



COMMISSION OF THE EUROPEAN COMMUNITIES

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2006/0028 (CNS)

Proposal for a

COUNCIL REGULATION

**amending Regulation (EC) No 1785/2003
as regards the arrangements for importing rice**

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. On 26 June 2003, the Council authorised the Commission to notify the WTO of the intention of the European Community to modify concessions on imports of products of HS codes 1006 20 (husked rice) and 1006 30 (milled rice) included in EC Schedule CXL annexed to the GATT. This notification was made on 2 July 2003.
2. The Commission has negotiated with the United States of America, having a principal supplying interest in products of HS code 1006 20 (husked rice) and a substantial supplier interest in products of HS code 1006 30 (milled rice), Thailand, having a principal supplying interest in products of HS code 1006 30 (milled rice) and a substantial supplier interest in product of HS code 1006 20 (husked rice), and India and Pakistan, each having a substantial supplier interest in products of HS code 1006 20 (husked rice).
3. Agreements have been approved on behalf of the Community as follows:
 - with India by Council Decision 2004/617/EC of 11 August 2004¹,
 - with Pakistan by Council Decision 2004/618/EC of 11 August 2004²,
 - with the United States by Council Decision 2005/476/EC of 21 June 2005³,
 - with Thailand by Council Decision 2005/953/EC of 20 December 2005⁴.
4. The above decisions laid down the conditions for fixing import duties in line with the nature of the product and the quantities imported, and authorised the Commission to derogate from Regulation (EC) No 1785/2003 on the common organisation of the market in rice for a transitional period. This derogation was, however, limited to 30 June 2006.
5. Regulation (EC) No 1785/2003 should therefore be amended in order to incorporate the amendments to the arrangements applicable to imports of rice which result from the above Agreements.

¹ OJ L 279, 28.8.2004, p. 17.

² OJ L 279, 28.8.2004, p. 23.

³ OJ L 170, 1.7.2005, p. 67.

⁴ OJ L 364, 29.12.2005, p. 24.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 36 and the third subparagraph of Article 37(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament⁵,

Whereas:

- (1) Article 10(1) of Council Regulation (EC) No 1785/2003 of 29 September 2003 on the common organisation of the market in rice⁶ requires the presentation of an import or export licence for imports into the Community, or exports therefrom, of any of the products listed in Article 1 of that Regulation. To simplify the procedures applicable to economic operators, it should be possible to derogate from the obligation to present an import licence where it is not required for the management of certain imports of rice. The Commission should therefore be permitted to derogate from this obligation.
- (2) Under the Agreement in the form of an Exchange of Letters between the European Community and India pursuant to Article XXVIII of the GATT 1994 relating to the modification of concessions with respect to rice provided for in EC Schedule CXL annexed to the GATT 1994⁷, approved by Council Decision 2004/617/EC⁸, the duty applicable to imports of husked rice of certain Basmati varieties originating in India is fixed at zero.
- (3) Under the Agreement in the form of an Exchange of Letters between the European Community and Pakistan pursuant to Article XXVIII of the GATT 1994 relating to the modification of concessions with respect to rice provided for in EC Schedule CXL annexed to the GATT 1994⁹, approved by Council Decision 2004/618/EC¹⁰, the duty applicable to imports of husked rice of certain Basmati varieties originating in Pakistan is fixed at zero.

⁵ OJ C ..., ..., p. ...

⁶ OJ L 270, 21.10.2003, p. 96.

⁷ OJ L 279, 28.8.2004, p. 19.

⁸ OJ L 279, 28.8.2004, p. 17. Decision as amended by Decision 2005/476/EC (OJ L 170, 1.7.2005, p. 67).

⁹ OJ L 279, 28.8.2004, p. 25.

¹⁰ OJ L 279, 28.8.2004, p. 23. Decision as amended by Decision 2005/476/EC.

- (4) The Agreement in the form of an Exchange of Letters between the European Community and the United States of America relating to the method of calculation of applied duties for husked rice¹¹, approved by Council Decision 2005/476/EC¹², lays down the mechanism for calculating and fixing at regular intervals the duty applicable to imports of husked rice falling within CN code 1006 20.
- (5) The Agreement in the form of an Exchange of Letters between the European Community and Thailand pursuant to Article XXVIII of GATT 1994 relating to the modification of concessions with respect to rice provided for in EC Schedule CXL annexed to GATT 1994¹³, approved by Council Decision 2005/953/EC¹⁴, lays down the mechanism for calculating and fixing at regular intervals the duty applicable to imports of semi-milled and milled rice falling within CN code 1006 30, and fixes the duty applicable to imports of broken rice falling within CN code 1006 40 00 at EUR 65 per tonne.
- (6) The four decisions referred to above all allow for the Commission to derogate from Regulation (EC) No 1785/2003 to permit the full application of the above Agreements. Those derogations apply until 30 June 2006 at the latest.
- (7) The provisions of Regulation (EC) No 1785/2003 relating to the fixing of the duty on the different types of rice covered by the above Agreements should therefore be amended.
- (8) To be eligible for zero import duty, Basmati rice must belong to a variety specified in the Agreements. To ascertain that the Basmati rice imported at a zero rate of duty meets those characteristics, specific rules should be adopted by the Commission.
- (9) Regulation (EC) No 1785/2003 should therefore be amended accordingly. To ensure that these new import arrangements will be retained for operators after the deadline for the application of the derogations, this amendment should apply from 1 July 2006,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 1785/2003 is hereby amended as follows:

- (1) The following paragraph 1a is added to Article 10:

“1a. Where an import licence is not required for the management of certain imports of rice, the Commission may, in accordance with the procedure referred to in Article 26(2), derogate from the obligation provided for in the first subparagraph of paragraph 1 of this Article.”
- (2) Article 11(2) is deleted.

