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EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate G. Markets and Observatories
The Director

Brussels,
AGRI.DDG3.G/MS

MINUTES

MEETING OF THE CIVIL DIALOGUE GROUP ARABLE CROPS – RICE

22 November 2021

Chair: AGRI G.4.

Delegations present: All organisations were present, except C.E.P.M., EuropaBio, EBB, ECVC, EFFAT, ELO asbl, Fertilizers Europe and SACAR.

1. Approval of the agenda

The minutes of the meeting of 2 July 2021 were approved.

2. Nature of the meeting

The meeting was non-public.

3. List of points discussed

Overview and exchange of views of the market situation

The Commission presented an overview of the rice markets, with an emphasis on trade. The international rice market is still all about high freight rates and the difficulty to secure containers for shipping rice. US prices remain comfortably high because of the low harvest volume and strong domestic demand. Thai prices remain on par with Indian price levels, which are the lowest in the world and supply is very good despite Covid-19 related supply chain issues. Vietnamese prices had come down as well over the last few months and a recent uptick in prices was halted because of lack of demand from the Philippines, which usually takes 40% of Vietnamese exports.

EU total rice imports for the first two months of the new marketing year are 25% below the same period of the last marketing year. Imports of rice in small packages up to 5 kilogrammes between September 2020 and August 2021 were 91 903 tonnes in milled equivalent, which is down 8% compared to the previous marketing year. For packages between 5 and 20 kilogrammes this number was 207 430 tonnes, which amounts to 23% less than the year before.

Imports from Cambodia and Myanmar for the past marketing year show a clear decline overall and a pronounced effect of the EBA safeguard for Myanmar exports (minus 43%), and less so for Cambodian exports. Serious logistical bottlenecks at harbours and a labour shortage in the fields, in the mills, and in transportation hamper trade activity in Cambodia. The same is true for Myanmar, where the situation is made worse by the military coup.

EU rice exports for the first two months of the 2020/21 marketing year come in at plus 88% compared to the same period a year before. Exports to the UK since 1 January 2021 are averaging 13 000 tonnes per month.

EU paddy prices in November have spiked upwards, especially in Italy. Rice farmers enjoy a favourable negotiating position regarding the millers, who have to deal with low stocks, a delayed harvest and unfavourable production shifts.

Copa commented that the situation is actually pretty bleak for EU producers and that they enjoy a temporary respite because of a cyclical situation. Moreover, it was said, without the safeguard clause the rice prices would be much lower.

Cogeca supported this analysis, adding that the rice sector has had problems in terms of supply and very high transport costs. In Italy, farmers have been selling a lot. Indeed, the production data as presented were correct, but there are significant and serious unknowns regarding Italian production.

Copa supported this saying that the situation is cyclical. It was noted that small packages from Cambodia have not declined as much as other imports. Thus, it seems to be a replacement trend. Moreover, it was said that it will be a challenge to remain competitive next year without the safeguard. Indeed, there will likely be higher fertilizer costs and other input prices could go up as well.

The Commission noted that rice prices have risen but not as much as other cereals. Possibly, in the future the price will not be able to keep up with general inflation. The last two years are exceptional due to the pandemic. There is no formal request for an extension of the safeguard, nor would the data support it. The container crisis will likely be longer than a few months. Input costs are going up in the whole of the economy.

The Commission added that regarding the fertilizer market, it appears that it might last for some time. It was asked to the participants whether they have any possibilities to switch to other products and what types of rice they would produce. Participants were invited to send their reactions by email.

Cogeca stressed that fertilizers prices are indeed a concern. A move to choosing more stable and disease resistant varieties already can be seen.

Environmental concerns in European rice fields

Riet Vell made a presentation regarding the environmental concerns in rice growing. Rice fields in Europe have traditionally been, and still are very often, of great importance for biodiversity conservation and can also have positive implications on other environmental aspects, especially those related to aquatic ecosystems. The RAMSAR Convention on Wetlands is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and sustainable use of wetlands and their resources. The positive “side effects” of rice fields strongly depend on how those crops are managed.

Some harmful practices are related to intensification and the quest for higher productivity, inappropriate water management, change of natural flow or the use of high levels of harmful agricultural chemicals.

It is necessary to promote the important role of the rice fields for the environment and to improve the knowledge of the various rice production areas in the EU. An important preliminary step would be to compile studies and basis of information to evaluate this role and to communicate to the society. Natura 2000 zones is an important framework to use in this context.

Copa mentioned that already 25% of the production in the Camargue is organic, but we need to be realistic. Organic production does have its limitations also in terms of crop rotation, global nutrition problems, as well as high prices.

Riet Vell replied that rice production areas could make important progress of promoting its multifunctional uses. As regards potential eco-schemes for birds (in the context of CAP): in Spain this is in the hands of the regions, but a European seal or stamp would be a good idea. Organic rice fields are very complicated and would need more support from European policies.

Copa-Cogeca recognise an importance of new breeding techniques in reducing fertilisers and Plant Protection Products (PPPs) use. EU growers in general use integrated pest management (IPM) practices and respect the MRL limits. The abuse of PPPs is rather limited in the EU, but we agree we need to raise awareness. In some ways the EU producers were front running the new CAP requirements.

Beelife commented that as regards integrated pest management, we find quantities that should not be there. Often farmers have no control where phytosanitary products end up. The EFSA report highlighted that in several samples controlled MRLs were exceeded. We need to help farmers to use less phytosanitary products.

<u>Plant protection products available in the EU and outside the EU</u>

Copa-Cogeca presented a first draft comparison between the active substances used in the EU, which is around 27% lower than in the US. This number in the EU is overall also lower than in China, India and Vietnam.

Copa-Cogeca concluded that the EU has the most stringent standards on food safety and for approval of active substances for plant protection in the world. In addition, regarding a minor crop as rice is, European farmers suffer also from industry’s decisions to withdraw products for companies’ reasons.

The difference in access to PPP’s across the EU are also quite important. There is a need of a well-filled toolbox (safe, effective, affordable, sustainable) which Farm to Fork strategy objectives should not undermine.

A discussion developed on this subject. BirdLife asked to analyse the French case, where rice farmers currently uses the least number of active substances. Copa-Cogeca replied that France has actually lost area and production in the last decade and this is a worrying development in the light of the original objective of CAP, meaning food security.

AOB

No other points were raised under AOB.

4. Next meeting

The next CDG Rice is tentatively scheduled on 21 June 2022. The final date and time will be confirmed by DG AGRI.

5. List of participants

In annex.

(e-signed)

Michael SCANNELL

List of participants– Minutes

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22/11/2021

MINISTRY OR ORGANISATION	NUMBER OF PERSONS
Bee Life-European Beekeeping Coordination (Bee Life)	1
European agri-cooperatives (COGECA)	4
European Council of Young farmers (CEJA)	2
European Agroforestry Federation (EURAF)	1
European Environmental Bureau (EEB)	1
European farmers (COPA)	9
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	3
FoodDrinkEurope (FoodDrinkEurope)	3
IFOAM Organics Europe	1
Pesticide Action Network Europe (PAN Europe)	1
Stichting BirdLife Europe (BirdLife Europe)	1

Electronically signed on 06/12/2021 19:05 (UTC+01) in accordance with article 11 of Commission Decision C(2020) 4482