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France

Processed Sweet Corn Annual

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Report Highlights:

French production of processed sweet corn reached record figures in MY 1998-99, amounting to 150,361 MT for canned and 28,700 MT for frozen sweet corn. This trend is expected to continue, but French farmers and processors are currently facing difficulties because consumption is decreasing due to consumer concerns about genetically modified products. The United States is France's first supplier of processed sweet corn. Imports from the U.S. increased by 41 percent between MY 1997-98 and MY 1998-99, reaching 3,487 MT. As customs duties are still declining, opportunities exist for U.S. exporters to increase their sales in France, though Italy is a strong competitor.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Paris, FR

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Executive Summary

French production of processed sweet corn reached record figures in 1998, amounting to 150,361 MT for canned sweet corn and 28,700 for frozen sweet corn. French consumption declined by 6 percent in 1998, due to the emotional impact of the debate on GMOs. France is Europe's leading producer of processed sweet corn. French exports of canned sweet corn amounted 81,000 MT in MY 1998-99, which represents a decrease of 12 percent between MY 1997-98 and MY 1998-99.

Sweet corn remains the most important canned vegetable exported by France. French clients for processed sweet corn are mostly in the EU (88 percent), led by Germany (36 percent of French exports). In MY 1998-99, Imports of canned sweet corn increased by 61 percent, due to a rise of 41 percent in imports from the U.S. and a dramatic increase in imports from Italy, which rose 600 percent between 1997-98 and MY 1998-99.

Section 1: Situation and Outlook

French production of processed sweet corn reached record figures in 1998, amounting to 150,361 MT for canned sweet corn and 28,700 for frozen sweet corn. These results continue the trend which has lasted for 25 years (except for 1993's poor harvest). Production should grow by around 2 percent in 1999. Area planted to sweet corn increased by 11 percent in France between 1997 and 1998. This is due to the growth of the European market and to the increasing use of "super sweet" corn which needs larger areas to produce the same volume.

Consumption decreased by 65 percent during MY 1998-99, because of the European debate on genetically modified organisms (GMOs). Even though sweet corn is not genetically modified in France, some consumers do not trust the product any more. Producers are starting a forceful advertising campaign to inform consumers about the difference between genetically modified corn for animal feeds and non-modified sweet corn.

French exports of canned sweet corn declined by 12 percent in MY 1998-99, particularly to the United Kingdom (down 41 percent). This decline is mostly due to fear of GMOs. Generally speaking, demand for canned vegetables is slowing in France, whereas the market for frozen vegetables is strengthening: consumption of frozen vegetables increased by 2.6 percent and exports rose by 4.7 percent.

Section 2: Statistical Tables

PSD Table						
Country	France					
Commodity	Canned Sweet Corn				(MT)(Dec. Fraction)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Production Gross WT	206200	229000	206200	249600	0	249600
Production Net WT	124217	137952	124217	150361	0	150361
Conv. Rate Net/Gross	1.66	1.66	1.66	1.66	0	1.66

Export Trade Matrix			
Country	France		
Commodity	Canned Sweet Corn		
Time period	July/June	Units:	Metric tons
Exports for:	1997		1998
U.S.	0	U.S.	31
Others		Others	
Germany	31541	Germany	29552
UK	19021	Spain	12760
Spain	13186	UK	11266
Belgium/Lux	6800	Italy	7830
Italy	5591	Belgium/Lux	7153
Russia	3118	Switzerland	3231
Switzerland	2862	Denmark	1302
Denmark	1673	Sweden	1268
Netherlands	977	Netherlands	1194
Sweden	954	Austria	943
Total for Others	85723		76499
Others not Listed	6411		4237
Grand Total	92134		80767

Import Trade Matrix			
Country	France		
Commodity	Canned Sweet Corn		
Time period	July/June	Units:	Metric tons
Imports for:	1997		1998
U.S.	2469	U.S.	3487
Others		Others	
Hungary	1605	Italy	2295
Thailand	1418	Thailand	1548
Italy	401	Belgium	1462
Spain	206	Hungary	1105
Canada	151	Spain	448
Germany	148	Germany	215
UK	59	Canada	112
Belgium/Lux	44	Israel	17
Netherlands	38	Netherlands	14
Israel	30		
Total for Others	4100		7216
Others not Listed	61		0
Grand Total	6630		10703

Section 3: Supply, Demand, Policy and Marketing

Production

For MY 1998-99, French production of canned sweet corn amounted to 150,400 MT (a rise of 21 percent as compared to MY 1997-98), and production of frozen sweet corn amounted to 28,700 MT (35 percent more than in MY 1997-98). These are record figures and follow the current trend of increasing French production.

