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EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E MARKETS
**The Director (acting)**

Brussels,
AGRI.E/MS (2022)8339595

**MINUTES**

***MEETING OF THE CIVIL DIALOGUE GROUP ARABLE CROPS RICE SECTOR***

***1 July 2022***

Chair: AGRI.E4

Delegations present: All Organisations were present, except BeeLife, C.E.P.M, EuropaBio, EBB, ECVC, EFFAT, Fertilizers Europe, PAN Europe, SACAR and IBMA.

## 1. Approval of the agenda and of the minutes of previous meeting

The agenda was approved.

## 2. Nature of the meeting

The meeting was non-public.

## 3. List of points discussed

***Overview of the market situation***

The Commission presented the market situation for rice.

Regarding the international situation US prices continue their meteoric rise. Currently, US prices are sitting at their highest level in more than 7 years. Indian prices have fallen over the last few months and are close to their absolute lowest level in 7 years. Thai and Vietnamese prices showed little change.

The global production was projected to reach a new peak in the coming marketing year and growth is mostly in Asia. This will also give some indication about the prices which can be expected to remain at the low end at least for Asia. The Commission and India have officially restarted the negotiations towards a Free Trade Agreement. A slide was presented showing the annual difference in production in India from one year to another can be as big as the entire EU rice production.

EU total rice imports on a monthly basis show for the first 9 months of the marketing year compared to the previous 2 years that 1.110.000 tonnes of rice have found their way into the EU market, which is 30 % higher than last year. Milled rice imports are at plus 50%. Aromatic imports have increased recently as well, together with the total imports. The same is true for small packages below 5 kilogrammes. These little bags come mostly from Thailand and India and Pakistan. Presumably, they are fragrant rice varieties and basmati that go straight into retail packaging. A similar slide for bigger bags was shown, so from 5 to 20 kilos. For bigger bags, Cambodia is the main supplier together with Thailand.

In the first 9 months of this marketing year the EU imported 97% more from Cambodia and Myanmar than in the same period last year. It appears that 348.000 tonnes of rice have found their way into the EU market, which is one third of total imports. From September – May of the marketing year 2021/22 imports from Cambodia are up 42% vs the same period in 2020/21. This is almost entirely made up of indica. Myanmar exports a lot of japonica to the EU but recently we notice that Indica rice from Myanmar is also increasingly part of the mix, which we haven't seen since 2018.

EU monthly export data for this current marketing year are 16% below last year's number. It is a very tight situation on the EU market right now and high Italian prices are not exactly conducive to a growth in exports. The almost traditional peak in the middle of the year is absent for the current marketing year.

Italian paddy prices fell in the japonica market during the week ending June 10 because rice mills reduced their local purchases and farmers were more willing to sell. The selling was because of the need to clear storage space for the new crop that arrives in September and October. So, Japonica stocks in farmers' hands remained very tight and at their lowest level in at least three years. Recent rainfall in Italy somewhat eased concerns about the upcoming crop, although expectations of a reduced crop remained, as planting was thought to have declined by around 4% year on year. Spanish and Greek prices have stalled in their rises as well. According to data from the Spanish Ministry of Agriculture, the planted area is forecast to decline by 16% year on year to 71,800 hectares. We will receive Portuguese and more Spanish prices again in September or October as well as area estimations. The rice balance sheet is reflecting this lower production and higher imports. The area numbers are set at a lower level but may need to be moved further downwards.

Reactions from the Delegates focused on the ongoing drought situation, which underlines the general sensitivity of the sector. This was linked to the need to finalise the Generalised System of Preferences Regulation, of which the EBA is a part. A workable automatic safeguard should be made. COPA COGECA noted that rice is a small part of the EBA economy so an automatic safeguard will not impede development goals. Environmental and SPS-related issues were also raised as part of the discussion surrounding Farm To Fork, whereby one delegate stated that PS restrictions should be lifted for EU production of rice.

The Commission replied that Farm To Fork is comprehensive and that Member States' strategic CAP plans are an integral part of this as well. Climate change, SPS objectives and even aspects of trade policy are all affected by these goals.

