



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR TRADE

The Director-General

Brussels,
TRADE/SW/D3 (2021) 3000231

Dear Mr Pesonen,

Thank you for your letter of 31 March 2021 concerning the cumulative economic impact of international trade on the EU rice sector.

The study of the Joint Research Centre which you refer to¹ covers the cumulative effects of 12 trade agreements on the EU agri-food sector by 2030. While it indeed shows a negative impact of rice imports on EU rice production and prices, the study takes a mixed approach as regards the modelling of the individual trade agreements, which can explain this rather theoretical result.

Whereas the agreements for which negotiations have already been completed (Canada, Japan, Vietnam, Mexico, Mercosur) were modelled on the basis of their negotiated outcome, the agreements still under negotiation or to be negotiated (Australia, New Zealand, Thailand, the Philippines, Indonesia, Malaysia and Chile), were modelled via two theoretical scenarios that assume significant tariff cuts without volume limitations. This assumption is clearly not realistic for potential agreements with very competitive rice exporters, such as Thailand. In these cases, the EU would rather negotiate limited tariff-rate quotas, the effect of which is much more modest than a tariff cut across the board, as shown by comparing the results of the current study with those of the previous one (published in 2016).

The Commission is well aware that a balance needs to be found to guarantee adequate protection for EU sensitive products, including rice, which are of considerable economic and social value to various Member States and regions. In this respect, the study confirms

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¹ Study on the “Cumulative economic impact of trade agreements on EU agriculture”, <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/cumulative-economic-impact-trade-agreements-eu-agriculture>

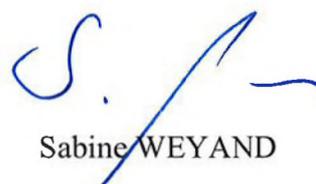
that the EU's approach to keep a firm line on limited access for sensitive products is justified and the only effective solution to prevent risks of severe negative impacts.

Regarding your request to extend the safeguard measures on rice from Cambodia and Myanmar beyond the expiry date and to broaden their scope to Japonica rice, I can reassure you that the Commission has been closely monitoring the evolution of rice imports into the EU, including of Japonica rice, as well as the economic situation of the EU's rice producers. There is no indication that imports of Japonica rice from Myanmar currently lead to substantial market distortions. Should new distortions to the EU market occur, the safeguard measures under Article 22 of the General Scheme of Preferences (GSP) Regulation (Regulation (EU) No 978/2012) would be the appropriate policy instrument to use.

Under the GSP Regulation, the EU unilaterally grants preferential duties to developing countries (including Myanmar) with the objective of fostering sustainable economic, social and environmental development and eradicating poverty. In March and April 2021, in response to the military coup in Myanmar, the EU adopted a series of restrictive measures targeting those directly responsible. In addition, all other tools at the EU's disposal will be kept under review, while seeking to avoid measures which could adversely affect the people of Myanmar, especially the most vulnerable.

Trade policy has a role in implementing the Green Deal strategy. The Trade Policy Review², adopted by the European Commission on 18 February 2021, articulates the objective to engage with our trade partners to support the green transformation globally. To that aim, trade policy will use a mix of multilateral, bilateral as well as autonomous actions. Regarding trade agreements specifically, in addition to the implementation of trade and sustainable chapters already included in trade agreements, the Commission will propose a chapter on sustainable food systems for future trade agreements. It will also propose that the respect of the Paris Agreement be considered an essential element in future agreements.

Yours sincerely,



Sabine WEYAND

² Trade Policy Review - An Open, Sustainable and Assertive Trade Policy, https://eur-lex.europa.eu/resource.html?uri=cellar:5bf4e9d0-71d2-11eb-9ac9-01aa75ed71a1.0001.02/DOC_1&format=PDF