The area planted to sweet corn for processing has been increasing since 1993, and was as high as 28,198 hectares (65,600 acres) in 1998, which is an 11 percent rise as compared to 1997. Most of French sweet corn production is located in the Southwest of France.

Producers have to cope with current mistrust of genetically modified organisms (GMOs). French producers now want to implement traceability and to advertise this, to recover consumers' trust. However, the main producers association (AGPM) is very interested in second generation GMOs, and wants to prepare a market divided in three parts: GMOs, non-GMO, and organic.

Consumption

French consumption declined by 6 percent in 1998, due to the emotional impact of the debate on GMOs. This phenomenon occurred during a time when demand had appeared strong, and despite the fact that sweet corn is not genetically modified in France. The European debate on GMOs mostly concerns corn (and soybean) used for feed, which consumers confuse with sweet corn.

Sweet corn represents 10 percent of the French market for vegetables. French consumers currently tend to prefer frozen vegetables rather than canned products. Consumers mostly buy processed sweet corn in supermarkets and grocery stores. The most important consumers of processed sweet corn are households with children (43 percent). People younger than 35 represent 30 percent of the market.

Trade

France is the European leader producer of processed sweet corn. French exports of canned sweet corn amounted 81,000 MT in MY 1998-99, which represents a decrease of 12 percent between MY 1997-98 and MY 1998-99. This is mainly due to three reasons: first is the decrease in European demand due to concerns about GMOs. Second is the pressure of U.S. exports on the EU market after American exports to Asia slowed down during Asia's financial crisis. As a consequence, France lost some market share in Europe, in particular in the United Kingdom, where exports fell by 41 percent from 19,021 MT in MY 1997-98 to 11,266 MT in MY 1998-99. Third, the Russian crisis caused Hungary to shift exports of sweet corn to the EU, away from Russia.

Sweet corn remains the first canned vegetable exported by France. French clients for processed sweet corn are mostly in the EU (88 percent), first buyer being Germany (36 percent of French exports). Imports of canned sweet corn increased by 61 percent, due to a rise of 41 percent of imports from the U.S. and a dramatic increase in imports from Italy, which rose by 600 percent between MY 1997-98 and MY 1998-99. The United States is the first supplier with 32 percent of total imports. Growing imports from Italy are expected to compete with American products.

Stocks

Main part of the large 1998 production will likely help rebuild stocks, which had become insufficient after the last harvest.

Policy

EU sweet corn production benefits from the same direct subsidies as EU feed corn production, under the Common Agricultural Policy, although it is processed as a vegetable.

Marketing

Sweet corn producers are trying to better inform consumers about their product, by adopting an offensive strategy which will differentiate between sweet corn and corn used for feed. An upcoming advertising campaign will insist on the fact that GMO sweet corn is not allowed for planting in Europe. One of the slogans will likely be: "Feel secure while eating European sweet corn".

On the French market, U.S. sweet corn quantities are minor compared to domestic sweet corn, and most U.S. products are sold at gourmet shops. However, some supermarket chains (such as Leclerc, Intermarche, and Monoprix) sell U.S. canned sweet corn. The leading French importer of U.S. canned sweet corn is the following:

TRIOMPHE/SNAT

14, rue Lucien Barbier - BP 142

95105 Argenteuil Cedex

Phone: (33-1) 39 82 98 68

Fax: (33-1) 39 82 22 93

Contact: Mr. Raphael Dahan

This company sells U.S. canned sweet corn under the brand name Monarch.

Custom duties and levies for imports of sweet corn from third countries are declining by 6 percent per year as a result of the Uruguay Round Agreement. From July 1, 1998 to July 1, 1999, imports of canned and frozen sweet corn into France were subject to a customs duty of 6.1 percent ad valorem, plus specific levies amounting to 11.2 Euro per 100 kg, net weight. From July 1, 1999 to December 31, 1999, customs duty decreased to 5.6 percent and levies to 10.3 ECU per 100 kg. This will contribute to the competitiveness of the U.S. products in France.