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COUNCIL REGULATION (EC) No 1785/2003

of 29 September 2003

on the common organisation of the market in rice

(OJ L 270, 21.10.2003, p. 96)

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COUNCIL REGULATION (EC) No 1785/2003

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THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Having regard to the opinion of the European Economic and Social Committee ⁽²⁾,

Having regard to the opinion of the Committee of the regions ⁽³⁾,

Whereas:

- (1) The operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy to include, in particular, a common organisation of agricultural markets which may take various forms depending on the product.
- (2) Council Regulation (EC) No 3072/95 of 22 December 1995 on the common organisation of the market in rice ⁽⁴⁾ has been substantially amended several times. Since further amendments are to be made, in the interests of clarity that Regulation should be replaced. Regulation (EC) No 3072/95 should accordingly be repealed.
- (3) The European rice market is in serious unbalance. The volume of rice stored in public intervention is very large, equivalent to about a quarter of Community output, and is likely to increase in the long run. The imbalance has been caused by the combined effect of an increase in domestic output, which has stabilised in recent marketing years, the continuing growth of imports and by the restrictions on exports with refunds in accordance with the Agriculture Agreement. The present imbalance is to be exacerbated even further and probably to reach an unsustainable level, in the course of the years to come as a result of increasing imports from third countries due to the implementation of the EBA Agreement.
- (4) This problem must be solved by revising the common market organisation for rice, in such a way as to take control of output, improve the equilibrium and fluidity of the market and enhance the competitiveness of Community agriculture, while pursuing the other aims of Article 33 of the Treaty, including maintaining suitable income support for producers.
- (5) It appears that the most suitable solution is to decrease strongly the intervention price and to create, as a compensation an income payment per farm and a crop specific aid reflecting the role of rice production in traditional production areas. The latter two instruments are incorporated in Council Regulation (EC) No 1782/2003 of 29 September 2003 on establishing common rules for direct support schemes under the common agricultural policy and establishing support schemes for farmers ⁽⁵⁾.
- (6) To prevent the system of intervention becoming an outlet in itself, the quantities bought in by the intervention agencies should be limited to 75 000 tonnes per year and the intervention period should be limited to four months.

⁽¹⁾ Opinion delivered on 5 June 2003 (not yet published in the Official Journal).

⁽²⁾ OJ C 208, 3.9.2003, p. 72.

⁽³⁾ Opinion delivered on 2 July 2003 (not yet published in the Official Journal).

⁽⁴⁾ OJ L 329, 30.12.1995, p. 18. Regulation as last amended by Commission Regulation (EC) No 411/2002 (OJ L 62, 5.3.2002, p. 27).

⁽⁵⁾ See page 1 of this Official Journal.

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- (7) The creation of a single Community market for rice involves the introduction of a trading system at the external frontiers of the Community. A trading system complementing the intervention system and including import duties applying the rates of the Common Customs Tariff and export refunds should, in principle, stabilise the Community market. The trading system should be based on the undertakings accepted under the Uruguay Round of multilateral trade negotiations.
- (8) In order to monitor the volume of trade in rice with third countries, provision should be made for an import and export licence scheme with the lodging of a security to ensure that the transactions for which such licences are requested are effected.
- (9) For the most part, the customs duties applicable to agricultural products under the World Trade Organisation (WTO) agreements are laid down in the common customs tariff. However, for some rice products, the introduction of additional mechanisms makes it necessary to adopt derogations.
- (10) In order to prevent or counteract adverse effects on the Community market which could result from imports of certain agricultural products, imports of one or more of such products should be subject to payment of an additional import duty, if certain conditions are fulfilled.
- (11) It is appropriate, under certain conditions, to confer on the Commission the power to open and administer tariff quotas resulting from international agreements concluded in accordance with the Treaty or from other acts of the Council.
- (12) Provisions for granting a refund on exports to third countries, based on the difference between prices within the Community and on the world market, and falling within the limits set by the WTO Agreement on agriculture ⁽¹⁾, should serve to safeguard Community participation in international trade in rice. Such export refunds should be subject to limits in terms of quantity and value.
- (13) Compliance with the limits in terms of value should be ensured at the time when export refunds are fixed through the monitoring of payments under the rules relating to the European Agricultural Guidance and Guarantee Fund. Monitoring can be facilitated by the compulsory advance fixing of export refunds, while allowing the possibility, in the case of differentiated export refunds, of changing the specified destination within a geographical area to which a single export refund rate applies. In the case of a change of destination, the export refund applicable to the actual destination should be paid, with a ceiling of the amount applicable to the destination fixed in advance.
- (14) Ensuring compliance with the quantity limits requires the introduction of a reliable and effective system of monitoring. To that end, the granting of export refunds should be made subject to an export licence. Export refunds should be granted up to the limits available, depending on the particular situation of each product concerned. Exceptions to that rule can only be permitted in the case of processed products not listed in Annex I to the Treaty, to which volume limits do not apply, and in the case of food-aid operations which are exempt from any limitation. Provision should be made for derogating from strict compliance with management rules where exports benefiting from export refunds are not likely to exceed the quantity ceilings laid down.
- (15) To the extent necessary for its proper working, provision should be made for regulating or, when the situation on the market so requires, prohibiting the use of inward and outward processing arrangements.

