



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 18 March 2014
(OR. en)**

7886/14

**AGRI 230
AGRIORG 53
WTO 108**

NOTE

From: General Secretariat of the Council
To: Delegations

No. prev. doc.: 17559/13

Subject: Problematics of the rice sector
- *Request from the Italian delegation*

Delegations will find in Annex a document submitted by the Italian delegation to be presented under "Any other business" at the Council ("Agriculture and Fisheries") at its session on 24 March 2014.

Request from the Italian delegation

At the Agrifish Council of December, the Italian Delegation, supported by other delegations, raised the problem concerning the increase in imports of milled rice – at zero duties - from LDCs (17559/13), highlighting in particular the following concerns for the European rice sector:

- A progressive sharp increase in imports of milled rice from LCDs at duty free level: from **10 094** tons imported in 2008/09 to **190 035** tons during 2013, in particular from Cambodia e Myanmar, (EBA agreement).
- Moreover, over the last few years, Cambodia and Myanmar have increased their investment with regard to infrastructure and consequent commercial net sales in the rice sector, with the goal of attaining over 5.5 million tons in exports of processed rice (which is over twice the supply requirement of the EU).
- The duty-free importation of “indica” milled rice is causing great damage to the marketing of EU production of this type of rice. This will limit the ability of our farmers to remain competitive. Moreover, the very survival of the whole EU rice milling sector is at risk.

Concerns about the real damage that this scenario could cause to the whole EU rice sector are confirmed by the fact that, in the last three months, this situation is continuing to worsen, contributing to create confusion and concerns among producers and the EU milling industry.

In particular, it should be noted that:

- At the last Management Committee on 27 February 2014, the Commission highlighted the progressive increase in demand for import certificates that, so far, is running at **+24.6%** for milled rice, compared to the same period last year.
- The rise in imports of rice in small packages (up to 20 kg) recorded recently is quite significant; the increase relates, in particular, to production from Cambodia.

- Due to the complete liberalisation of imports from the LDCs since the years 2009/2010, the total volume of rice imports - in equivalent milled rice - from the LDCs has tripled (+200%) compared to last year. The volume imported from Cambodia has even quintupled (+400%) and the imports from Myanmar, at zero duty, are increasing rapidly. In particular, according to data furnished by Ente Nazionale Risi, it should be noted that while imports from Myanmar in the whole of the last marketing year came to only 4 600 tons in the period September 2013 - February 2014, imports have already reached 8 800 tons of milled rice.
- The Commission has also pointed out that last year imports from the LDCs, broken down by price categories, accounted for 51% of imports of milled rice and 38% of rice in the lower price category (between 350 to 500 euro per ton).

Those elements confirm that if this trend continues, the negative scenario will get worse in the coming months.

This situation is causing great concerns among producers and milling factories, who are already facing the sector's challenges as confirmed by the recent economic data.

In Italy, for example, a marked decline in land investment for the sowing of rice in 2014 has already been recorded. According to a targeted survey the reduction affects about 15 000 hectares, that is - **21%** of the "indica" crop type compared to last year (source: Ente Risi data survey).

Regarding income levels of rice farms the reduction is significant. Indeed, it is worth noting that while the prices for paddy rice have been decreasing in the last few years, total costs increased by 20% on average between 2009 and 2012 (according to a study carried out by agronomic experts in the sectors in Italy).

Moreover, it should be mentioned that the level of direct aid for rice producers will decrease in the near future, due to the process of internal convergence of direct aids provided for in the CAP reform.

As a result, EU producers will have no hope of remaining competitive in the market in this scenario.

The result will be the gradual abandonment of most of the land under rice cultivation in the EU, with a very negative impact in terms of environmental and social consequences, and the real danger that the EU will become completely dependent on imports of rice from those countries.

For all these reasons Italy again calls on the Commission to continue its monitoring with particular attention to the evolution of this situation, and to carry out a detailed analysis and impact assessment of the negative consequences that this situation is causing to the EU rice sector. Italy asks the Commission to seek appropriate solutions which include the possibility of triggering appropriate tools aimed at safeguarding the EU rice sector under the legislation in force.
