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## MINUTES

### *Meeting of the CDG Arable Crops – Rice Sector*

**5 December 2022**

Chair: AGRI.E4

Following organisations were represented: COGECA, EURAF, CEJA, EEB, COPA, CELCAA, FERM, PAN EUROPE, BIRDLIFE EUROPE.

#### **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 and exchange of views of the market situation**

The Commission presented the market situation for rice, focussing on three main points: the global situation, an update on the rice safeguard in particular following the ECJ General Court ruling, and the EU domestic situation. On that point, the Commission requested participants to share information on how the harvest has gone and what the status is for instance of the rice stocks at this point. The world market is characterised by high US and EU prices, and low Asian prices, although these have been rising lately because demand has been picking up and container shipping costs have come down, which makes it attractive again to start shipping rice. The Food and Agricultural Organisation (FAO) of the UN came out with a report on the rice market, which was also discussed. The FAO sees a decline for EU imports in 2023.

Total EU rice imports for the first two months of the new marketing year are 29% up compared to the previous year. This is just September and October of 2022 compared to September and October of 2021. EU millers started to increase imports to be able to satisfy demand from end users. Imports of broken rice are double the number as the

average for the last 4 years. The Commission requested participants to provide possible explanations for this.

Imports were also itemised per exporting country since 2015. Myanmar exports now represent 20% of EU imports. Pakistan represents 19% of imports. Thai exports to the EU have remained constant over time and the reason is these are exports primarily within existing WTO quota. A big surprise is Cambodia, whose share has decreased since 2015 and is now 11%. Guyana represents 6% of EU imports and that has also decreased. Interestingly, both Cambodia and Guyana enjoy duty free quota free access to the EU market. EU rice imports from Cambodia and Myanmar for the first two months of the new marketing year are 165% up compared to the previous year. Imports of small packages up to 5 kilogrammes for the first two months of the marketing year are down 28% compared to last year. Cambodian exports to the EU were also presented in terms of which Member States import the most. For Cambodia that is traditionally France with 41% of EU imports from Cambodia. Japonica is only a very small part of Cambodian imports. In fact, when it is noted that almost 75% of Cambodian exports to the EU is fragrant rice, and if it is considered that the price for fragrant rice from Cambodia is around EUR 800 per tonne, then it is difficult to see how Cambodian rice is viewed as such a threat to EU production. Trade data show that Italy is the biggest importer of Myanmar rice. This is because Italian millers found the prices too high in Italy and there simply was not enough Italian japonica on the market. Worldwide, Italy has become the third largest importer of Myanmar rice.

Monthly EU export data since September 2018 show a declining trend and for this last marketing year EU exports were 12% below last year's number and for the first two months of the new marketing year these are down 14%. Meanwhile, EU paddy prices are holding up at relatively high levels, although it is not certain whether farmers fully recuperate the high input costs.

COPA-COGECA emphasised Cambodian imports posing a perceived threat to the EU rice market on top of the shortfall in the Italian harvest in the past months due to the drought over the summer.

FERM informed that the question regarding the increased imports of broken rice will be relayed to its members.

### **GSP Safeguard: Court judgement**

The Commission presented the objectives and features of COM(2021)579, the Commission proposal concerning the review of the Generalized Scheme of Preferences, which expires at the end of 2023. The Commission provided information about the arrangements (standard GSP, GSP+ and EBA), the cases when a withdrawal of the preferences is possible and the safeguards and surveillance mechanisms that can be put in place in case of disturbance to the EU market.

The Commission informed the stakeholders that the proposal is currently under examination by the Council. The potential safeguard mechanisms are currently under discussion, with a particular reference to rice sector. In particular, the outcome of the recent ruling of the General Court on imports of rice from Cambodia is taken into account in the discussion.

On 3 May 2022, the members of the EP INTA committee adopted their position on the Commission's GSP proposal, available online.

The Commission is fully committed to ensure that all its decisions comply with all applicable legislation. The Commission took note of this new judgement by the General Court. As always in such cases, the Commission will study the judgment carefully and will assess the next steps.

Some concerns were raised by two stakeholders on the fact that the current Proposal – with no automatic safeguards applicable to imports of rice from EBA countries - may be inadequate to protect the EU rice sector against a rise in imports. The Commission stressed the importance to balance the protection of the interests of the EU stakeholders with the respect of the objective of the GSP system, which is to support developing countries. All contributions will be valued in the trilogue, which most likely will determine the final content of the regulation.

COPA-COGECA expressed their opinion that none of the defensive instruments appears to be very useful at this time. It was added that imports under the GSP regime are very important to rice farmers and a strong defensive framework is needed, especially after the General Court's judgment.

A member of COPA remarked that COPA-COGECA would like to see an automatic safeguard for rice in the new GSP regime.

The Commission replied that the GSP regime is a tool to support developing countries, while taking note that COPA-COGECA is also in favor of open and fair trade albeit with a level playing field. A discussion was held between the Commission and COPA-COGECA on the balance between preferential trade policy and the need to protect the interests of EU rice producers.

### **AOB**

COPA-COGECA raised the point of a revision of **Sustainable Use regulation (SUR)** stating that the proposal seems to not take into account the production of rice, given that apparently the definition of sensitive areas would severely undermine this crop. It was added that there is a lack of clear definition and very worrying consequences for the sector. The rice sector in the last few years has seen the loss of several Plant Protection Products (PPPs) in combination with increased imports from third-countries where it appears that the number of active substances allowed is higher.

A member of COPA said that the EU can only remain competitive with at least a certain number of PPPs being allowed for use.

Another member of COPA added that rice production in the EU in sensitive areas will become impossible if SUR were to be implemented.

The Commission replied that farmers' concerns are well taken into account in all decisions and the ongoing trilogue.

Concerning the **changes in the functioning of the CDG** planned for the beginning of 2023, it was also clarified that the evaluation/assessment of the applications received for the new CDG Agricultural Markets was ongoing. As regards the format of the future CDG meetings, the Commission envisages a mix of hybrid and videoconference (Interactio) meetings.

#### **4. Next meeting**

Next meeting is foreseen to take place on 6 July 2023.

#### **5. List of participants**

See in annex.

Pierre BASCOU

List of participants– Minutes  
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**5 December 2022**

ORGANISATION
EUROPEAN AGRI-COOPERATIVES (COGECA)
EUROPEAN AGROFORESTRY FEDERATION (EURAF)
EUROPEAN COUNCIL OF YOUNG FARMERS (CEJA)
EUROPEAN ENVIRONMENTAL BUREAU (EEB)
EUROPEAN FARMERS (COPA)
EUROPEAN LIAISON COMMITTEE FOR AGRICULTURE AND AGRI-FOOD TRADE (CELCAA)
FEDERATION OF EUROPEAN RICE MILLERS (FERM)
PESTICIDE ACTION NETWORK EUROPE (PAN EUROPE)
STICHTING BIRDLIFE EUROPE (BIRDLIFE EUROPE)