⁽¹⁾ OJ L 336, 23.12.1994, p. 22.

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- (16) The customs duty system makes it possible to dispense with all other protective measures at the external frontiers of the Community. The internal market and duty mechanism could, in exceptional circumstances, prove deficient. In such cases, in order not to leave the Community market without defence against disturbances that might ensue, the Community should be able to take all necessary measures without delay. All such measures should comply with the obligations arising from the WTO agreements.
- (17) Taking into account the influence of the world market price on the internal price, there should be provision for appropriate measures to be taken in order to stabilise the internal market.
- (18) The proper working of a single market based on common prices would be jeopardised by the granting of national aid. Therefore, the provisions of the Treaty governing State aid should apply to the products covered by this common market organisation.
- (19) In order to take account of the specific needs for supplies of the most remote regions of the Community and of the differences in prices of the products which can result from the costs of transport and of marketing of these products, it is advisable to make it possible for the Community to fix a subsidy for consignments from Member States being in one of the situations referred to in Article 23(2) of the Treaty, intended to be consumed in these regions and more particularly in the French overseas department of Réunion,
- (20) As the common market in rice is in continuous development, the Member States and the Commission should keep each other supplied with information relevant to these developments.
- (21) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽¹⁾.
- (22) In view of the necessity to solve practical and specific problems, the Commission should be authorised to adopt necessary measures in cases of emergency.
- (23) Expenditure incurred by the Member States as a result of the obligations arising from the application of this Regulation should be financed by the Community in accordance with Council Regulation (EC) No 1258/1999 of 17 May 1999 on the financing of the common agricultural policy ⁽²⁾.
- (24) The common organisation of the market in the rice sector should take proper and simultaneous account of the objectives set out in Articles 33 and 131 of the Treaty.
- (25) The change from the arrangements under Regulation (EC) No 3072/95 and Council Regulation (EC) No 3073/95 of 22 December 1995 determining the standard quality of rice ⁽³⁾ to those provided for in this Regulation could give rise to difficulties, which are not dealt with in this Regulation. In order to deal with such difficulties, the Commission should be enabled to adopt transitional measures.
- (26) In order to prevent a serious disturbance of the market in paddy rice in the last months of the marketing year 2003/2004, it is necessary to limit the intake by the intervention agencies to a certain quantity fixed in advance.
- (27) Provision should be made for the application of the new common market organisation,

HAS ADOPTED THIS REGULATION:

⁽¹⁾ OJ L 184, 17.7.1999, p. 23.

⁽²⁾ OJ L 160, 26.6.1999, p. 103.

⁽³⁾ OJ L 329, 30.12.1995, p. 33.



CHAPTER I

INTRODUCTIVE PROVISIONS

Article 1

The common organisation of the market in rice shall comprise a scheme for an internal market and trade with third countries and shall cover the following products:

CN Code	Description
(a) 1006 10 21 to 1006 10 98	Rice in the husk (paddy or rough)
1006 20	Husked (brown) rice
1006 30	Semi-milled or wholly milled rice, whether or not polished or glazed
(b) 1006 40 00	Broken rice
(c) 1102 30 00	Rice flour
1103 19 50	Rice groats and meal
1103 20 50	Pellets of rice
1104 19 91	Flaked grains of rice
1104 19 99	Rolled grains of rice
1108 19 10	Rice starch

Article 2

1. For the purposes of this Regulation, the terms 'paddy rice', 'husked rice', 'semi-milled rice', 'wholly milled rice', 'round grain rice', 'medium grain rice', 'long grain rice A or B' and 'broken rice' are defined in Annex I.

