



European Association representing the trade in cereals, rice, feedstuffs,
oilseeds, olive oil, oils and fats and agrosupply
Comité du commerce des céréales, aliments du bétail,
oléagineux, huile d'olive, huiles et graisses et agrofournitures

Ref. 18MNG52

Mr. Frederic Michiels
DG Trade
European Commission
1040 Brussels
Belgium

Brussels, 19 October 2018

Re: Safeguard investigation on imports of Indica rice originating in Cambodia and Myanmar

Dear Mr Michiels,

Following the publication of the results of the Safeguard investigation on imports of Indica rice originating in Cambodia and Myanmar (Ref: SAFE008), COCERAL, the EU association representing the EU trade in cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats, as well as agrosupply would like to take the opportunity to comment on the report.

COCERAL deeply regrets the report's conclusion to temporary reintroduce the Customs Codes Tariff on imports of Indica rice from Cambodia and Myanmar.

We see that several considerations were not included in the essential facts.

Regarding Cambodia:

- The safeguard investigation focuses on products under the CN codes 1006 30 27, 1006 30 48, 1006 30 67 et 1006 30 98, considered as covering semi-milled or milled Indica rice. However, there is no distinction between the Indica white rice from long grain fragrant rice within the CN codes at the 8-digit level.
- These two varieties do not compete against each other, as they are of different quality and are aiming at different markets in the EU
- In the report produced by the Commission, the numbers do not show the significant increase of imports of fragrant rice from Cambodia.
- Annexed to this document is the Cambodian rice export statistics as of October 2018 provided by the Cambodia Rice Federation. Half of the Cambodian exports are to the EU market, amounting to more than 212.5 thousand tonnes in year-to-date 2018 (table 1). On average since 2013, the percentage of exports of Cambodian fragrant rice are at 56% of total exports. Over the years we see that fragrant is taking over long grain in exports, with drop in long grain white rice in



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2017 and in 2018, due to the better profitability of fragrant rice over indica rice (table 2).

- We understand that this increase of Cambodian fragrant rice imports is accompanied by a decrease of the share of Thai fragrant rice on the EU market.
- Therefore, we consider that imports of Cambodian rice, mainly of fragrant rice do not threaten EU milled Indica rice.

The investigation focused on Indica rice, as per the request from Italy for a safeguard measure. Indica rice represents around 25% of EU production of rice as being grown mostly in tropical and subtropical regions. On the other hand, Japonica rice variety favouring cooler climates represents 75% of EU production. There is no mention of the increase in milling of Japonica rice during the period covered in the EU. As we can see in the data provided by DG Agri¹, in the 2013/14 season, EU production of Japonica rice went from 1.077 million tonnes, to 1.089 tonnes in 2014/15, 1.322 in 2015/16 and 1.410 in 2016/17. This represents more than a 30% increase in four years. The production of Indica rice on the other hand remained relatively stable. In the EU, the milling of Indica rice and Japonica rice is done in the same factories and on the same equipment. The EU millers can easily substitute these variety depending on market developments. The Japonica rice prices tend to be higher than Indica rice prices, in particular for certain premium quality varieties in Italy. The major exporters of Japonica rice are the EU, Russia and the US. With the current trade war and sanctions, we see potential for increase profitability for EU producers and millers.

On the other side, in Cambodia and Myanmar, farmers and milling industry have heavily invested in supplying the EU market and are today dependant on the EU. Any change in trade flows will impact the livelihood of many citizens in these two developing countries.

Finally, while we understand that Guyana paddy rice is not covered by this report because it is not subject to the investigation, we regret that statistics on imports from Guyana were not added under other factors, as we believe that Guyana Indica long grain represents direct competition to EU Indica rice.

After close evaluation of the report, we have come to the conclusion that it does not give a complete overview of the rice trade market, and as a result its conclusions are biased.

The EU crop harvested by farmers and the milling capacity of EU millers are not enough to cover the market needs of the EU population. As the EU is not self-sufficient in rice and in particular in imports of Indica rice variety, it is important for Coceral and its members that trade flows are not reduced and suspended.

¹ https://ec.europa.eu/agriculture/sites/agriculture/files/cereals/balance-sheets/rice/rice-overview_en.pdf



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Therefore, we oppose the request to temporary reintroduce the Customs Codes Tariff on imports of Indica rice from Cambodia and Myanmar for products under the CN codes 1006 30 27, 1006 30 48, 1006 30 67 et 1006 30 98.

In case that the Commission would pursue its plans to impose an increase of import duties as from 1st January 2019, it is absolutely necessary that that there shall be a transitional period for all contracts that have been concluded before the date of publication of the regulation. A lot of contracted rice will be afloat at the date of entry into force of the regulation, which will penalise in an unfair way the EU importers of Myanmar and Cambodian rice.

In view of the considerable financial impact that the measures planned by the EU would have on traders of rice, which are small and medium sized enterprises, we would very much appreciate to have the opportunity to meet with you before the vote of December 4.

With your permission, we will take the liberty to contact your services in the next few days to make an appointment with our operators at your best convenience.

In the meantime, we thank you for your consideration on this matter, and remain,

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Iliana Axiotiades'. The signature is fluid and cursive, written in a professional style.

Iliana Axiotiades
COCERAL Secretary General

CC:
Unit H5 DG TRADE: Mr Jan Gerrit Westerhof, Mr Paolo De Chiara



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Statistical Annex

Table 1 - Exporting Destination of Cambodia Rice export up to October 2018

N°	Destination	Total Volume (Tones)
1	EUROPEAN UNION	212,513
2	CHINA Region	127,244
3	ASEAN MEMBER STATE	47,026
4	OTHER DESTINATION	48,024

Table 2 - Quantity of Cambodian Rice Export by Type of Rice, in Tonnes

N°	Year-Export (Tons)	TYPES OF RICE				
		Premium Fragrant Rice	Fragrant Rice	Long Grain White rice	Long Grain Parboiled	Total Qty
1	2013	178,190	6,664	194,004	-	378,858
2	2014	170,819	61,966	135,226	19,050	387,061
3	2015	186,758	87,913	221,862	41,863	538,396
4	2016	176,669	130,237	188,605	46,633	542,144
5	2017	224,552	169,475	156,654	84,998	635,679
Month-Export (Tons) in 2018						
1	January	35,891	13,809	10,490	2,433	62,623
2	February	27,810	13,194	4,574	2,231	47,809
3	March	22,717	12,304	12,562	3,100	50,683
4	April	14,562	6,119	11,766	3,792	36,239



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5	May	17,438	10,949	11,341	3,137	42,865
6	June	20,043	4,822	3,904	2,549	31,318
7	July	14,247	4,005	5,297	1,994	25,543
8	August	16,313	21,854	3,916	2,475	44,558
9	September	10,304	31,704	3,769	1,849	47,626
10	October	11,371	28,671	4,239	1,262	45,543
11	November					
12	December					
Grand Total by Type in 2018		190,696	147,431	71,858	24,822	434,807

COCERAL is the European association of trade in cereals, rice, feedstuffs oilseeds, olive oil, oils and fats and agrosupply. It represents the interest of the European collectors, traders, importers, exporters and port silo storekeepers of the above mentioned agricultural products. **COCERAL's** full members are 20 national associations in 14 countries and 1 European association [Unistock]. The sector trades agricultural raw materials destined to the supply of the food and feed chains, as well as for technical and energy uses. COCERAL has 1 associated member in Switzerland and 1 European Associations (EUROMALT). Gafta is an extraordinary member of COCERAL.