

Brussels,
... / ... (2020)

FINAL MINUTES

*Meeting of the Civil Dialogue Group Arable crops - RICE
10 December 2019*

Chair: Max Schulman

Organisations present: All Organisations were present, except Beelife, CEPM, EBB, ECVC, EFFAT, EURAF, Fertilizers Europe, IFOAM, SACAR.

1. Approval of the agenda

The agenda was approved

2. Nature of the meeting

The meeting was **non-public**.

3. List of points discussed [Name of each point, one by one]

- 1. Approval of the agenda and minutes**
- 2. Exchange of views on the rice market situation (including imports)**
- 3. CAP post 2020: state of play on transitional regulation**
- 4. Presentation of the JRC report on the impact of climate change on Italian rice production**
- 5. Information on the new Commission's initiative on Sustainable Food Systems**
- 6. Vietnam-EU agreement – potential timeline of implementation**
- 7. Trade negotiations: update on Mercosur**
- 8. Brexit preparedness**
- 9. A.O.B.**

1. Approval of the agenda and minutes

The Chair welcomed the participants.
The agenda and the minutes were approved.

2. Exchange of views on the rice market situation (including imports)

A representative from the Commission gave a presentation on the rice market situation. The presentation is available on the website of the Commission. According to FAO-AMIS, at world level, production decreased slightly in November 2019 compared to October 2019. However this might be due to a delay of the harvest in Cambodia. As regards international rice prices, there is an increase again for US prices. The slowdown in international demand can explain the decrease in Vietnamese prices. As regards the total EU rice imports, in September-October 2019, they were down by 5% compared to the same period of the previous marketing year. As regards the total EBA rice imports, they were down 17% in September-October 2019 compared to the same period of the previous marketing year. In particular, milled rice is down by 36% and broken rice is up by 34%. The imports of Indica rice from Cambodia decreased in 2019 compared to 2018 (after the implementation of the safeguard clause). Myanmar exported mainly Indica rice to the EU, but in March 2019, the traders switched mainly to Japonica rice. During the marketing year 2018/2019, the EU imported 210 516 tonnes of Japonica rice and it came mainly from Myanmar (39%). The main countries of destination of japonica rice exports from Myanmar are Spain (27%) and Germany (20%).

When it comes to imports of small packages, the imports of packages of 5-20 kg increased by 50% in 2018/2019 and the imports of packages of 0-5 kg increased by 6 % compared to the previous marketing year. The total EU rice exports increased by 15% in September-October 2019 compared to the same period of the previous marketing year. When it comes to the EU rice prices, Italian Japonica prices are quite volatile compared to the Spanish Japonica prices. When it comes to the area, there has been a declining trend of the area of Japonica rice since 2010.

Birdlife and Pan Europe asked the Commission to have figures on organic rice (production, imports, marketing,...) at each meeting and they are very worried that it is not done yet. This has to change for the next meeting.

Cogeca is very worried about the increasing imports of Japonica rice from Myanmar. An automatic safeguard clause should be implemented.

FoodDrinkEurope asked the Commission to have additional figures on fragrant rice. They also informed the Commission that ENTERISI has figures on Italian organic rice.

The Commission said that they asked the unit in charge of organic farming to provide any figure, but they still don't have it. In particular, there is no specific tariff line for organic products, so collecting the data takes time. The Commission will add figures on fragrant rice at the next meeting. As regards the safeguard clause, a similar dossier to the one on Indica rice has to be prepared and submitted, before a safeguard investigation is launched which can lead to the implementation of the safeguard clause. The only way to change its mechanism would be to change the whole general system of preference which is beyond the scope of this civil dialogue group. In addition, as regards the current safeguard clause on Indica rice, on 18/01/2020, there will be a reduction of the duty to 150€/tonne. One must remember also that on April 2018, Cambodia submitted a compliant in front of the European Court of Justice for annulment of the measure, however the Commission is confident that the investigation was solid and that it will not be annulled.

Copa said that it took 6 years for having the safeguard clause on Indica rice implemented, and in the meantime the EU has lost several hectares of Indica rice. We cannot lose as much for Japonica rice.

Europabio informed the Commission that in Spain, in the supermarkets there is a substitution of Spanish Japonica rice with Japonica imports.

