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MINUTES

Meeting of the Civil Dialog Group on Agricultural Market - Rice

5 December 2023

Chair: AGRI E.4

The following organisations were represented: CELCAA, COGECA, COPA, FERM, FoodDrinkEurope.

1. Approval of the agenda

The agenda was approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Presentation and exchange of views on the market situation

The Commission presented the rice market situation, starting with the international prices, where US prices have been range bound in the USD 700 per tonne area after the strong upward trend of the last two years. The US still exports around half of its production and it sets the tone in many ways in the international rice market. It is also a reliable supplier although currently not very present on the EU market. Asian prices had been moving up sharply since September, contrary to other grains and cereals.

Total EU rice imports in the first two months of the new marketing year are 10% below the same two months of last year. Especially husked rice imports are down. Total rice imports from India for the last seven full marketing years was also presented. Indian rice exports to the EU this past year were the highest in seven years. The most part is milled rice, for which India does not even have a trade preference.

The Commission also presented some new rice tariff codes effective since 1 January 2023. The amounts imported under these codes are minimal thus far, so there is no market impact. These codes have been created because during the covid lockdown and the shipping crisis of 2020-2022, our customs officials started noticing

imports that did not fit our existing criteria. Because of the breakdown of traditional supply lines, our traders found other sources. These did not all fit our existing codes and so DG TAXUD created new customs codes.

Despite EU total rice imports being down 10% for the first two months of the new marketing year, the small packages are up strongly by 66%. In packages up to 20 kilogrammes, we see a 12% increase for the first two months of the marketing year. Imports from Cambodia are up 14% for the whole of the last marketing year compared to the previous one. Cambodia is a reliable supplier with high quality rice and it is especially valued in France. Imports from Myanmar are down. Myanmar is not a reliable supplier for anything else than broken rice, and rice prices are very high there with little interest from international buyers at the moment.

EU exports saw a decline of 26% compared to September and October of last year. This is mainly due to a very poor performance in September 2023.

EU paddy prices through 21 November showed that the Italian rice market came back strongly after the harvest and both japonica varieties are sold at EUR 576 per tonne. Italian indica was up to EUR 467 per tonne. Spanish prices are consistent as where Greek prices. A Portuguese price quote showed that both japonica and indica go for EUR 500 per tonne there. On the rice area we see a 2.7% decline with declines everywhere except in Bulgaria and France. And obviously the actual production looks similar to the area slide with a good year in Bulgaria and especially France. But the overall production level is still a decline of 2.3% in production.

A representative of FOODDRINKEUROPE commented that the Portuguese data as shown by the Commission appear to be overly optimistic and that the real numbers for the area were 1000 hectares less. In another comment from COPA it was said that the situation in Portugal on production of rice has been very slow and that there was a substantial increase in production. It was added that international prices do have an impact on the markets in Europe, but until consumers can differentiate between European rice and rice from outside Europe, we will not be able to really promote our own product.

The Commission replied that input costs were up over the last two years and the current year as well, but these are often energy costs and it is the same for every producer in the whole world. In Europe we have in addition high labour costs, fertiliser prices other environmental costs. We agree that EU consumers need to discern between imported rice and EU rice, therefore the Commission had the promotion policy open to which the Portuguese rice sector was participating.

FOODDRINKEUROPE added that Portugal, France and Italy have a joint programme of promoting European Japonica rice called “European Rice Don’t Think Twice”, which will end next year. A representative from COPA noted that in the EU we have between 14 and 18 active herbicide substances at our disposal compared to 31 active substances in India, of which 18 are prohibited in Europe. In addition, it was said that the current drop in production in Spain and elsewhere is due to the drought.

A representative of FERM shared information from the Italian Rice Millers Association, stating that in Italy the law is to indicate the origin of the product and also the country of origin is mandatory, so when it comes to qualifying the

importance of European rice with putting the origin labelling, they are already doing it.

Imports of rice in small packages

FERM presented the monitoring of contaminants in Basmati rice samples imported into the UK. The survey revealed high incidence of contaminations with pesticides, agrochemical residue, aflatoxins and ocratoxin in the imported product that was milled and packed in the country of origin compared to the rice milled in the UK where only a minor part of the samples indicated any contamination. The monitoring revealed a significant difference in pesticide residue in terms of compliance between UK milled and country of origin milled samples. The rice mills in the UK just like the European mills are legally responsible for the product they put onto the market here and in the country of origin the millers don't have to follow European regulations.