***Drought, water supply and yield issues***

The Director of Est Sesia Water Consortium gave a presentation on the drought situation in Italy. Rice cultivation contributes to the protection of the environment, performing, among its various ecosystem services, the valuable function of recharge of the groundwater.
In irrigated areas, the close interconnection between water circulation surface and groundwater circulation depends mainly on the submergence of rice fields, leakage from earthen canals, and gravity irrigation methods. The water used for spring submersion is retained in the aquifer and returned between July and August, through the springs and aquifers that will then feed into the Po. The first line of groundwater benefits from the water about 30 days after the rice emerges, while the Po benefits about 70-80 days later. If the time of submergence is delayed, the aquifers and the Po will no longer benefit from the water in the critical period. The rice paddy system and its capacity for accumulation in the aquifer and return to the Po represent an enormous basin of accumulation already existing and to safeguard.

He then stressed the benefits of submergence of paddy fields: first, storage of groundwater during the winter season and activation of breeding in spring through resurgences and springs; second, benefits on crop turnover, reduction of weed load, promotion of degradation of straw; third, increased naturalistic value of the landscape, increased biodiversity.

He also presented the current drought situation, which is a result of different catastrophic events. The quantity of rainfall and the river Po flow rate have decreased by 70-80% since the beginning of the year; the Snow Water Equivalent (SWE) was lower than the historical average for the period and lower than that of August; Lake Maggiore was at 19.5% of its capacity on 23/06/2022 and the low river flow rate of the Po allowed the rising of a salt wedge (forcing the regional entities to block irrigation withdrawals).

In conclusion, he suggested actions to be taken in the short term and for the medium-long time. For the short time, providing for the allocation of resources to incentivise the practice of summering of rice fields in winter; for the medium-long term, provide and promote resources for the design, implementation and/or reconversion of small and large water reservoir.

COPA-COGECA welcomed the presentation and underlined the key role of rice farmers also in the water management. They stressed the critical situation of the current season, where all production Countries were affected by droughts. COPA-COGECA asked the COM to take into account the conclusions of the presentation and assess the implementation of them.

In the reply the Commission referred to the shared goals of the possibilities offered under the second pillar and the member States' CAP strategic plans.

Birdlife also mentioned the precarious situation of birds regarding water reservoirs in Spanish rice producing areas.

***AOB***

COPA-COGECA asked the Commission to have a physical CDG meeting in the next session.

COPA-COGECA asked to put in the next agenda a point on the revision of Sustainable products (SUR).

COPA-Cogeca informed the participants that when the invitation is received, one has to click on the link and it redirect to another platform. Following to a recent update of the system, the security standards have increased and people have to register to another thing before being able to access to AGM. The instructions provided are only instructing on how to add a mobile phone number on an existing account.

The Commission took note of the technical comments and would relay these to the colleagues responsible for these matters. In addition, it was said that an effort will be made to invite DG SANTE colleagues to appear before the rice CDG and explain the state of affairs.

## 4. Next meeting

Next meeting is scheduled on 5 December 2022.

## 5. List of participants

See in annex.

(e-signed)

Michael SCANNELL

List of participants– Minutes

***Meeting of the CDG ARABLE CROPS - RICE SECTORS***

***01 July 2022***

| ORGANISATION | PRESENT |
|---|---|
| **Bee Life** - Bee Life-European Beekeeping Coordination | No |
| **BirdLife Europe** - Stichting BirdLife Europe | **Yes** |
| **CEJA** - European Council of Young farmers | **Yes** |
| **CELCAA** - European Liaison Committee for Agriculture and agri-food trade | **Yes** |
| **CEPM** - Confédération Européenne de la Production de Maïs | No |
| **COGECA** - European agri-cooperatives | **Yes** |
| **COPA** - European farmers | **Yes** |
| **EBB -** European Biodiesel Board | No |
| **ECVC -** European Coordination Via Campesina | No |
| **EEB** - European Environmental Bureau | **Yes** |
| **EFFAT -** European Federation of Food, Agriculture and Tourism Trade Unions | No |
| **ELO** - European Landowners' Organization asbl | **Yes** |
| **EURAF** - European Agroforestry Federation | **Yes** |
| **EuropaBio** | No |
| **Fertilizers Europe** | No |
| **FoodDrinkEurope** | **Yes** |
| **IFOAM** - Organics Europe | **Yes** |
| **PAN Europe** - Pesticide Action Network Europe | No |
| **SACAR - S**ecrétariat des Associations du Commerce Agricole Réunies | No |
| **Expert** | 1 |
| **IBMA -** International Biocontrol Manufacturers Association | No |