INFORMATION GATHERING FORM

Please fill in this form and submit it at the latest **by 31 May 2019, 12:00 am (UTC+01:00), Brussels,** to the following e-mail address:

TRADE-REG-654-2014-INFOGATHERING@ec.europa.eu

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2. Organisation: The Global Pulse Confederation (GPC), in collaboration with la Asociación de Legumbristas de España (ALE)
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4. Language of the submission: English
5. Your views and information regarding the EU economic interests in the products originating in the United States which could be subject to EU commercial policy measures, listed in the enclosed document 'List of Products':

Introduction:

The Global Pulse Confederation, representing the pulse industry supply chain around the world, understands that the EU counter measures to US subsidies for Boeing should only apply to imports of products from the US on which the EU is not substantially dependent for its supply.

Given the substantial dependency of the EU on US supply of lentils (HS 071340), chickpeas (HS 073120), and dry peas (HS 071310), we believe these products should not be part of the EU commercial policy measures, listed in the enclosed document 'List of Products'.

On average, the EU imports more than **a half million metric tons** (MT) of lentils (HS 071340), chickpeas (HS 073120), and dry peas (HS 071310) each year. In 2018, according to Eurostat data, this number even reached more than **1,200,000 MT**.

As a major supplier to the EU market, the US provides a substantial volume of current imports of these commodities. Four-year averages identify about **half of all imports originating from just two countries**: Canada and the United States.

Lentils:

According to Eurostat, from calendar years 2009 to 2018, an average of **22.5% of all EU lentil imports were from the United States.** The Eurostat data clearly suggests there is a strong dependency on US lentils in the EU. For some countries, including Spain, the dependency is even more clear. Looking at the below table, you can see that over the period 2009-2018, the **US share of Spain lentil imports reached 53%.**

Reporting Countries Import Statistics										
Commodity: 071340, Lentils, Dried Shelled, Including Seed										
Annual Series: 2009 - 2018 (Source: Global Trade Atlas, USDA FAS GATS)										
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Spain Lentil Imports	42157	50823	44085	49905	60260	50101	43915	45694	60262	46012
US Lentil Exports to Spain	29072.7	26926.4	21599.1	27228.8	29716.1	29874.2	31992.6	33337.2	33928.6	22263.2
US Share of Spain Lentil Imports	**0.6896**	**0.5298**	**0.4899**	**0.5456**	**0.4931**	**0.5963**	**0.7285**	**0.7296**	**0.5630**	**0.4839**

This relationship is actually even stronger than the data shows because the European Union does not classify lentil imports by type.

In general, there are five unique major types of lentils that are exported into the EU:

- Small green,
- Medium green (Brewer of Regular lentil),
- Large green lentil (Lairs lentil),
- Spanish Pardina type, and
- Red lentils (both whole and decorticated).

Canada primarily exports large green lentils and red lentils. Turkey primarily exports decorticated red lentils. China exports small green lentils used for canning (primarily to France). In the US' case its lentil exports largely consist of Pardina lentils of which the vast majority are imported into Spain.

The major suppliers of lentils often exhibit a significant degree of specialisation as to the variety of lentil that they export. A factor that strongly contributes to this trend is the cultural specificities of consumption patterns in the EU Member States. Turkey's decorticated red lentils are imported into Germany, Italy and the United Kingdom where they are consumed in large quantities by immigrant populations. Similarly, the majority of US lentil exports to the EU consist of Pardina lentils destined for the Spanish market.

Varietal consumption is highly culturally dependent which restricts substitutability and therefore price elasticity of demand. A Turkish consumer in the UK or Germany making a Middle Eastern lentil stew or an Indian Masoor dal will use decorticated red lentils. In Germany a traditional Bavarian lentil soup or lentils with pasta would only use medium or large size green lentils. For the preparation of a customary winter lentil stew (guiso de lentejas) Spanish consumers would use Pardina's.

Spanish Case Study: The Pardina Lentil

Perhaps nowhere in Europe is segmentation by lentil type more important than in Spain. Spanish consumers are very familiar with the differences between lentil varieties such as Pardina, Castellana, Lanzarote or Regular lentils and make purchasing decisions based on these differences.

Grown for generations in the Castilla León region, Pardina lentils have long been treasured as an important nationally produced food in Spain. Pardina lentils are favored by Spanish consumers for their nutty flavor and they are loved by Spanish jarrers/canners, chefs and consumers for their thin skin, which does not break when cooked.