A member of FERM emphasised the concerns on the increases in imports in small packages not only for the food safety aspect but also the space between decreased EU production and the increased consumption is being filled by imports of packed rice which could compete and overtake the EU rice production as well as the work of the rice millers in the EU. It was added that when we buy compliant rice it costs about USD 200 per tonne more than non-compliant rice. We have more border controls and have introduced targeted checks following also what the rapid alert system has done in Europe.

COPA said that European farmers are always asked to make so many efforts in order to preserve the environment and to guarantee the quality of our food. The latest request from the Commission to increase the limit for tricyclazole is causing quite some trouble for all of us because we impose these rules upon ourselves but then we import products that are not in line with what is being asked of us.

The COMMISSION replied to a comment by COPA on the lack of plant protection products available to EU farmers that it is indeed a continuing problem and a consequence of our market being too small and a big handicap for EU producers. In fact, European farmers now get agricultural subsidies for having these higher standards, environmental policies in the Member States and we do have to realize that in the exporting countries to the EU, farmers do not receive this. It was added that today we heard a UK case study but our relevant colleagues will learn about this and it will also be mentioned in the next presentation in the monthly CMO Committee with the Member States because they have to do these checks at the border.

A CELCAA representative added on the small packaging that these are mostly direct business between the third country's exporters and the EU distribution sector and it seems to escape the scrutiny of the national authorities. In the FTA with India there should not be concessions on milled, but rather only on broken.

The COCERAL representative asked for updates on the status of the EU-India FTA negotiations Indian farmers are also benefiting from subsidies and in actual fact India has been the subject of action before the WTO complaints by the United States. The US accuses India of distorting the world rice market by encouraging an excessive production whereby the government buys about 50 million tonnes of rice, which it puts in intervention stocks and then releases to alleviate poverty, but the effect of

intervening in the market and paying more than mills would pay means that it inflates the world market price.

Tariff rate quotas for rice: amendments to Regulation (EU) 2020/761

The Commission (AGRI E.1) presented the proposed amendments to regulation 2020/761 as regards the tariff rate quotas and explained the reference quantity requirement for the TRQ's in general as well as for some of the TRQ's for rice. The reference quantity requirement is aimed at improving the management of tariff rate quotas to avoid speculation by licensed traders and to ensure that applications are submitted by actual importers of a given product.

Due to some conflicting opinions on this proposed amendment the discussions are still ongoing and we cannot say whether and when it will be proposed. We need to continue the analysis on what is the market structure and the status of the licenses issued by the various countries.

A member of CELCAA confirmed that Coceral was part of the organisations that had some concerns regarding this amendment and that they will continue to monitor the discussions.

Products made with forced labour imported on the Union market (2022/0269(COD))

The Commission (DG TRADE) presented the proposed legislation on forced labour. It is estimated that there are 28 million people in forced labour globally. The proposed instrument is a market prohibition or ban on any product made with forced labour. It applies to production in the EU and in third countries equally, there is no specific due diligence obligation in the proposal. It is based on international standards, the ILO conventions 29 and 105 both on forced labour and it is a proposal that promotes international cooperation. According to the proposal, each EU member state designates competent authorities to do the investigations on whether a product is made with forced labour or not. The European Commission will provide support tools (including guidelines and a database) top member states and competent authorities to do the investigations.

A member of CELCAA raised the concern that the proposal should not include children working to support the family exploitation which is widespread in the rice producing countries. The Commission replied that child labour is not falling under our proposal, only forced child labour is prohibited.

Any Other Business

CELCAA/COCERAL made a presentation on sustainable agri-food trade. The change towards more sustainability have been quite challenging years for agri-food traders and local producers: high freight prices, vulnerable supply chains, some challenges as regards to logistics, issues with geopolitical conflicts affecting food security and the climate change affecting increasingly high risks and yields. We often have the information that companies and farmers or smallholders are unaware or aware but having a limited number of means to comply with some of these

provisions, so it is important to engage with the local players and to continue the partnerships with the operators at every step of the supply chain.

The Commission encourages the members of the CDG to suggest points for the agenda on sustainability for the next meeting.

No other point was raised.

4. Next meeting

The next meeting is foreseen to take place on 21 June 2024.

5. List of participants

See in annex.

(e-signed)

Pierre BASCOU

List of participants– Minutes
Meeting of the Civil Dialog Group Agricultural Markets – Rice
5 December 2023

CELCAA - European Liaison Committee for the Agricultural and AGRI-Food Trade
COGECA - European agri-cooperatives / General Confederation of Agricultural Co-operatives of the European Union
COPA - European farmers / Committee of Professional Agricultural Organisations of the European Union
FERM - Federation of European Rice Millers
FoodDrinkEurope
EUROPEAN ECONOMIC AND SOCIAL COMMITTEE