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France

Processed Sweet Corn

French Canned Sweet Corn Affected by Competition with Thai Products

2005

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Report Highlights:

France is the world's second largest producer of sweet corn after the United States. French canned sweet corn production accounts for more than half of the EU-25 production (Hungary ranks second.) Approximately 70 percent of French canned sweet corn production is exported, mainly to European markets. French canned products face stiff price competition with Thai products which are sold at low prices in Europe at discount supermarkets. The European organization of sweet corn processors, including French processors, is considering an anti-dumping complaint against Thai practices to the European Commission, as France has lost market share in the UK and Russian markets to Thai products. France is a mature market for canned sweet corn. As a result of the French supermarket practice to avoid any food products labeled as derived from biotech, U.S. sweet corn is disappearing from the French market.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

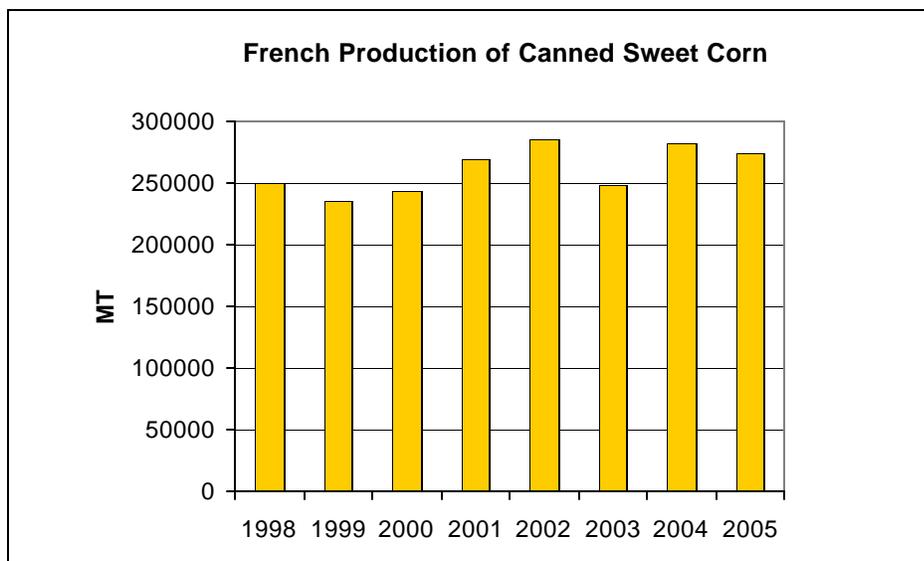
France is the world's second largest producer of sweet corn after the United States. French canned sweet corn production accounts for more than half of the EU-25 production (Hungary ranks second.) Approximately 70 percent of French canned sweet corn production is exported, mainly to European markets. French canned products face stiff price competition with Thai products which are sold at low prices in Europe at discount supermarkets. The European organization of sweet corn processors, including French processors, is considering an anti-dumping complaint against Thai practices to the European Commission, as France has lost market share in the UK and Russian markets to Thai products. France is a mature market for canned sweet corn. As a result of the French supermarket practice to avoid any food products labeled as derived from biotech, U.S. sweet corn is disappearing from the French market.

Production

PSD Table							
Country	France						
Commodity	Canned Sweet Corn				(MT)(Dec. Fraction)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		07/2003		07/2004		07/2005	MM/YYYY
Production Gross WT	230000	247700	0	282400	0	274275	(MT)
Production Net WT	138554	141200	0	160970	0	156340	(MT)
Conv. Rate Net/Gross	0,60	0,57	#DIV/0!	0,57	#DIV/0!	0,57	(Dec. Fraction)

Source: French Sweet Corn Producers

France is the largest producer of canned sweet corn in Europe, ahead of Hungary. Following abnormally low production in 2003 due to drought conditions, 2004 production rebounded, but 2005 production is expected to decline slightly. In 2004, French production accounted for 51 percent of the EU-25 production (557,000 MT). With domestic consumption at a maximum level and stiff competition from Thai producers, French production is expected to continue to suffer.



Consumption

30 percent of French sweet corn is consumed domestically, and 70 percent is exported. French consumers prefer to use sweet corn cold, primarily in salads, and mainly during summer. The bulk of consumption is in the form of canned products. Consumption of frozen and fresh products remains marginal. Families and young couples are the largest consumers of sweet corn.

In 2003, average consumption of sweet corn was elevated due to hot weather and drought, as these conditions favored consumption of cold salads. Since then, consumption returned to average levels. France is a mature market for canned sweet corn consumption so potential increases are limited.

While fresh sweet corn remains a niche market, it is growing. A French company specializing in fresh sweet corn recently invested in Morocco and Senegal to supply sweet corn to its customers (mainly UK supermarkets) all year long (with harvesting periods complementary to France in Morocco and Senegal).

Trade

French exports of canned sweet corn represent 70 percent of domestic production.

French canned sweet corn faces stiff price competition from Hungarian and Thai products in the European and Russian markets. Thai products benefit from lower production costs, a favorable exchange rate with the euro, and more recently, the development of supermarkets distributing low-priced products in Europe.

In the past few months, the French sweet corn processors have informally but vocally worked on initiating an anti-dumping complaint to the European Commission to address extremely low Thai prices. According to the French industry, prices of Thai products are approximately 30 percent lower than European and U.S. prices.

Export Trade Matrix			
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Country	France		
Commodity	Canned Sweet Corn		
Time Period	July/June	Units:	MT
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
UK	22847	UK	23119
Germany	21011	Spain	21979
Spain	20168	Germany	19939
Italy	17554	Italy	15931
Belgium	5444	Belgium	5975
Switzerland	3249	Switzerland	2836
Russia	3029	Portugal	2306
Sweden	2367	Taiwan	2203
Denmark	2079	Denmark	2112
Portugal	1483	Russia	1349
Total for Others	99231		97749
Others not Listed	9479		10205
Grand Total	108710		107954

Source: French Customs

Import Trade Matrix			
Country	France		
Commodity	Canned Sweet Corn		
Time Period	July-June	Units:	MT
Imports for:	2004		2005
U.S.	1213	U.S.	183
Others		Others	
Hungary	7874	Hungary	5424
Thailand	2207	Thailand	2246
Spain	1161	Spain	1601
Canada	765	Belgium	927
Belgium	729	Canada	316
Total for Others	12736		10514
Others not Listed	814		673
Grand Total	14763		11370

Source: French Customs

Marketing

According to the EU regulation 1829/2003 and 1830/2003 on biotech traceability and labeling, sweet corn must be labeled as derived from biotech if containing more than 0.9 percent biotech. There is no EU negative labeling for the GM content of food products, but the Fraud Control Office (DGCCRF) of the French Ministry of Economy, Finance and Industry authorizes the "non-GMO" labeling on sweet corn with an adventitious presence lower than

0.01 percent (detection limit of the PCR test). Domestically produced sweet corn is sold on the French market with such labeling.

Under such strict conditions for biotech labeling, U.S. sweet corn is disappearing from the French market. The practice of French supermarkets is to eliminate products derived from biotech so that carrying biotech products does not hurt their image with consumers.