

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL ON THE DEVELOPMENT OF THE MARKET IN CERTIFIED RICE SEEDS

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DEVELOPMENT OF THE MARKET IN CERTIFIED RICE SEEDS

I. Introduction

- 1.) The common organization of the market in seeds was set up by Council Regulation (EEC) No 2358/71 of 26 October 1971 (1). It was implemented for the first time for the 1972 harvest.

Its scope of application has been amended on several occasions, last by the inclusion of rice seeds (Regulation (EEC) No 2878/79) (2), and since then has covered the products listed in the CCT under the following numbers:

- 07.05 A - Dried leguminous vegetables, shelled, whether or not skinned or split, for sowing.
- 10.05 A - Hybrid maize, for sowing.
- 10.06 A - Rice for sowing.
- 12.01 A - Oil seeds and oleaginous fruit, whole or broken, for sowing.
- 12.03 - Seeds, fruit and spores, of a kind used for sowing.

- 2.) The Regulation provides for the possibility in certain circumstances of granting aid per quintal for the production of certified seed, in order to ensure a fair income to producers and secure the supply of quality seeds. The level of the aid shall be fixed by the Council every two years before 1 August for the marketing year beginning in the following year and for the subsequent marketing year. If, for the two-year period for which aid has been fixed, the stability of the Community market appears to be seriously threatened, the aid for the second year of the period in question can be modified.

(1) OJ No L 246/71, p. 1
(2) OJ No L 325/79, p. 1

The level of aid to the production of certified seeds of rice has been fixed at 12,1 Ecu per quintal for the marketing years 1979/80, 1980/81 and 1981/82 (3).

- 3.) In the Community a feature of rice seeds production is that all seeds must be certified before being marketed and production is always based on a seed multiplication contract between a producer and a seed company. Community cooperatives have a strong influence in the rice seed industry (80 %).
- 4.) One of the most important problems in the growing of rice is the appearance of "red grains" (abnormal types), which seriously affects the yield. Very large areas under rice are polluted with seeds of "red grain" plants, which can persist in the soil for several years without losing its germination capacity, and this is one result of the use of "home grown" and non-controlled rice for sowing. The only way to solve this problem is to increase the supply and the use of certified seeds (inspected for "red grains").

II. The Community market in certified rice seeds

- 1.) Only two Member States produce certified rice seeds, Italy being the largest with ± 8.900 ha under rice seeds in 1980 (see table 1) or 97 % of Community production. France has the remaining 3 % under rice seeds equal to ± 210 ha. The most important production regions are Vercelli, Pavia, Novara and Oristano in Italy and the Rhone Delta in France.

Production in Italy was stable between 1972 and 1978 at around 170.000 qx (see table 1). However, after the introduction of the production aid (1979 harvest), the production of certified rice seeds has increased to an estimated ± 300.000 qx in 1980. Production in France is estimated at ± 5.500 qx. Community production is carried out by 3 - 400 producers.

There is a certain amount of trade between Italy and France, with Italy supplying 4 - 7.000 qx annually to France.

(3) Regulation (EEC) No 2879/79
OJ No L 325, p. 5

- 2.) The use of certified rice seeds was stable until the marketing year 1978/79 at a level reflecting production (± 175.000 qx). This use is equal to $\pm 50\%$ of the potential use, which is ± 350.000 qx (see table 2). The increase in production since 1979 has resulted in a possible coverage of 87% of the potential use in the marketing year 1980/81. The forecast for Community use is ± 282.000 qx (Italy ± 270.000 qx and France ± 12.000 qx) in 1980/81. It should be noted that in France almost all seeds used are certified.

Certified seeds are used by around $10.000 - 11.000$ rice producers. Taking into account export opportunities to third countries (1979/80 equal to ± 14.000 qx) there is a good balance in the market (see table 2). Security stocks at the end of the marketing year are normally 10% of estimated use.

- 3.) The Community price fixing system for certified rice is based on the prices which can be obtained for rice for human consumption. To this must be added the supplementary cost involved in the production of certified seeds; thus the price-fixing structure can be outlined as follows:

- i. the average price obtained for consumption rice in the months of October, November and December
- ii supplementary cost involved in the production and the processing of certified seeds (see table 3).

There are big differences in the price level between varieties reflecting differences in the demand for special qualities in rice for consumption (see table 4).

