CAP are clearly a backwards step in this respect. Moreover, supplementing the second pillar by modulation alone would weaken the complementarity between the two pillars of the CAP. With regard to improving product quality, food safety and environmental protection the proposals are a step in the right direction. Although adequate resources are not provided for this, the Committee believes that these could be increased in the next reform of the Structural Funds.

Brussels, 14 May 2003.

Roger BRIESCH
President
of the European Economic and Social Committee

Opinion of the European Economic and Social Committee on the ‘Proposal for a Council Regulation on the common organisation of the market in rice’

(COM(2003) 23 final — 2003/0009 (CNS))

On 10 February 2003 the Council decided to consult the European Economic and Social Committee, under Article 37 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 25 April 2003. The rapporteur was Mrs Maria Luisa Santiago.

At its 399th plenary session on 14 and 15 May 2003 (meeting of 14 May), the European Economic and Social Committee adopted the following opinion by 7 votes to 6 with 9 abstentions.

1. Introduction

1.1. As part of the mid-term review of Agenda 2000, the Commission proposes modifying the current regulation on the common organisation of the market in rice (1), as follows:

— One-step reduction of the intervention price by 50% to an effective support price of EUR 150/t in line with world prices.

— Increase in the current direct aid from EUR 52/t to EUR 177/t, broken down as follows:

  — EUR 102/t as part of the single farm payment and paid on the basis of historical rights limited by the current maximum guaranteed area.

  — EUR 75/t as a crop-specific aid for rice production, which will be multiplied by each country’s yield, as laid down in the 1995 reform.

— Reduction in the maximum guaranteed area from 433 423 ha to 392 801 ha.

— Replacement of the public intervention system by a private storage scheme, the rules governing which will be drawn up by the Management Committee, which will be triggered only when the market price is less than the support price (EUR 150/t) for a period of two consecutive weeks.

— Triggering of a special measure when the market price for paddy rice is below EUR 120/t for a period of two consecutive weeks and is likely to remain below this price.


— Introduction of a system of degression, with reductions varying from 1 % in 2006 to 19 % in 2012, according to the different tranches and different periods and stages of application.

1.2. The Commission bases this proposal on the fact that it considers the current Community rice market to be seriously unbalanced owing to the increase in domestic output and imports.

1.2.1. The Commission believes that the present imbalance will be exacerbated even further and probably reach an unsustainable level in the years to come as a result of expected increases in imports from third countries following the implementation of the 'Everything but Arms' initiative (see current proposal).

2. General comments

2.1. The Commission intends to create, as a compensation for the drop in prices, an income payment per farm and a crop specific aid reflecting the role of rice production in traditional production areas (1). It is a positive sign that this has been recognised, but it is not enough in view of the specific and irreplaceable environmental role played by rice farming.

2.1.1. Rice farming in the EU is limited to very specific geographical areas near river deltas and flat wetlands with poor local drainage. The flooding system inherent to this type of farming stops groundwater levels rising — groundwater near river mouths is salty — preventing soil disintegration and clay disagglomeration. Waterlogged land attracts various typical migratory species of aquatic fauna such as storks, capped herons, water hens and snipes, which have opted for rice paddies as their natural habitat. There is a particular type of flora associated with rice paddies too; maintaining wetlands through rice farming also ensures conservation of this flora. The value of rice paddy ecosystems is unparalleled in terms of landscape and hunting opportunities. Large rice-growing areas are located within nature reserves and protected areas, operating alongside them and often underpinning these ecosystems which are specifically protected for the purpose of maintaining biodiversity.

2.1.2. The concentration of rice-farming in specific areas, the workforce employed in this sector, the type of machinery used and the fact that rice is a seasonal crop allowing farmers to do other work, all creates a distinctive kind of multi-functional rural community built up around and dependent on rice farming, without which the community would lose its structure. The economic fabric of these rural areas encompasses more than just farmers’ families, but also cooperatives, fertiliser and pesticide companies, machinery and equipment companies and the husking industry, all of which are directly and indirectly dependent on rice cultivation. Also associated with rice-growing areas are irrigation communities that manage irrigation zones specifically designed for and adapted to rice cultivation; the maintenance and survival of these communities will be jeopardized if rice farming is abandoned. In order to secure sustained economic development in these areas it is vital to consolidate the multi-functional nature of farms and to diversify economic activity. Farms in rice-producing areas are typical of particular rural communities with traditional economic bases and ways of life, where the impact of implementing the Commission proposal will be much greater and where a serious threat hangs over social cohesion.

2.2. The Committee regrets that the measures proposed by the Commission may not be enough to prevent rice farming becoming unsustainable in the future, as the Commission itself predicts.

2.3. Indeed, the proposal to bring the price of Community rice into line with the price of rice imported from less developed countries (LDCs), in order to ensure that rice produced in the EU is competitive, cannot be achieved as long as the EU's current system of calculating import duties remains in place.