Annex II provides definitions of grains and broken grains which are not of unimpaired quality.

2. The Commission, acting in accordance with the procedure referred to in Article 26(2):

- (a) shall fix the conversion rates for rice at various states of processing, the processing costs and the value of by-products;
- (b) may change the definitions referred to in paragraph 1.

Article 3

The marketing year for the products listed in Article 1 shall begin on 1 September and end on 31 August of the following year.

Article 4

This Regulation shall apply without prejudice to the measures provided for by Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and support schemes for producers of certain crops ⁽¹⁾.

CHAPTER II

INTERNAL MARKET



⁽¹⁾ See page 1 of this Official Journal.



Article 6

1. The intervention price for paddy rice shall be 150 EUR/t. The intervention price shall be fixed for the standard quality as defined in Annex III.
2. The intervention price shall relate to the wholesale stage, delivered at warehouse, before unloading. It shall apply to all intervention centres designated by the Commission. The intervention centres list shall be adopted after consultation with the Member States concerned and shall include in particular intervention centres in surplus areas which have sufficient premises and technical equipment and are in a favourable situation as regards means of transport.
3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 7

1. During the period from 1 April to 31 July and within the limits of 75 000 tonnes per year, the intervention agencies shall buy in the quantities of paddy rice which are offered to them provided the offers comply with conditions, in particular in respect of quantity and quality, to be determined.
2. If the quality of the paddy rice offered is different from the standard quality for which the intervention price has been fixed, the intervention price shall be adjusted by applying price increases or reductions. In order to ensure that production is orientated towards certain varieties, price increases and reductions to be applied to the intervention price may be fixed.
3. Under conditions to be determined, intervention agencies shall offer for sale, for export to third countries or for supply to the internal market, paddy rice bought in pursuant to paragraph 1.
4. The procedures and conditions for taking over and for disposal by the intervention agencies and any other rules relating to intervention, are laid down by the Commission.
5. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 8

1. Special measures may be taken to:
 - prevent large-scale application of Article 7 in certain regions of the Community,
 - make up for paddy rice shortages following natural disasters.
2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 9

The Member States shall provide the Commission, with detailed information, broken down by variety, on the areas given over to rice, on output, on yields and on stocks held by producers and processors. Such information shall be based on a system providing for compulsory declarations by producers and processors set up, administered and monitored by the Member State.

The Member States shall also notify the Commission of the prices of rice in the main production areas.

Detailed rules for the application of this Article and in particular a system of communication of prices shall be adopted in accordance with the procedure referred to in Article 26(2).

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CHAPTER III

TRADE WITH THIRD COUNTRIES

Article 10

1. Imports into the Community, or exports therefrom, of any of the products listed in Article 1 shall be subject to presentation of an import or export licence.

Licences shall be issued by the Member States to any applicant, irrespective of his place of establishment in the Community and without prejudice to measures taken for the application of Articles 13, 14 and 15.

Import and export licences shall be valid throughout the Community. Such licences shall be issued subject to the lodging of a security guaranteeing that the products are imported or exported during the term of validity of the licence. Except in cases of force majeure, the security shall be forfeited in whole or in part if import or export is not carried out, or is carried out only partially, within that period.

▼ **M2**

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.

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2. The term of validity of licences and other detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Section I

Provisions applicable to imports

Article 11

1. Unless this Regulation provides otherwise, the import duty on the products listed in Article 1 shall be that set out in the Common Customs Tariff.

▼ **M2**

▼ **M1**

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4. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

▼ **M2***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 %;

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- (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 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, 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 the applicable duty only if the calculations performed under this paragraph indicate a need to change it. Until such time as a new applicable duty 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 made over the course of the marketing year just ended exceed 387 743 tonnes,
 - where it is noted that imports of semi-milled and wholly milled rice made over the course of 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 made over the course of the marketing year just ended do not exceed 387 743 tonnes,

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- where it is noted that imports of semi-milled and wholly milled rice made over the course of the first six months of the marketing year do not exceed 182 239 tonnes.

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

2. In order to calculate the 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) in the corresponding reference period.

Article 11d

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

▼B*Article 12*

1. Without prejudice to Article 11(2), in order to prevent or counteract adverse effects on the market in the Community which may result from imports of certain products listed in Article 1, imports of one or more of such products at the rate of duty laid down in Article 11 shall be subject to the payment of an additional import duty if the conditions to be determined by the Commission pursuant to paragraph 3, are fulfilled, unless the imports are unlikely to disturb the Community market, or where the effects would be disproportionate to the intended objective.

