.03.2010)

- Regulation (EU) No 705/2014 fixing the import duty applicable to broken rice (OJ L 186 of 26.06.2014)