2.3.1. The Committee believes that, if any changes are made to the COM in rice, the current system of variable import duties must at the same time be replaced with a system of fixed duties in order to break the existing link between the intervention price and the level of import duties. Any reform must anticipate the internal impact on Member States’ agriculture but must also call for a study to be carried out into the impact of international agreements that have been or will be concluded under the auspices of the WTO. Such a study should also cover the effects of the 'Everything but Arms’ agreement on the less developed countries in terms of farmers’ incomes, agricultural job creation and re-investment of the benefits, so that an assessment can be made of the expected results of the agreement.

2.3.2. The Committee points out that, during the Uruguay Round of negotiations, the same reference prices were used for rice as for other cereals, and no account was taken of initial processing costs. The correction mechanism introduced at that
time — headnote 7 — gave rise to the current imbalance in the sector (1). In fact, with this system, any fall in the intervention price leads to an automatic, disproportionate fall in import duties.

2.3.3. Basmati rice benefited from these circumstances: imports rose from 60 000 tonnes to 200 000 tonnes. Under this system, rice has come on to the European market which is similar to basmati rice but of lower quality, and its authenticity is difficult to check.

2.3.4. The effect of the ‘Everything but Arms’ (EBA) initiative was a political choice by the European Union, which did not take account of the impact on European rice farming and which enabled rice from other sources to come onto the European market without any real benefits for the less developed countries.

2.4. On the world market, European rice production is insignificant, not even amounting to 0.4 % of worldwide production. However the European market is much sought after internationally because of the potential for growth in consumption identified in the countries of northern Europe. The biggest exporter of rice in the world is Thailand, followed by Vietnam, India and the United States which, despite being the fourth largest rice exporter, plays a predominant role in setting and steering prices. Rice is one of the commodities quoted on the Chicago stock exchange and many investors buy and sell rice which they do not intend to process, but which they deal in only for investment purposes, speculating on price increases and the possibility of selling it subsequently at higher prices. Fluctuations in international rice prices are subject to heavy speculation and may bear no relation whatsoever to the situation of rice production in Europe.

2.4.1. In the European Union, rice is only produced around the Mediterranean and even there only in specific areas, as referred to above. Thus rice production only concerns some regions and tends to be viewed as being of secondary importance, even by national and Community authorities, despite the huge importance it has for the people in the producing regions.

2.4.2. Although the processing industries are located near the production areas, often organized as producer cooperatives, there is one exception in the Community which is of particular importance: there is a husking industry in northern European non-producer countries interested in lower raw material prices and in maintaining protection on milled rice.

2.4.3. These circumstances have triggered a significant upsurge in imports which has led to a gradual increase in the amount of rice in intervention stocks.

2.5. The whole thinking behind this proposal focuses on the problem of intervention and the financial resources associated with it. The Committee agrees that this problem has to be resolved, but feels that the solutions which have been put forward seem more designed to encourage farmers to change to other crops rather than to make adjustments to rice farming. It should be stressed that rice-growing land, because of its particular features, is difficult to use for other crops. If this type of farming is made financially unviable, the logical consequence will be that it will be abandoned, with all that this entails in terms of negative social, employment and rural development repercussions, over and above the responsibility that it will imply for any concomitant environmental damage.

2.5.1. The volume of rice stored in public intervention is high; this is the reason behind the imbalance in the market, not a rise in domestic production as stated in the proposal. European milled rice production fell by 14 % from 1 667 000 tonnes in 1997/1998 to 1 436 000 tonnes in 2000/2001, while European rice consumption rose by 31 % between 1990 and 2000 and will continue to do so when the new, non-rice producing countries join the EU.

2.6. The impact studies of the proposed mid-term review of the CAP, commissioned by the Commission from various universities, reached different conclusions as regards its consequences and the maintenance of the European rice sector’s competitiveness. Some studies forecast an increase in imports while others are sure that imports will fall. Nevertheless they are unanimous in their assessment that European production will drop, possibly by as much as 29 %; none however have analysed the environmental impact or the socio-economic impact on rice farming (2).

3. Specific comments

3.1. The proposed effective support price, which is less than the lowest rice production costs in the EU, is not fully compensated by the increase in aid and will therefore lead to a fall in farmers’ incomes. The Committee believes that rice


(2) DG Agri — Impact analyses. March 2003.
farming is essential to maintaining specific flora and fauna, and to conserving saline areas, and must therefore be given particular attention. Compensation must be 100 % of the fall in prices, also reflecting the current level of incomes. Intervention under the current arrangements is not only geared to producers. Any operators can apply as long as their rice is in suitable batches and meets the minimum quality requirements.

3.2. The private storage scheme proposed by the Commission is poorly defined and makes no provision for monthly increments, which play a key role in market fluidity. The Committee is concerned that the new system may give rise to even greater imbalances in the markets.

3.2.1. The introduction of a private storage scheme and protection mechanism that address the situation concerning prices must be clarified and quantified. It is still not known which mechanisms will trigger private storage.