2. Imports made at a price below the level notified by the Community to the World Trade Organisation ('the trigger price') may be subject to an additional import duty.

If the volume of imports in any year in which the adverse effects referred to in paragraph 1 arise or are likely to arise exceeds a level based on market access opportunities defined as imports as a percentage of the corresponding domestic consumption during the three previous years ('the trigger volume'), an additional import duty may be imposed.

The import prices to be taken into consideration for imposing an additional import duty pursuant to the first subparagraph, shall be determined on the basis of the cif import prices of the consignment under consideration.

Cif import prices shall be checked to that end against the representative prices for the product on the world market or on the Community import market for that product.

3. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2). Such detailed rules shall specify in particular the products to which additional import duties may be applied.

Article 13

1. Tariff quotas for imports of the products listed in Article 1 resulting from agreements concluded in accordance with Article 300 of the Treaty or from any other act of the Council shall be opened and administered by the Commission under detailed rules adopted in accordance with the procedure referred to in Article 26(2).

2. Tariff quotas shall be administered by applying one of the following methods or a combination of them:

- (a) a method based on the chronological order of the lodgement of applications ('first come, first served principle'),
- (b) a method of distribution in proportion to the quantities requested when the applications were lodged (using the 'simultaneous examination method'),

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- (c) a method based on taking traditional trade patterns into account (using the 'traditional/new arrival method').

Other appropriate methods may be adopted. They must avoid any unjustified discrimination between the operators concerned.

3. The method of administration adopted shall, where appropriate, give due weight to the supply requirements of the Community market and the need to safeguard the equilibrium of that market.

4. The detailed rules referred to in paragraph 1 shall provide for the annual tariff quotas, if necessary suitably phased over the year, shall determine the administrative method to be used and, where appropriate, shall include:

- (a) guarantees covering the nature, provenance and origin of the product,
- (b) recognition of the document used for verifying the guarantees referred to in point (a),
- (c) the conditions under which import licences shall be issued and their term of validity.

Section II

Provisions applicable to exports

Article 14

1. To the extent necessary to enable the following products to be exported on the basis of quotations or prices for those products on the world market and within the limits resulting from agreements concluded in accordance with Article 300 of the Treaty, the difference between those quotations or prices and prices in the Community may be covered by export refunds:

- (a) the products listed in Article 1 to be exported without further processing;
- (b) the products listed in Article 1 to be exported in the form of goods listed in Annex IV.

Export refunds on the products referred to in point (b) may not be higher than those applicable to such products exported without further processing.

2. The method to be adopted for the allocation of the quantities which may be exported with a refund shall be the method which:

- (a) is most suited to the nature of the product and the situation on the market in question, allowing the most efficient possible use of the resources available, account being taken of the efficiency and structure of Community exports without creating discrimination between large and small operators;
- (b) is least cumbersome administratively for operators, account being taken of administration requirements;
- (c) precludes discrimination between the operators concerned.

3. Export refunds shall be the same for the whole Community. They may vary according to destination, where the world market situation or the specific requirements of certain markets make this necessary. Refunds shall be fixed in accordance with the procedure referred to in Article 26(2). Refunds may be fixed:

- (a) at regular intervals;
- (b) by invitation to tender for products in respect of which provision was made for that procedure in the past.

Export refunds fixed at regular intervals, may, if necessary, be amended in the interval by the Commission at the request of either a Member State or on its own initiative.

4. The following shall be taken into account when refunds are being fixed:

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- (a) the existing situation and future trends with regard to:
 - (i) prices and availability of rice and broken rice on the Community market,
 - (ii) prices of rice and broken rice on the world market;
- (b) the aims of the common organisation of the market in rice, which are to ensure equilibrium and the natural development of prices and trade on this market;
- (c) limits resulting from agreements concluded in accordance with Article 300 of the Treaty;
- (d) the importance of avoiding disturbances on the Community market;
- (e) the economic aspects of the proposed exports;
- (f) the most favourable prices in third countries of destination for third-country imports, as far as products listed in Article 1(1)(a) and (b) are concerned.

Article 15

1. Export refunds on products listed in Article 1 exported without further processing shall only be granted on application and on presentation of an export licence.