FoodDrinkEurope asked about the state of play of the investigation regarding human rights violation in Cambodia.

The Commission replied that this is not a competence of DG AGRI. However, it seems that it is a solid investigation, but it takes 2 years and it is not linked with the market situation.

The Chair asked the participants about the yields of organic rice.

Birdlife replied that the yields are variable depending if a crop rotation is possible or not, and they are at 60/70% of the yields of conventional rice. Pan Europe added that it is not possible to sow organic rice from one year to another. Copa said that in France, the rotation of organic rice takes 7 years.

3. CAP post 2020: state of play on transitional regulation

A representative from the Commission made a presentation on the transitional regulation on the CAP. The Commission submitted 2 proposals on 31 October 2019. The first one is a “flexibility regulation” which intends to be a quick fix for financial discipline from 2021 and flexibility between pillars in respect of calendar year 2020. It should be adopted by co-legislators by the end of the year (or soon after). The second one is a “transitional regulation” which addresses the main transition for year 2021. It should be adopted by the summer 2020. The objective of these proposals is to ensure continuity without disruption of payments to farmers.

FoodDrinkEurope explained the reason for the historical payments for rice and that they are still relevant today.

The Chair asked about the length of the transition period. The Commission replied that they have proposed 1 year.

Copa mentioned that the rice sector has lost much regarding these developments of the CAP, together with the increased imports from EBA countries.

4. Presentation of the JRC report on the impact of climate change on Italian rice production

The JRC gave a presentation on the study on climate change, variability and rice production in Italy. The presentation is available on the website of the Commission. They looked at the temperatures anomalies in past and current climate, as well as annual and seasonal mean temperature anomalies, annual and seasonal precipitation anomalies and climate projections in terms of temperature and precipitation. They looked also at the effect on land surface temperatures of dry seeding compared to wet seeding. High night-time temperatures and heat stress during daytime affect rice productivity. In Italy, there are two main agro-management practices: dry and wet seeding. In 2016, 44% of the national rice paddy fields were dry-seeded. They concluded that changes in agro-management practices had an impact on surface climate of the region but at the same time were possible due to climate variability and changes. Dry seeding led to net reduction of GHG emissions. Dry seeding may increase environmental pollution (e.g. nitrate water contamination) and pose a threat for natural habitat. Dry seeding saves 20% of water at the beginning of the growing season, but leads to higher water requirement in June where competition from other sectors and crops is higher. With respect to water management, dry seeding seems to have already reached its max potential. In terms of challenges, there is the projected warming conditions with more frequent and intense warm temperature extremes (daytime and night-time), there is no significant mean changes in seasonal precipitation, but increase of both drought and heavy

precipitation events and agro-management strategies should take into account future changes and climate variability to keep an optimal balance with regard to water needs.

EEB said that these questions are being discussed at the conference on climate. The rice sector can have a warming potential, how to mitigate that. In addition, within the end of the century, the level of the sea will rise from 90 cm to 1 meter, so we need varieties that would be able to handle these kind of fluctuation of bad weather. Research is needed.

The JRC replied that regarding greenhouse gas emissions, there is a net reduction in dry seeding. They have not looked at the effect of the rise of the sea level yet. They are investigating the issue of productivity in India and the impact of flood events in that country.

Copa said that in Italy, there is a consortium of research and the issue of methane and arsenic are addressed and there are solutions to handle this, in particular when there is a good management of the water.

5. Information on the new Commission's initiative on Sustainable Food Systems

A representative from the Commission informed the participants that the President of the European Commission will present the green deal on 12 December. Agriculture is very important as it delivers on the 3 dimensions of sustainability. All Commissioners said that farmers are part of the solution and they should be actively involved in the discussion. Agriculture has to do its contribution of reduction of greenhouse gas emissions by 2050 in order for the EU to become the first carbon neutral economy. In terms of budget, 40% of Common Agriculture Policy should contribute to climate action. Reaching the 2050 target will require action by all sectors of our economy and the green deal encompasses different policies that should come together as one strategy. In spring 2020, the Commission will present a Farm to Fork Strategy. Consultation with member states and stakeholders will take place early 2020.