By the 1970s, the Spanish pulse industry was unable to produce enough Pardina lentils to meet strong consumer demand. In 1980, the first Spanish Pardina Lentil seeds were brought to the then centre of US pulse production, a region known as the Palouse on the border between eastern Washington State and northern Idaho. The terroir brought out the Pardina's best characteristics in the volcanic soils of the Palouse region. For that reason, **today, more than 75% of the Pardinas consumed in Spain are imported from the US**.

The market can be divided into "modern retail" that is precisely monitored by unit and variety (scanned reported sales) and traditional markets such as foodservice, cash and carries, bulk sales, etc. as follows[1]:

Retail (more than 100sqm stores). Cash and Carry, food service, traditional distribution, exclu. bulk selling.

	2013	2014	2015	2016	2017	2018	5 year Average
Total Lentils (Mt)	**32.290**	**29.995**	**27.763**	**27.996**	**28.725**	**29.748**	**28.845**
"Castellana" lentils	5.752	5.116	4.600	5.450	5.212	5.203	5.116
"Pardina" lentils	22.446	21.052	19.698	19.100	20.488	21.533	20.374
"Regular" lentils	2.158	2.231	2.091	2.189	2.451	2.557	2.304
Rest	1.934	1.595	1.373	1.257	575	456	1.051

(*) IRI Symphony Group Data

Rest of the market: Cash and Carry, food service, traditional distribution, bulk selling.

	2013	2014	2015	2016	2017	2018	5 year Average
Total Lentils (Mt)	**16.145**	**14.998**	**13.881**	**13.998**	**14.363**	**14.874**	**14.423**
"Castellana" lentils	2.876	2.558	2.300	2.725	2.606	2.601	2.558
"Pardina" lentils	11.223	10.526	9.849	9.550	10.244	10.767	10.187
"Regular" lentils	1.079	1.116	1.046	1.095	1.225	1.278	1.152
Rest	967	798	687	628	287	228	526

(*) Estimated Market out of Modern Retail by ALE (Spanish Pulse Asociation)

Retail and Rest of the Market: Total consumption by variety

	2013	2014	2015	2016	2017	2018	5 years Average
Total Lentils (Mt)	**48.435**	**44.993**	**41.644**	**41.994**	**43.088**	**44.622**	**43.268**
"Castellana" lentils	8.627	7.675	6.900	8.175	7.818	7.804	7.674
"Pardina" lentils	33.669	31.578	29.547	28.650	30.732	32.300	30.561
"Regular" lentils	3.237	3.347	3.137	3.284	3.676	3.835	3.456
Rest	2.902	2.393	2.060	1.885	862	683	1.577
Pardina & Regulars over total	36.905	34.925	32.685	31.934	34.408	36.135	34.017
	76,2%	*77,6%*	*78,5%*	*76,0%*	*79,9%*	*81,0%*	*78,6%*

[1] To describe the Spanish lentil market, information is available from the big data company IRI Symphony Group (https://www.iriworldwide.com/es-ES), the Spanish Ministry for Agriculture, Fisheries and Food (https://www.mapa.gob.es/es/) and estimates from the Spanish Pulse Association (ALE, http://comerlegumbres.com/asociacion-legumbristas-espana).

Alternative Sources of Pardinas:

If we take the past 5 years, **less than 25% of the pardina and regular demand was covered by alternative sources apart from the US.**

1. Domestic (Spanish) crop

Domestic Gross Production (Mt)	2013	2014	2015	2016	2017	2018		5 year Average
Castilla y León	8.440	2.680	2.550	7.400	2.500	9.500	(*)	4.926
La Mancha	31.350	20.630	20.130	22.100	16.000	33.500		22.472
(*) Estimated by ALE (Spanish Pulse Association)								
Seed + Waste	**15%**							
% of pardina from total in La Mancha	**10%**							
Net Estimated domestic pardinas	9.839	4.032	3.879	8.169	3.485	10.923		6.097
Net Estimated domestic regulars	0	0	0	0	0	0		0

2. Canadian

Canadian pardina ("I*berina" or "Spanish brown"*)	2013	2014	2015	2016	2017	2018	5 years Average
Production (K Mt)	2.000	2.000	2.000	2.000	3.000	3.000	2.400
(*) Estimated by ALE							
TOTAL "other sources" PARDINA & REGULARS	11.839	6.032	5.879	10.169	6.485	13.923	8.497

The difference:

DEPENDENCY ON US PARDINA & REGULARS	25.067	28.894	26.806	21.765	27.923	22.213	**25.520**
							75,02%

Taking back the US lentil imports into Spain:

	2013	2014	2015	2016	2017	2018	5 years Average
TOTAL Pardina & Regular Consumption	36.905	34.925	32.685	31.934	34.408	36.135	34.017
TOTAL "other sources" Pardina & Regulars	11.839	6.032	5.879	10.169	6.485	13.923	8.497
DEPENDENCY ON US PARDINA & REGULARS	**25.067**	**28.894**	**26.806**	**21.765**	**27.923**	**22.213**	**25.520**
Imports from the US into Spain (all lentils)		29.874	31.993	33.337	33.929	22.263	30.279

Conclusion:

The data provided above illustrates that the demand for lentils in the Spanish market outstrips the domestically available source of supply. This demand is fulfilled overwhelmingly by imports of lentils from the US, particularly for the popular Pardina category, which is consumed in large quantities in Spain. As such a tariff on lentil imports to the EU from the US would affect:

- The lentil processing industry, which will see very small margins in the short and medium term for its best-selling product. Legally, import contracts should be completed as the imposition of a tariff cannot be considered force majeure and there is no substitutable alternative source of supply.
- Retailers will see the increase of value of such basic product affect the whole pulse category as Pardinas represent a very important portion.

- In the end, final consumers will be affected as they will see higher prices and a reduced offering.

6. Any other relevant input:

Sanitary and Phytosanitary Requirements:

In addition to the economic data provided in the above section, we would like to highlight that in recent years EU imports from the US have demonstrated a consistency in the quality and purity of US supply and its capacity to meet the EU's sanitary and phytosanitary (SPS) requirements.

The US "Systems Approach" to protecting lentils, chickpeas and dry peas from pests, unwanted chemicals, and other degradation, ensures that what reaches each EU consumer is of the best quality. From seed selection to harvest and delivery to the EU consumer, each step is carefully monitored, with sub-standard product sold to the feed market.

In particular, US "Systems Approach" means that lentils, chickpeas and dry peas delivered to the EU market from the US are in high demand, because of safeguards like:

- Integrated pest management for grain and pulses
- Variety Identity Integrity
- Lot Identity preservation and accountability
- Pesticide residue levels
- Non-GMO guarantee
- Federally-assured quality standards
- Phyto-sanitary assurances

Health/Climate/Environment:

Tariffs serve as a potential disincentive to increasing production and consumption of pulses. We believe however that the European Commission should be encouraging greater EU and global production and consumption of pulses as part of a broader plan to address health, nutrition, food security and global climate change objectives.

In the EU, health conditions stemming from unhealthy lifestyles have become a major public health burden. According to the World Health Organization (WHO), one of every three 11-year olds in the WHO European region is either overweight or obese. And according to country estimates for 2008, over 50% of both men and women in the WHO European Region were overweight, and roughly 23% of women and 20% of men were obese. In addition, according to the European Food Information Council, an estimated 33 million people in Europe are at risk of malnutrition.

Pulses are part of the solution to overnutrition, malnutrition and food insecurity. They are both affordable and nutritious. Diets rich in pulses contribute to good health and can reduce the risk of heart disease, hypertension, and type 2 diabetes. Compared to animal and many other plant-based sources of protein, pulses are a more affordable and sustainable protein source (the amount of protein in pulses is 2-3 times the levels found in cereal grains like wheat, rice, quinoa, oats, barley, and corn). Studies have also shown that people who eat at least 100 grams of pulses per day have higher intakes of fiber, protein, calcium, potassium, folate, zinc, iron and magnesium, as well as lower intakes of total and saturated fat.

The EAT-Lancet Commission on Food, Planet, Health, which brought together more than 30 world-leading scientists from across the globe to reach a scientific consensus on a definition of a healthy and sustainable diet, concluded in its 2019 report that:

> *"Transformation to healthy diets by 2050 will require substantial dietary shifts. Global consumption of fruits, vegetables, nuts and legumes will have to double, and consumption of foods such as red meat and sugar will have to be reduced by more than 50%. A diet rich in plant-based foods and with fewer animal source foods confers both improved health and environmental benefits".*

Beyond their well-established health, nutrition and food security benefits, pulses are also beneficial for the planet. As such, we believe the EU Commission should encourage greater production and consumption of pulses as a means of addressing the global climate change crisis. Since greenhouse gas emissions related to crop production are largely driven by nitrogen fertilizers, nitrogen-fixing pulse crops have a much lower carbon footprint compared to other crops. In addition, pulses use 1/2 to 1/10 or less of the water of other sources of protein – preserving global water resources for future generations.

Chickpeas and lentils as pulses contribute strongly to the health, climate and environmental benefits that stem from the consumption of pulses. Any tariff on the product categories would serve as a disincentive to produce and consume them, thereby reducing the positive externalities associated with the products.