2. The refund applicable to products listed in Article 1 exported without further processing shall be that applicable on the day of application for the licence and, in the case of a differentiated refund, that applicable on the same day:

- (a) for the destination indicated on the licence
or, where appropriate
- (b) for the actual destination if it differs from the destination indicated on the licence. In that case the amount applicable may not exceed the amount applicable to the destination indicated on the licence.

Appropriate measures may be taken to prevent any abuse of the flexibility provided for in this paragraph.

3. The scope of paragraphs 1 and 2 may be extended to apply to products listed in Article 1 that are exported in the form of goods listed in Annex IV in accordance with the procedure laid down in Article 16 of Regulation (EC) No 3448/93 ⁽¹⁾. Detailed implementing rules shall be adopted in accordance with that procedure.

4. Derogations from paragraphs 1 and 2 may be granted in the case of products on which export refunds are paid under food-aid operations, in accordance with the procedure referred to in Article 26(2).

Article 16

1. A corrective amount applicable to the export refunds may be set in accordance with the procedure referred to in Article 26(2). However, where necessary, the Commission may, amend the corrective amounts.

2. The first subparagraph may be applied to products listed in Article 1 that are exported in the form of goods listed in Annex IV.

Article 17

1. The refund on the products referred to in Articles 1(a) and (b) shall be paid upon submission of proof that:

- (a) the products were wholly obtained in the Community within the meaning of Article 23 of Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code ⁽²⁾, except where paragraph 6 of that Article applies;

⁽¹⁾ OJ L 318, 20.12.1993, p. 18. Regulation as last amended by Regulation (EC) No 2580/2000 (OJ L 298, 25.11.2000, p. 15).

⁽²⁾ OJ L 302, 19.10.1992, p. 1. Regulation as last amended by Regulation (EC) No 2700/2000 of the European Parliament and of the Council (OJ L 311, 12.12.2000, p. 17).

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- (b) the products have been exported from the Community;
- (c) in the case of a differentiated refund, have reached the destination indicated on the licence or another destination for which a refund was fixed, without prejudice to point (b) of paragraph 2. However, exceptions may be made to this rule in accordance with the procedure referred to in Article 26(2), provided that conditions are laid down which offer equivalent guarantees.

Additional provisions may be adopted in accordance with the procedure referred to in Article 26(2).

2. No export refund shall be granted on rice imported from third countries and re-exported to third countries, unless the exporter submits proof that:

- (a) the product to be exported and the product previously imported are one and the same; and
- (b) the duties were collected when the goods were released for free circulation.

In such cases the refund on each product shall be equal to the duties collected on importation where those duties are lower than the refund applicable. Where the duties collected on importation are higher than the refund applicable, those duties shall apply.

Article 18

Observance of the volume limits resulting from the agreements concluded in accordance with Article 300 of the Treaty shall be ensured on the basis of the export licences issued for the reference periods provided for which apply to the products concerned. With regard to compliance with the obligations arising under the WTO Agreement on Agriculture, the ending of a reference period shall not affect the validity of export licences.

Article 19

Detailed rules for the application of this Section, including provisions on the redistribution of exportable quantities which have not been allocated or utilised, shall be adopted in accordance with the procedure referred to in Article 26(2). Such detailed rules may include provisions governing the quality of the products eligible for an export refund.

Annex IV shall be amended in accordance with the procedure referred to in Article 26(2).

Section III

Common provisions

Article 20

1. To the extent necessary for the proper working of the common organisation of the market in rice, the Council, acting on a proposal from the Commission in accordance with the voting procedure laid down in Article 37(2) of the Treaty may prohibit in whole or in part the use of inward or outward processing arrangements in respect of products listed in Article 1.

2. By way of derogation from paragraph 1, if the situation referred to in paragraph 1 arises with exceptional urgency and the Community market is disturbed or is liable to be disturbed by the inward or outward processing arrangements, the Commission shall, at the request of a Member State or on its own initiative, decide on the necessary measures in accordance with the procedure referred to in Article 26(2). The Council and the Member States shall be notified of such measures, which shall be valid for no more than six months and shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within a week following receipt of the request.

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3. Measures decided on by the Commission may be referred to the Council by any Member State within a week from the date on which they were notified. The Council, acting by a qualified majority, may confirm, amend or repeal the Commission's decision.

If the Council has not acted within three months from the date on which the decision was referred to him, the Commission's decision shall be deemed to have been repealed.

Article 21

1. The general rules for the interpretation of the Combined Nomenclature and the detailed rules for its application shall apply to the tariff classification of products covered by this Regulation. The tariff nomenclature resulting from the application of this Regulation, including the definitions listed in Annex I, shall be incorporated in the Common Customs Tariff.