3.2.2. The Committee feels that instead of complicated arrangements that have already proved ineffective in other sectors, it would be preferable to keep to the standard intervention, but with new rules only giving producers access in times of crisis. In order to prevent a serious disturbance of the market in paddy rice in the last months of the marketing year 2003/2004 (1) the Commission is limiting the intake of rice to intervention stocks to 100 000 tonnes. The rice placed on the market on that date will be rice which is being grown at that time. Since rice is harvested between September and October, it is clear that manufacturers will try to buy rice at a price which is very close not to the current effective support price but to the proposed intervention price. Farmers who, during that marketing year, are still receiving aid at current levels will suffer untenable losses. The only way to prevent such speculation will be to keep intervention operating without restrictions during the transitional year.

3.3. The Maximum Guaranteed Areas laid down in Regulation (EC) No 3072/95 have been studied in depth. There are no grounds for adjusting them on the grounds of an occasional reduction in the area farmed owing to abnormal climatic conditions — such as the water shortages experienced in some irrigation perimeters during 2000 following a period of severe drought — all the more so since after enlargement rice consumption will rise, as confirmed by Commission impact studies.

3.3.1. If these areas are adjusted, and at the same time the penalties imposed on the specific aid for exceeding them are maintained, there is a higher risk that these penalties will cause considerable damage, in particular for small farms, of which there are many in most rice producing countries. The current penalty system must be replaced with a linear system in keeping with that for other field crops.

3.3.2. Prior to implementation of the penalty system, there should be an annual scheme for area compensation between Member States, entailing no obligations for the following years, applying to areas ranging from those which are not under cultivation to those where the maximum guaranteed area is being fully used. Penalties should apply to Member States which have exceeded the Maximum Guaranteed Areas only when the Community’s guaranteed area has been exceeded. This is the only way to harness the Union’s full production potential and the opportunities offered by the budget earmarked for this sector.

3.4. The hygiene, environmental and labour standards that apply to Community rice production should be applied to rice imported from third countries, in order to ensure food safety in Europe and prevent unfair competition or dumping.

3.5. There should be steps to boost rice consumption in the Community based on promotional campaigns highlighting rice as a natural food grown in conditions which help preserve ecological habitats; special emphasis should be placed on varieties of the Japonica species.

3.6. The Committee believes that the current reform does not meet the proposed objectives of improving the equilibrium of the market and enhancing the crop’s competitiveness (of rice farming) in the world market. Priority must be given to revising current import criteria during WTO negotiations.

3.7. This viewpoint is shared by the Commission itself which, at the Special Committee on Agriculture of 23 July 2002, confirmed its recommendation to modify both the EU and the WTO’s commitments concerning rice imports and to take account of the Council’s intention to review this issue before the end of the year.

4. Conclusions

— Rice is a crop vital in preserving the ecosystems of wetland areas for which there are no alternative farming options.

— Farmers must be fully compensated for the imposed drop in the price.
— The intervention system must be retained with its current features, namely the level of the intervention price should be the proposed effective support price.

Brussels, 14 May 2003.

The President
of the European Economic and Social Committee
Roger BRIESECH

Opinion of the European Economic and Social Committee on ‘Access to European Union citizenship’

(2003/C 208/19)

On 21 January 2003 the European Economic and Social Committee decided to draw up an opinion, under Article 29(2) of its Rules of Procedure, on ‘Access to European Union citizenship’.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 2 April 2003. The rapporteur was Mr Pariza Castaños.

At its 399th plenary session on 14 and 15 May 2003 (meeting of 14 May), the European Economic and Social Committee adopted the following opinion by 88 votes in favour and 40 votes against, with 8 abstentions.

1. Introduction

1.1. The European Convention has been working for months on drafting a Constitutional Treaty for the European Union. The EESC is participating in the work of the Convention through its observers, who bring to Convention debates the various proposals and recommendations adopted by the EESC in its opinions and its resolution addressed to the European Convention.

1.2. With regard to European immigration and asylum policy, as derived from the Treaty of Amsterdam and the Tampere European Council, the EESC has drawn up various opinions through which it is helping to ensure that the European Union has an appropriate common policy and transparent legislation based on equal treatment, equal rights and obligations, and the fight against all forms of discrimination.

1.3. On 9 and 10 September 2002, the EESC — in cooperation with the European Commission — organised a conference attended by representatives of the social partners and major social organisations from 25 European States, to promote the integration of immigrants and refugees in European societies and to obtain new commitments from civil society (\(^1\)).

1.4. The immigrant population of the Member States is set to rise. All the experts agree that for demographic, economic and social reasons immigration is going to increase and that a large number of these people will settle on a long-term or permanent basis (\(^2\)). Furthermore, mobility between Member States will increase as freedom of movement evolves. Mobility

\(^1\) The conference also analysed other matters relating to immigration, such as the situation of people ‘without papers’. It was concluded that when there is proper legislation allowing for the legal and transparent management of immigration, illegal immigration will decrease. These people must be treated fairly and the Member States must do their best to regularise their situation.