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Grain and Feed

EU Commission defends Basmati rice import policy 2003

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Report Highlights:

The UK government used the December Agriculture Council to question the European Commission's recent proposals to restrict Indian and Pakistani Basmati rice exports to the EU. The Commission defended the recent proposals to remove Pakistani's 'Super' variety and India's 'Pusa' variety from the list of varieties eligible for the €250/MT tariff abatement. The amendment to the EU rice import legislation is expected to be formally approved and published before the end of the year, entering into force on January 1, 2004.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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[E2]

At the December 17 Agriculture Council, the UK Delegation raised questions on the Commission's approach to the Basmati rice import abatement.

The EU rice import regime provides a €250 tariff abatement for brown Basmati from India and Pakistan. Without the abatement, basmati imports would face the full tariff for brown rice, which has a bound rate of €264. The principle behind the abatement was to enable the continuing import of high value basmati rice.

At the end of November, the Commission Management Committee for Cereals voted to adopt an amendment to the import rules excluding Pakistan's "Super" variety of basmati and India's "Pusa" variety. The restriction will apply from January 1st 2004.

The amendment has yet to be formally adopted and published in the European Union's Official Journal. It is expected to be published before the end of the year. This type of delay to legislation is not unusual in Brussels.

At the Agriculture Council, the Commission defended the move, arguing that basmati rice imports had been subject to a high fraud risk. The Commission legislation removes Super and Pusa from the list of eligible varieties for the abatement, both of which are considered by the Commission to be hybrid varieties, which have neither all the qualities nor the high prices of traditional basmati. The Commission further defended its approach by arguing that the abatement had been extended to hybrid varieties in 1996 as they were the same price as traditional varieties at the time. This is no longer the case.

If, as expected, the Regulation enters into force on the 1st January, current Certificates of Authenticity issued by the Indian and Pakistani authorities will remain valid for three months. As Super is the only basmati variety grown in commercial quantities in Pakistan, then it is expected that their exports of rice to the EU will drop from 95,000 MT in 2002/03 to next to nothing after Spring 2004.

EU –15 Basmati rice imports

	2000/01	2001/02	2002/03
India	143,696	165,151	181,605
Pakistan	61,730	49,606	94,771
Total	205,426	214,757	276,377

Source: European Commission, MY Sept to Aug.