2. Save as otherwise provided for in this Regulation or in provisions adopted pursuant thereto, the following shall be prohibited in trade with third countries:

- (a) the levying of any charge having equivalent effect to a customs duty;
- (b) the application of any quantitative restriction or measure having equivalent effect.

Article 22

1. When the quotations or prices on the world market of one or more of the products listed in Article 1 reach a level that disrupts or threatens to disrupt the supply of the Community market and this situation is liable to persist and deteriorate, appropriate measures may be taken. Such measures may be taken as a safeguard measure in case of extreme emergency.

2. Detailed rules for the application of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 23

1. If, by reason of imports or exports, the Community market in one or more of the products listed in Article 1 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, appropriate measures may be applied in trade with non-WTO members until such disturbance or threat of disturbance has ceased.

2. If the situation referred to in paragraph 1 arises, the Commission shall, at the request of a Member State or on its own initiative, decide upon the necessary measures. The Member States shall be notified of such measures which shall be immediately applicable. If the Commission receives a request from a Member State, it shall take a decision thereon within three working days following receipt of the request.

3. Measures decided upon by the Commission may be referred to the Council by any Member State within three working days of the day on which they were notified. The Council shall meet without delay. It may, acting by a qualified majority, amend or repeal the measure in question within one month from the date on which it was referred to the Council.

4. Provisions adopted under this Article shall be applied having regard to the obligations arising from agreements concluded in accordance with Article 300(2) of the Treaty.



CHAPTER IV

GENERAL PROVISIONS

Article 24

Unless this Regulation provides otherwise, Articles 87, 88 and 89 of the Treaty shall apply to production of and trade in the products listed in Article 1.

Article 25

1. Member States and the Commission shall send each other any information necessary for the application of this Regulation and for complying with the international obligations concerning rice.

2. Detailed rules to determine which information is necessary as well as for its communication and distribution shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 26

1. The Commission shall be assisted by the Management Committee for Cereals, instituted by Article 25 of Council Regulation (EC) No 1784/2003 of 29 September 2003 on the common organisation of the market in cereals ⁽¹⁾, hereinafter referred to as ‘the Committee’.

2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be set at one month.

3. The Committee shall adopt its rules of procedure.

Article 27

The Committee may consider any question referred to it by its chairman either on his own initiative or at the request of the representative of a Member State.

Article 28

Measures which are both necessary and justifiable, in an emergency, in order to resolve practical and specific problems shall be adopted in accordance with the procedure referred to in Article 26(2).

Such measures may derogate from certain parts of this Regulation, but only to the extent that, and for such a period, as is strictly necessary.

Article 29

Regulation (EC) No 1258/1999 and the provisions adopted in implementation thereof shall apply to the expenditure incurred by the Member States in carrying out obligations under this Regulation.

Article 30

This Regulation shall be so applied that appropriate account is taken at the same time of the objectives set out in Articles 33 and 131 of the Treaty.

CHAPTER V

TRANSITIONAL AND FINAL RULES

Article 31

1. Regulations (EC) No 3072/95 and (EC) No 3073/95 are repealed.

⁽¹⁾ See page 78 of this Official Journal.

▼B

References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex V.

2. Transitional measures may be adopted in accordance with the procedure referred to in Article 26(2).

Article 32

1. In the period from 1 April 2004 to 31 July 2004, the quantities that shall be bought in by the intervention agencies pursuant to Article 4 of Regulation (EC) No 3072/95 shall be limited to 100 000 tonnes.

2. The Commission, on the basis of a balance sheet reflecting the situation of the market, may amend the quantity referred to in paragraph 1. The procedure referred to in Article 26(2) shall apply.

3. Detailed rules for the implementation of this Article shall be adopted in accordance with the procedure referred to in Article 26(2).

Article 33

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

2. It shall apply from the 2004/2005 marketing year.

However, Articles 9 and 32 shall apply from 1 April 2004.