¹¹ OJ L 170, 1.7.2005, p. 69.

¹² OJ L 170, 1.7.2005, p. 67.

¹³ OJ L 346, 29.12.2005, p. 26.

¹⁴ OJ L 346, 29.12.2005, p. 24.

- (3) The following Articles 11a to 11d are added:

“Article 11a

1. Notwithstanding Article 11(1), the import duty on husked rice falling within CN code 1006 20 shall be fixed by the Commission within ten days of the end of the reference period concerned at:
 - (a) EUR 30 per tonne in the following cases:
 - where it is noted that the imports of husked rice made over the course of the marketing year just ended did not reach the annual reference quantity referred to in the first subparagraph of paragraph 3, less 15%,
 - where it is noted that the imports of husked rice made over the course of the first six months of the marketing year do not reach the partial reference quantity referred to in the second subparagraph of paragraph 3, less 15%,
 - (b) EUR 42.5 per tonne in the following cases:
 - where it is noted that the imports of husked rice made over the course of the marketing year just ended exceed the annual reference quantity referred to in the first subparagraph of paragraph 3, less 15%, but do not exceed that same annual reference quantity plus 15%,
 - where it is noted that the imports of husked rice made in the first six months of the marketing year exceed the partial reference quantity referred to in the second subparagraph of paragraph 3, less 15%, but do not exceed that same partial reference quantity plus 15%,
 - (c) EUR 65 per tonne in the following cases:
 - where it is noted that the imports of husked rice made over the course of the marketing year just ended exceed the annual reference quantity referred to in the first subparagraph of paragraph 3, plus 15%,
 - where it is noted that the imports of husked rice made over the course of the first six months of the marketing year exceed the partial reference quantity referred to in the second subparagraph of paragraph 3, plus 15%.

The Commission shall fix a new applicable duty only if the calculations performed under this paragraph indicate a need to change it. Until such time as a new applicable rate is fixed, the duty previously fixed shall apply.

2. In order to calculate the imports referred to in paragraph 1, account shall be taken of the quantities for which import licences for husked rice falling within CN code 1006 20 were issued under the first subparagraph of Article 10(1) in

the corresponding reference period, except for the import licences for Basmati rice referred to in Article 11b.

3. The annual reference quantity shall be 437 678 tonnes for the 2005/06 marketing year. This quantity shall be increased by 6 000 tonnes a year for the 2006/07 and 2007/08 marketing years.

The partial reference quantity for each marketing year shall correspond to half the annual reference quantity referred to in the first subparagraph.

Article 11b

Notwithstanding Article 11(1), the husked Basmati rice varieties falling within CN codes 1006 20 17 and 1006 20 98 listed in Annex IIIa shall qualify for a zero rate of import duty under the conditions fixed by the Commission in accordance with the procedure referred to in Article 26(2).

Article 11c

1. Notwithstanding Article 11(1), the import duty for semi-milled or wholly milled rice falling within CN code 1006 30 shall be fixed by the Commission within ten days after the end of the reference period concerned at:

(a) EUR 175 per tonne in the following cases:

- where it is noted that imports of semi-milled and wholly milled rice during the marketing year just ended exceed 387 743 tonnes;
- where it is noted that imports of semi-milled and wholly milled rice during the first six months of the marketing year exceed 182 239 tonnes;

(b) EUR 145 per tonne in the following cases:

- where it is noted that imports of semi-milled and wholly milled rice during the marketing year just ended do not exceed 387 743 tonnes;
- where it is noted that imports of semi-milled and wholly milled rice during the first six months of the marketing year do not exceed 182 239 tonnes.

The Commission shall fix a new applicable duty only if the calculations performed under this paragraph indicate a need to change it. Until such time as a new applicable rate is fixed, the duty previously fixed shall apply.

2. When calculating imports as referred to in paragraph 1, account shall be taken of the quantities for which import licences for semi-milled or wholly milled rice falling within CN code 1006 30 were issued under the first subparagraph of Article 10(1) during the corresponding reference period.

Article 11d

Notwithstanding Article 11(1), the import duty on broken rice falling within CN code 1006 40 00 shall be EUR 65 per tonne.”

(4) The Annex to this Regulation shall be added as Annex IIIa.

Article 2

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

It shall apply from 1 July 2006.

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

Done at Brussels,

*For the Council
The President*

ANNEX

“ANNEX IIIa

Varieties of Basmati rice referred to in Article 11b

Basmati 217

Basmati 370

Basmati 386

Kernel (Basmati)

Pusa Basmati

Ranbir Basmati

Super Basmati

Taraori Basmati (HBC-19)

Type-3 (Dehradun)”