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WORKING DOCUMENT

From:	Presidency
To:	Trade Policy Committee (Generalised System of Preferences)
Subject:	Review of the GSP Regulation - Presidency proposal for a TRQ Mechanism for rice

Automatic TRQ Mechanism to Protect EU Rice Farmers

(GSP trilogue negotiations)

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Introduction and latest developments

Since the last Working Party on 17 July 2025, the Danish Presidency has taken note of the comments made by Member States during that meeting and in writing. In parallel, there has been ongoing dialogue with the European Parliament on the way forward.

The dialogue has highlighted that the only viable landing zone concerning rice seems to be the establishment of an automatic safeguard mechanism to introduce a TRQ that ensures the protection of EU rice farmers by swiftly responding to cases of serious market disruption while also preserving the preferential access granted to EBA (Everything But Arms) countries as much as possible. The European Parliament has indicated they want a mechanism that offers certainty, predictability, and automaticity; and that is specific to rice.
This paper outlines a presidency proposal of the key elements of such a mechanism, for discussion with the TPC GSP. In the absence of strong opposition from delegations, the Danish Presidency will continue working with the European Parliament and European Commission on a written compromise proposal that reflects these elements.

Objective

The objective would be to establish a targeted mechanism to address concerns from rice-producing EU Member States over growing imports from EBA countries, reflecting the specificities of the EU rice market. The mechanism would aim to protect EU farmers while preserving the integrity, generosity and non-restrictive nature of the EBA's tariff-free and quota-free system.

In light of WTO requirements, the activation of the mechanism should be limited to exceptional circumstances (e.g., a significant import surge) and the mechanism should have an appropriate duration, so that it would not permanently limit preferential imports.

Mechanism

If an EBA beneficiary exceeds a set reference import volume of rice imports by a defined percentage, the mechanism would trigger MFN tariffs in the current year and introduce a tariff-rate quota (TRQ) for rice imports in the following year.

The mechanism would work as follows:

- **Threshold / Volume**: For each EBA beneficiary a threshold would be established in advance in accordance with criteria set out in the GSP Regulation.

- **Surge**: The GSP Regulation would fix a given percentage increase which determines when a surge in imports takes place.
- **Yearly application**: During the year, rice imports from EBA countries enter tariff free until the threshold plus a surge is exceeded. After this, further rice imports from the EBA country concerned are subject to MFN duties for the remainder of the calendar year.
- **Duration:** to be fixed in the GSP Regulation, a TRQ will be imposed at the threshold fixed for the EBA beneficiary.

The aim is to ensure that the system is automatic with no discretion to the Commission to address the key Parliamentary objective. Detailed implementation arrangements will need to be set out in a procedural implementing act, to be adopted ahead of the new GSP Regulation's entry into force (expected in 2026). This will include, among other elements, the set-up of a tariff-rate quota order number to operationalize the system.

Questions for the TPC (GSP)

1. Setting the **threshold** is the key element in the mechanism. Several questions arise. Should it be:
    a. A single threshold for all EBA beneficiaries and if so, how would it be allocated to different EBA beneficiaries?
    b. Or a common threshold for all EBA beneficiaries, probably based on an appropriate threshold for the largest EBA rice exporters (e.g., Cambodia or Myanmar)?
    c. Or an individual threshold for each EBA beneficiary fixed individually? If this is the case, it may be necessary to include a de minimis provision to ensure that if the imports from a small country increase by more than the surge figure, but the volumes concerned are de minimis and could not disturb the EU market, no action is taken. For example, the de minimis could state that if the surge is less than 5% of total EU imports, no measures should be taken.
    d. When fixing the thresholds, would it be better to set figures in the GSP Regulation (possibly with a review clause – see below) or on a rolling basis, for example based on historical import volumes for each year?
    e. If the threshold is fixed on the basis of historical rice exports to the EU, what period should be considered? 3 years? 5 years? Should years when TRQs are applied be taken into account when calculating the historical average?
    f. If figures are fixed in the GSP Regulation there should be a possibility to review the figures. This should probably be done by delegated act, and then the criteria would need to be specified in the GSP Regulation (see point a and b).
2. The **surge**. This figure should strike a balance between (a) being met when imports increase sufficiently to presume a disturbance on the EU market; and (b) not being met under ordinary circumstances when a certain degree of variation year to year is normal.

3. **Duration** of the suspension of preferences. Should the duration be 12 months, or to continue until the end of the year after the safeguard is triggered? Or longer?

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