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



ANNEX I

Definitions

as referred to in the first subparagraph of Article 2(1)

1. (a) Paddy rice: means rice which has retained its husk after threshing.
- (b) Husked rice: means paddy rice from which only the husk has been removed. Examples of rice falling within this definition are those with the commercial descriptions 'brown rice', 'cargo rice', 'loonzain' and 'riso sbramato'.
- (c) Semi-milled rice: means paddy rice from which the husk, part of the germ and the whole or part of the outer layers of the pericarp but not the inner layers have been removed.
- (d) Wholly milled rice: means paddy rice from which the husk, the whole of the outer and inner layers of the pericarp, the whole of the germ in the case of long grain or medium grain rice and at least part thereof in the case of round grain rice have been removed, but in which longitudinal white striations may remain on not more than 10 % of the grains.
2. (a) Round grain rice: means rice, the grains of which are of a length not exceeding 5,2 mm and of a length/width ratio of less than 2.
- (b) Medium grain rice: means rice, the grains of which are of a length exceeding 5,2 mm but not exceeding 6,0 mm and of a length/width ratio no greater than 3.
- (c) Long grain rice: means
 - (i) long grain rice A, rice, the grains of which are of a length exceeding 6,0 mm and of which the length/width ratio is greater than 2 but less than 3;
 - (ii) long grain rice B, rice, the grains of which are of a length exceeding 6,0 mm and of which the length/width ratio is equal to or greater than 3.
- (d) Measurements of the grains: means grain measurements are taken on wholly milled rice by the following method:
 - (i) take a sample representative of the batch;
 - (ii) sieve the sample so as to retain only whole grains, including immature grains;
 - (iii) carry out two measurements of 100 grains each and work out the average;
 - (iv) express the result in millimetres, rounded off to one decimal place.
3. Broken rice: means grain fragments the length of which does not exceed three quarters of the average length of the whole grain.



ANNEX II

Definition of grains and broken grains which are not of unimpaired quality

as referred to in the second subparagraph of Article 2(1)

A. *Whole grains*

Grains from which only part of the end has been removed, irrespective of characteristics produced at each stage of milling.

B. *Clipped grains*

Grains from which the entire end has been removed.

C. *Broken grains or fragments*

Grains from which a part of the volume greater than the end has been removed; broken grains include:

- large broken grains (pieces of grain of a length not less than half that of a grain, but not constituting a complete grain),
- medium broken grains (pieces of grain of a length not less than a quarter of the length of a grain but which are smaller than the minimum size of 'large broken grains'),
- fine broken grains (pieces of grain less than a quarter of the size of a grain but too large to pass through a sieve with a mesh of 1,4 mm),
- fragments (small pieces or particles of grain which can pass through a sieve with a mesh of 1,4 mm); split grains (pieces produced by a longitudinal split in the grain) come under this definition.

D. *Green grains*

Grains which are not fully ripened.

E. *Grains showing natural malformation*

Natural malformation means malformation, whether or not of hereditary origin, as compared with the morphological characteristics typical of the variety.

F. *Chalky grains*

Grains at least three-quarters of the surface of which looks opaque and chalky.

G. *Grains striated with red*

Grains showing longitudinal red striations of differing intensity and shades, due to residues from the pericarp.

H. *Spotted grains*

Grains showing a well-defined small circle of dark colour of more or less regular shape; spotted grains also include those which show slight black striations on the surface only; the striations and spots must not show a yellow or dark aureole.

I. *Stained grains*

Grains which have undergone, on a small area of their surface, an obvious change in their natural colour; the stains may be of different colours (blackish, reddish, brown); deep black striations are also to be regarded as stains. If the colour of the stains is sufficiently marked (black, pink, reddish-brown) to be immediately visible and if they cover an area not less than half that of the grain, the grains must be considered to be yellow grains.

J. *Yellow grains*

Grains which have undergone, totally or partially, otherwise than by drying, a change in their natural colour and have taken on a lemon or orange-yellow tone.

K. *Amber grains*

Grains which have undergone, otherwise than by drying, a slight uniform change in colour over the whole surface; this change alters the colour of the grains to a light amber-yellow.



ANNEX III

Definition of standard quality of paddy rice

Paddy rice of standard quality shall:

- (a) be of a sound and fair marketable quality, free of odour;
- (b) contain a moisture content of maximum 13 %;
- (c) have a yield of wholly milled rice 63 % by weight in whole grains (with a tolerance of 3 % of clipped grains) of which a percentage by weight of wholly milled rice grains which are not of unimpaired quality:
 - chalky grains of paddy rice under CN codes CN 1006 10 27 and CN 1006 10 98: 1,5 %
 - chalky grains of paddy rice under CN codes other than CN 1006 10 27 and CN 1006 10 98: 2,0 %
 - grains striated with red: 1,0 %
 - spotted grains: 0,50 %
 - stained grains: 0,25 %
 - yellow grains: 0,02 %
 - amber grains: 0,05 %.

