

2020 Annual GSP Review – Public Hearing Questions: Rice

A Message from the GSP Subcommittee: Thank you for participating in the 2020 Annual GSP Review Public Hearing. Below you will find questions from the GSP Subcommittee to those who submitted written comments on May 27th. We look forward to reading your responses. If you have any questions, please contact Laura Buffo or Claudia Chlebek at gsp@ustr.eop.gov.

Instructions: Responses are due by June 30, 2020, at 11:59 p.m. EDT, on docket USTR-2020-0019, on [Regulations.gov](https://www.regulations.gov). Please: 1) answer each question individually; 2) state which question you are answering and 3) number your response according to the question you are answering.

Hearing Questions:

1. Government of Brazil

- a. The Government of Brazil's submission states that "Brazilian yearly exports of this kind of rice (HTSUS 1006.30.10) to the United States amounted to less than US\$3 million in 2018 and 2019, and do not represent a risk of any kind to American farmers." How was this estimate calculated? Data of U.S. general imports and imports for consumption each reflect imports of Brazilian rice valued around \$4 million in 2019 respectively.
- b. Brazil's exports of rice under GSP are principally in the "parboiled" category, and account for about 20 percent of Brazil's overall rice exports to the United States. Please describe the parboiled sector of Brazil's rice industry, and its relationship to Brazil's primary rice production and export.

2. Government of Pakistan

- a. U.S. imports of Pakistani rice (1006.30.10) under GSP grew approximately 162 percent between 2018 and 2019. Is this increase primarily attributable to India's removal from GSP, or some other underlying factor?
- b. In 2019, Pakistan's rice exports outside of the GSP program were \$37.7 million (HTSUS 1006) while GSP-eligible exports were \$3.8 million. Could you clarify why the loss of GSP benefits would be so detrimental given the value of non-GSP rice exports to the United States?
- c. Pakistan's exports of rice under GSP are principally in the "parboiled" category, and account for about 10 percent of Pakistan's overall rice exports to the United States. Please describe the parboiled sector of Pakistan's rice industry, and its relationship to Pakistan's primary rice production and export.
- d. Could the Government of Pakistan clarify whether you are stating that parboiled rice from Pakistan is "organic" or pesticide free?
- e. In your comments, you noted that subjecting parboiled rice to the 11.2% MFN duty rate will render rice grown by subsistence-level farmers uncompetitive on the global market. Can you provide more detail on the negative economic impact removing rice from GSP would cause?

3. Government of Thailand

- a. In your written comments, you noted that subjecting parboiled rice to the 11.2% MFN duty rate will render rice grown by subsistence-level farmers uncompetitive on the global

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market. What are the tariff rates applied to Thai parboiled rice exported to other country markets?

4. USA Rice Federation

- a. In your comments, you claim that underpriced imports continue to threaten the domestic rice market. Yet, GSP duty-free treatment is limited to Least Developed Countries (LDCs) for five out of six of the rice products in your petition. According to Dataweb, for these five lines, in 2019, only four LDCs (Haiti, Cambodia, Burma, and Liberia) exported under three of these lines (1006.20.40, 1006.30.90, and 1006.40.00) and there were no LDC exports under two lines (HTSUS 1006.10.00 and 1006.20.20). Total imports from these LDCs are less than one percent of overall U.S. rice imports and 0.1 percent of U.S. rice consumption. In addition, Haiti and Liberia will continue to be able to import these products duty-free under other preferential trade programs. Only imports from Burma and Cambodia would be affected if your petition were granted. Their combined imports for those two HTSUS lines is 0.23% of the total imports to the United States. Given the small amount of GSP imports under these five lines, how will removing these lines from GSP address the challenges faced by U.S. rice cultivators, as raised in your petition?
- b. According to the U.S. Rice Domestic Usage Report cited in your petition, U.S. production made up approximately 90 percent of domestic consumption in 2000-2001, but only 80 percent of domestic consumption in the 2015-16. Your petition cites these two data points as evidence of a “dangerous trend”. Could you provide additional data to support this claim regarding parboiled imports and/or GSP imports from LDCs?
- c. In your petition, you state that rice imports to the United States grew from \$594 million in 2010 to just over \$1 billion in 2019, causing harm to domestic producers. While U.S. rice exports have declined somewhat during this period, the United States continues to be a significant rice exporter with almost \$1.9 billion of exports in 2019. Could you please advise whether increased rice imports have harmed U.S. rice production or exports, and if so, how specifically?
- d. In your petition, you note “the U.S. Department of Agriculture’s Foreign Agricultural Service announced in March that Thailand is again on track for record rice production this year and more competitive export pricing.” However, Thailand’s rice exports have been declining since the 2017 peak, and are down 25% YoY in the first 4 months of 2020 due to a major drought. USDA projects the second-lowest rice production in a decade for the 2019-2020 season. Rice exports are expected to fall this year. The Baht also strengthened about 8-9% against the USD last year, which makes Thai exports less competitive. Is your statement in the petition based on a projection for 2020 or 2021?
- e. Almost 90 percent of rice imported under GSP is “parboiled” rice. This is the only product major exporters such as Thailand, Pakistan, and Brazil are eligible to export under GSP. Please describe for us the U.S. parboiling industry, its employment levels and locations, and the degree to which it might be injured by imports.
- f. Will the selection of high-quality parboiled rice at affordable price for U.S. consumers be reduced if parboiled rice is removed from GSP?

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- g. Are you aware of any U.S. firm is opposed to removing the 6 rice products from GSP?
- h. In your petition, you cite India as a “bad actor” within the rice industry, with policies that unfairly advantage their products in the U.S. market. As you are aware, India was consistently the primary GSP beneficiary country for rice (1006.30.10) until the country’s removal from the program on June 5, 2019. Since India’s removal from the GSP program, just over a year ago, has the removal affected U.S. rice imports, or the U.S. rice industry more generally, in any observable or impactful way? Why or why not?

5. U.S. Rice Producers Association and Rice Groups from Arkansas, California, Louisiana, Mississippi, Missouri, and Texas

- a. Your submission focuses on the difficulty of U.S. rice exports competing with an increase in international suppliers and trade-disruptive practices. However, many of the countries referenced in your submission, including China, the EU, and Vietnam are not GSP beneficiaries. Please describe more specifically how imports of rice under GSP is harming your industry and how removing the six HTSUS rice lines referenced in your submission would help U.S. rice producers.
- b. In addressing this question, please note that GSP-eligibility is limited to Least Developed Countries (LDCs) for five out of six of the rice products under consideration. For these five lines, in 2019, only four LDCs (Haiti, Cambodia, Burma, and Liberia) exported under three of these lines (1006.20.40, 1006.30.90, and 1006.40.00) and there were no LDC exports under two lines (HTSUS 1006.10.00 and 1006.20.20). Haiti and Liberia will continue to be able to import these products duty-free under other preferential trade agreements. Only imports from Burma and Cambodia would be affected if your petition were granted. Their combined imports for those two HTSUS lines is 0.23% of the total imports to the United States. How do the duty-free imports from GSP LDCs for the LDC-only eligible rice products specifically affect the competitiveness of U.S. rice producers?
- c. Are you aware of any U.S. firm that would be opposed to removing the six rice products from GSP?
- d. Imports of rice under GSP are principally in the “parboiled” category. Please describe the parboiled sector of U.S.’s rice industry.

6. Abiarroz

- a. Brazil’s exports of rice under GSP are principally in the “parboiled” category, and account for about 20 percent of Brazil’s overall rice exports to the United States. Please describe the parboiled sector of Brazil’s rice industry, and its relationship to Brazil’s primary rice production and export.