

2.8. The Committee welcomes the obligation laid down in Article 6 to inform the authorities of any transshipment. This will prevent illegal fishing carried out by transferring catches to a neighbouring country's ships.

2.9. The ESC approves and recognizes the need for the proposed ban on landings or transshipments of catches once quotas have been used up.

2.10. The ESC is particularly interested in the principles behind the division of responsibilities in the present Regulation. It is particularly important that the EU Commission's obligations and those of the Baltic

Convention are fulfilled exactly and fairly. At the same time the Committee would emphasize the national responsibility of Member States to carry out their monitoring duties to the full.

3. Specific comments

3.1. The Committee suggests changing Article 5(1) to read as follows:

'... shall notify the Baltic Sea Fishery Commission, the EC Commission and the relevant Contracting Party of the Baltic Convention on Fishing, by the fifteenth of each month in respect of the previous month's catches and ...'.

Done at Brussels, 22 November 1995.

The President
of the Economic and Social Committee
Carlos FERRER

Opinion on the proposal for a Council Regulation (EC) on the common organization of the market in rice

(96/C 39/17)

On 21 September 1995 the Council decided to consult the Economic and Social Committee, under Articles 43 and 198 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 6 November 1995. The Rapporteur was Mrs Santiago.

At its 330th Plenary Session (meeting of 23 November 1995), the Economic and Social Committee adopted the following opinion *nem. con.* with six abstentions.

1. Introduction

1.1. The competitiveness and income of EU rice producers are seriously threatened by competition from third country imports which, under the GATT Agreements, will have freer access to the Community.

1.1.1. Revision of the common market organization is therefore necessary in order to enable producers to withstand this competition, ensure their survival and maintain their income level.

1.1.2. Rice-growing is economically important for certain regions of the EU. It is also important in

environmental terms, as it is vital for maintaining delicate wetland ecosystems.

1.2. When adopting its decisions on the reform of the CAP in 1992, the Council instructed the Commission to draw up proposals for the sectors not yet covered by the reform. The proposals for wine, fruit and vegetables, dried fodder and cotton have all been issued, and rice is one of the few sectors outstanding.

1.3. The Commission has drawn up a detailed proposal, accompanied by a report which contains a comprehensive analysis of rice production and pro-

cessing. Rice is a crop with quite different characteristics from other cereals.

1.4. The main subspecies of rice grown in the EU is Japonica. Indica is grown in tropical climate zones and, to be profitable, needs light and temperature conditions not generally found in most of the EU producer regions.

1.5. The rice market is relatively balanced and the structural surplus of Japonica rice is sold on traditional markets or is used to meet the Community's food-aid commitments.

2. General comments

2.1. The Commission's reform proposals broadly follow the rationale which underpinned the reform of the cereals market:

- Drop in producer prices;
- Compensatory aid per hectare;
- Maximum guaranteed area;
- Quality policy;
- Intervention system.

2.2. The 15% drop in intervention prices being proposed under the new system must be offset by full financial compensation in order to maintain producers' income levels and ensure their survival.

2.3. Similarly, the principle of equal treatment requires that for all producer Member States, the compensatory aid be calculated on the basis of the average of the last three marketing years (1993, 1994, 1995) in each producer country, with due account for trends in consumption and for the accession of the new Member States. However, when calculating the maximum guaranteed area for Spain and Portugal, account must be taken of the reduction in the cultivated area caused by drought.

2.4. The proposed penalties for overshooting the national maximum guaranteed areas need to be revised.

2.4.1. A 1% overshoot of the Community maximum guaranteed area should mean a 1% cut in compensatory aid in the Member State responsible.

2.4.2. The Committee feels that rice should be treated in the same way as other production sectors.

2.5. The Committee draws attention to the social consequences of the probable reduction in the area under rice. It is surprised that the Commission proposal does not analyze the social impact of rice growing, and does not quantify the workforce in the agro-industrial sector as a whole.

2.5.1. Rice growing is highly specialized, and 65% of growers use more than 50% of their land to cultivate the crop. These growers account for over 70% of the total rice area. In other words, a significant number of small rice growers depend almost exclusively on rice for their agricultural income.

2.6. The reform of the common market organization and the reduction of customs tariffs following the GATT Agreements will mean a significant reduction in the prices of Community rice and rice imports. It is vital that this reduction be passed on to the consumer.

3. Specific comments

3.1. The proposal mentions the need to reinforce the parameters for defining the standard intervention quality so as to align them on the production standards of third countries that export to the Community market.

3.1.1. The Committee is surprised that the proposal for a Council regulation determining the standard quality of rice (COM(95) 405 final) was not referred to it with the present proposal, as changes in the quality parameters inevitably affect the producer price.

3.2. The Committee agrees that quality policy should be better geared to consumer requirements, but points out that although Indica rice requires special climate conditions, it does qualify for support in some specific areas of the EU, albeit not extensively.

3.2.1. The Committee does not agree that a varietal switch should be encouraged by means of price penalties and compensatory aid. Instead, it favours a policy of incentives for research and experimenting with high-quality varieties and a policy of varietal compensatory aid, as this has proved effective in the past for Indica rice. Such measures are fully justified when one considers the rice imports based on agreements between the EU and the ACP States and OCT.

3.2.2. The Committee points out that a genuine quality policy requires the parameters for determining the standard quality of rice to reflect the differing

technical characteristics of Indica and Japonica, and that the latter accounts for 80% of Community production.

3.2.3. When fixing these parameters, it must also be remembered that imports from third countries are of husked rice, which has already undergone initial industrial processing. Here it would appear necessary to introduce an intervention price for semi-milled rice, as envisaged by the Council in December 1994.

3.3. Unlike other agricultural products, intervention in the rice market is limited and only plays a significant role in determining market prices.

3.3.1. If intervention provisions are tightened up without any financial compensation for producers, this will substantially weaken the level of intervention support.

3.3.2. The proposed precautionary intervention scheme is an innovation which could lead to intervention stocks being released onto the EU market where they would compete freely. This could trigger a significant drop in prices and create serious distortions on the internal market.

3.3.3. In short, the new system will be complex, costly and difficult to apply.

Done at Brussels, 23 November 1995.

The President
of the Economic and Social Committee
Carlos FERRER