▼ M2*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)



ANNEX IV

CN code	Description
ex 0403	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, flavoured or containing added fruit, nuts or cocoa, whether or not concentrated or containing sugar or other sweetening matter:
0403 10	— Yoghurt:
0403 10 51 to 0403 10 99	— — Flavoured or containing added fruit, nuts or cocoa
0403 90	— Other:
0403 90 71 to 0403 90 99	— — Flavoured or containing added fruit, nuts or cocoa
ex 1704	Sugar confectionery (including white chocolate), not containing cocoa:
1704 90 51 to 1704 90 99	— — Other
ex 1806	Chocolate and other food preparations containing cocoa, except goods of subheadings 1806 10, 1806 20 70, 1806 90 60, 1806 90 70 and 1806 90 90
ex 1901	Malt extract; food preparations of flour, meal, starch or malt extract, not containing cocoa or containing less than 40 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 0401 to 0404, not containing cocoa or containing less than 5 % by weight of cocoa calculated on a totally defatted basis, not elsewhere specified or included:
1901 10 00	— Preparations for infant use, put up for retail sale
1901 20 00	— Mixes and doughs for the preparation of bakers' wares of heading No 1905
1901 90	— Other:
1901 90 11 to 1901 90 19	— — Malt extract
1901 90 99	— — Other:
ex 1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared:
1902 20 91	— — — Cooked
1902 20 99	— — — Other
1902 30	— Other pasta
1902 40 90	— — Other
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour and meal), pre-cooked, or otherwise prepared, not elsewhere specified or included
ex 1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products:
1905 90 20	Communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products
ex 2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading No 2006:
	— Potatoes:
	— — Other:
2004 10 91	— — — In the form of flour, meal or flakes

▼B

CN code	Description
ex 2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading No 2006:
	— Potatoes:
2005 20 10	— — In the form of flour, meal or flakes
ex 2101	Extracts, essences and concentrates, of coffee, tea or maté preparations with a basis of these products or with a basis of coffee, tea or maté; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates, thereof:
2101 12	— — Preparations with a basis of these extracts, essences or with a basis of coffee:
2101 12 98	— — — Other
2101 20	— Extracts, essences and concentrates, of tea or maté, and preparations with a basis of these extracts, essences or concentrates, or with a basis of tea or maté:
2101 20 98	— — — Other
2105 00	Ice cream and other edible ice, whether or not containing cocoa
2106	Food preparations not elsewhere specified or included:
	— Other:
2106 90 10	— — Cheese fondues
	— — Other:
2106 90 92	— — — Containing no milk fats, sucrose, isoglucose, glucose or starch or containing, by weight, less than 1,5 % milk fat, 5 % sucrose or isoglucose, 5 % glucose or starch
2106 90 98	— — — Other
ex 3505	Dextrins and other modified starches (for example, pregelatinised starches); glues based on starches, or on dextrins or other modified starches, except starches of No 3505 10 50
ex 3809	Finishing agents, dye carriers to accelerate the dyeing or fixing of dyestuffs and other products and preparations (for example, dressings and mordants), of a kind used in the textile, paper, leather or like industries, not elsewhere specified or included:
3809 10	— with a basis of amylaceous substances ¹



ANNEX V

Correlation table

Regulation (EC) No 3072/95	This Regulation
Article 1	Article 1 and 2
Article 2	Article 3
Article 3	Article 6
Article 4	Article 7
Article 5	Article 8
Article 6	—
—	Article 4
Article 7	—
Article 8a	Article 6
Article 8b	Article 7
Article 8c	Article 8
Article 8d	Article 9
Article 8e	—
Article 9	Article 10
Article 10	Article 5
—	Article 9
Article 11	Article 11
Article 12	Article 12
Article 13	Articles 14, 15, 16, 17, 18 and 19
Article 14	Article 20
Article 15	Article 21
Article 16	Article 22
Article 17	Article 23
Article 18	—
Article 19	Article 24
—	—
Article 21	Article 25
Article 22	Article 26
Article 23	Article 27
—	Article 28
Article 24	Article 30
Article 25	Article 31
Article 26	Article 29
—	Article 32
Article 27	Article 33
Annex A	Annex I
—	—
Annex B	Annex IV
Annex C	Annex V

Regulation (EC) No 3073/95	This Regulation
Article 1	Annex III
Annex	Annex II