Cogeca said that it is a pity that the presentations were not properly available. When it comes to the CAP, farmers need to be properly compensated for the environmental services they provide.

Birdlife said that this is an opportunity for the rice sector towards imports, since the rice sector plays a positive role as regards the environment and this should be recognised.

FoodDrinkEurope mentioned that integrated production already delivers on these objectives.

The Commission replied that there is no harmonised definition of integrated production that would go beyond pest management. For now, in the rural development programmes, it is the member state or region that set the criteria. However within the CAP strategic plans, there is a possibility for all sectors to implement sectoral interventions and this could be an opportunity for the rice sector on integrated production.

EEB said that agriculture must be included in the discussions linked with carbon emission. The payments under rural developments were done in terms of additional costs incurred, but this must be changed to compensate farmers for their environmental services.

FoodDrinkEurope emphasised the importance of also reflecting on sustainable production as a competitive issue. In particular, it was mentioned that a number of Asian countries, most notably Cambodia, Myanmar and Thailand are developing a strong marketing story around sustainable production and that the EU rice sector needs to be able to respond.

6. Vietnam-EU agreement – potential timeline of implementation

A representative from the Commission informed the participants that the trade negotiators reach an agreement and now the Commission has to produce an implementing regulation to implement it. A working document is being discussed with member states every month. This will be discussed in February in the European Parliament and there will be an inter-service consultation.

7. Trade negotiations: update on Mercosur

A representative from the Commission informed the participants that this item was presented during the civil dialogue group on international aspects of agriculture. There are 60000 tonnes of TRQs for rice. The agreement on Mercosur will be implemented in 6 stages. The legal scrubbing of the agreement is still on-going, then it will be translated and the implementing regulation would be ready by mid-2021. Then it has to go to the European Parliament.

Cogeca said that they are not supportive of this agreement, as it is not a balanced one for the agricultural sector and it will impact the rice sector in particular.

8. Brexit preparedness

A representative from the Commission presented this item. There has been 3 years and a half since the Brexit vote took place and 2 years and 9 months since the article 50 was triggered. In this context, the Commission did its job and has all material ready in case of a no deal. The option of a disorderly Brexit is still on the table. If there is an agreement on the withdrawal of the UK on 31/01/2020, there will be a transition period for the trade negotiations with the UK until end of 2020. So 11 months of negotiations only.

9. A.O.B.

The Chair informed the participants about the tentative dates for the meetings in 2020. The participants are also invited to send any item they wish to address as soon as possible before the next meeting. They are also invited to comment on the minutes.

4. Conclusions/recommendations/opinions

5. Next steps

6. Next meeting

The tentative dates for the next meetings are on 2nd July in the morning and on 12th November in the afternoon.

7. List of participants - Annex

Disclaimer

"The opinions expressed in this report represent the point of view of the meeting participants from agriculturally related NGOs at community level. These opinions cannot, under any circumstances, be attributed to the European Commission. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the here above information."

List of participants– Minutes

Civil Dialogue Group Arable Crops - RICE

Date: 10 December 2019

MEMBER ORGANISATION	NUMBER OF PERSONS
Bee Life-European Beekeeping Coordination (Bee Life)	--
Stichting BirdLife Europe (BirdLife Europe)	1
European Council of Young Farmers (CEJA)	2
European Liaison Committee for Agriculture and agri-food trade (CELCAA)	2
Confédération Européenne de la Production de Maïs (C.E.P.M)	--
European agri-cooperatives (COGECA)	4
European farmers (COPA)	10
European Biodiesel Board (EBB)	--
European Coordination Via Campesina (ECVC)	--
European Environmental Bureau (EEB)	2
European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT)	--
European Landowners' Organization asbl (ELO asbl)	2
European Agroforestry Federation (EURAF)	--
EuropaBio	1
Fertilizers Eruope	--
FoodDrinkEurope (FoodDrinkEurope)	4
International Federation of Organic Agriculture Movements EU Regional Group (IFOAM EU Group)	--
Pesticide Action Network Europe (PAN Europe)	1
SACAR - Secrétariat des Associations du Commerce Agricole Réunies / Joint Secretariat of Agricultural Trade Associations (SACAR)	--
Total: 29	