Before the introduction of the Community aid the price difference between rice for consumption and certified rice was at a level between $13 - 17$ Ecu/qx. The Community aid ($12,1$ Ecu/qx) has resulted in a narrowing of this difference to around $5 - 8,5$ Ecu/qx, partly thanks to new contract terms between seed producers and seed companies. This situation has determined the increase in the use of certified seeds, and the disappearance of exchanges of non-controlled seeds between rice producers.

III. Relationship with the world market

- 1.) Because of the very different production techniques used in the production of rice, as well as the soil and climate differences between the regions of the world where rice is grown, a rice variety has most often only a limited growing area, a situation which results in limited world trade. In accordance with the Council Directives on the marketing of cereal seeds (4), only certified rice seeds can be marketed and only Third Countries, which benefit from the provisions of the Community equivalence system for production of certified seed, can export to the Community market. At present only the United States of America have equivalence for rice seeds and no commercial imports have been recorded in the last 10 years.
- 2.) In the Mediterannian area there is a certain interest in the growing of Italian varieties and following the lowering of sales prices in 1979/80, it is estimated that export possibilities are encouraging. In the marketing year 1979/80 Italy exported ± 14.000 qx.

IV. Conclusion

- 1.) The main features of the Community market in certified rice seeds are:
 - i its relative stability .
 - ii the high degree of price elasticity of rice seeds
 - iii its relative independence from the world market
 - iv the ease of controlling the payment of the production aid to a relatively low number of producers.

In view of these features it is important to ensure that the present stability and balance in the market are maintained in order to increase productivity and quality.

(4) Council Directive No 66/402 of 14 July 1966
OJ No 125 of 11.7.1966

2.) The Commission has examined the development of the market in rice at both governmental and professional level and in general it is understood that the economic contribution to this sector has worked out satisfactorily and to the benefit of the entire rice industry. As a result of this review the Commission has found that there was general agreement on the following points:

- i to maintain the present system, with production aid granted to the producer of certified rice seeds (as for all other species), in order to obtain further experience,
- ii to maintain close surveillance of the development of the market.

3.) In conclusion, the Commission finds at present no objective foundation for proposing fundamental amendments to Regulation No 2358/71 as has been required by the European Parliament and the Economic and Social Committee during the discussions leading up to the inclusion of rice seeds in the common organization of the market in seeds.

TABLE 1

Area (ha) and production (qx) of certified rice seeds

		1972	1973	1974	1975	1976	1977	1978	1979	1980
Ha	I	5.408	6.398	6.976	5.595	6.034	7.618	8.743	8.141	8.928
	F	-	-	-	-	-	-	-	-	212
Qx	I	166.647	185.412	162.060	168.280	162.162	170.212	190.121	242.308	300.000 *
	F	-	-	-	-	-	-	-	5.637	5.500 *

Source: Communications from Member States

* estimation

TABLE 2Community market balance in certified rice seeds

	1 Harvest	2 Stock	3 = 1 + 2 Availability	4 Use	3 - 4 Difference	Import	Export	"Normal" stocks
1979/80	247.945	9.000 *	256.945	216.090	40.855	-	14.022	27.000
1980/81	305.000	26.833	331.833	282.000	49.833	-	?	27.000

* Source: Informations from Member States

* estimation

TABLE 3Structure of the elements used in seeds price fixing

Ecu/qx (1979/80)

Basis price: a) Average of prices recorded in Oct, Nov, and Dec for consumption rice	27,1 - 40,6
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Additional costs: b) loss in value due to dis- carding of seeds c) interest (18 %) in 6 months d) processing costs e) mediation f) transport g) sack h) official certification i) particular costs (administra- tion, etc.) j) production bonus to producer	1,7 - 3,4 2,5 - 3,4 1,7 0,9 0,9 0,4 0,4 0,9 2,5 - 4,2

Source: Professionals

TABLE 4

Market price for certified seeds in 1978/79 and 1979/80

en Ecu/qx

Variety	Italy		France	
	1978/79	1979/80	1978/79	1979/80
Balilla	41,5	33,9-34,7		
Padano	40,6	33,1		
Vialone Nano	51,6	36,4	1)	1)
Rosa Marchetti	39,8	33,9	42,8	36,8
Ribe	40,6	33,9		
Europa	41,1	33,9-34,7		
Roma	44,4	33,0-33,9		
Arborio	56,7	36,4		
Baldo	44,9	33,9-34,7		

Source: Professionals and governments

1) all varieties used in France

