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Report Highlights:

Despite continued consumer resistance and the absence of a national law on the coexistence of biotech and non biotech crops, French corn farmers are increasingly embracing biotech. The area planted to biotech corn is expected to reach 5,000 ha this year, as compared to 500-1,000 ha last year. Most of the product will likely continue to be sold in Spain.

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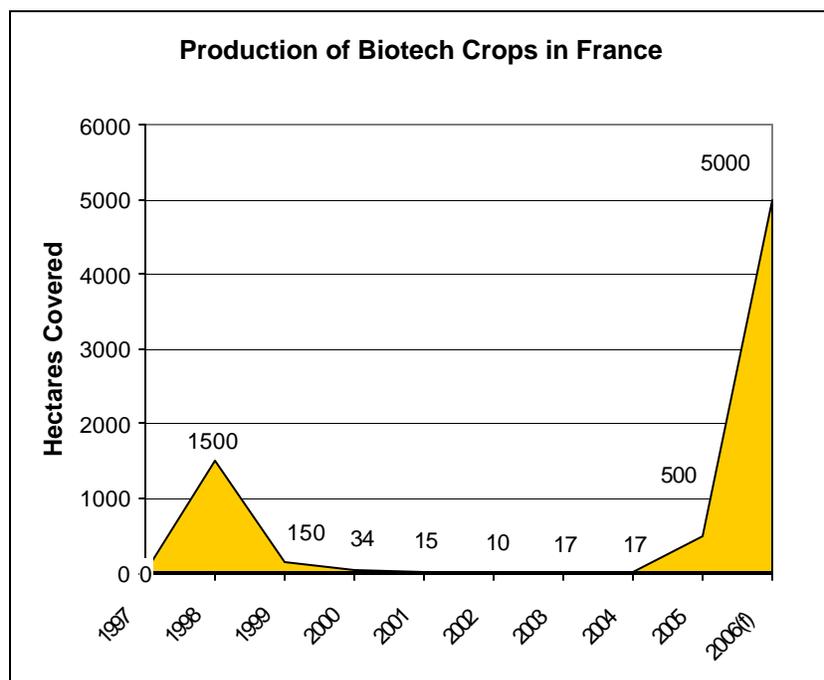
Executive Summary

While a French biotech bill has been under consideration for more than a year to transpose EU Directives 1998/81 and 2001/18 into French law and to establish a framework for biotech and non-biotech crop coexistence in France, the bill was only voted on by the French Senate. The bill is very unlikely to be voted on by the National Assembly before the presidential and parliamentary elections of May 2007, as the French government considers the biotech issue too controversial to discuss at the legislative level during a political campaign. Instead, France will likely pay heavy daily fines to Brussels. Despite this lack of legal framework and continued consumer resistance, French corn growers are increasingly embracing biotech. The area planted to biotech corn is expected to reach 5,000 ha this year, as compared to 500-1,000 ha last year. Most of the product will likely continue to be sold in Spain.

Biotechnology Trade and Production

Production

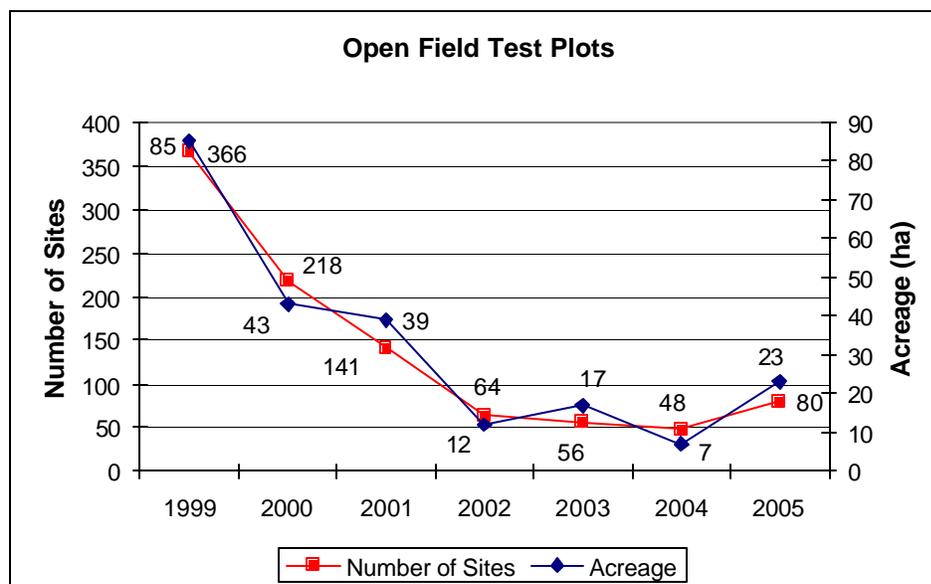
After a number of years with virtually no commercial production, France is entering into its second year of significant production in 2006. While 500 to 1,000 ha were planted to MON-810 corn in 2005 (see FR5060), revealed last September by the French press, French corn growers claim that their total 2006 Bt corn acreage covers 5,000 ha, exclusively in MON 810 (see FR6037). Resistance by French processors, distributors and consumers continues to discourage increased production, but there is a market for French biotech corn for animal feed in Spain, where virtually the whole French harvest is exported.



Open Field Test Plots of Biotech Crops

In 2005, the French biotech evaluation committee "Commission du Génie Biomoléculaire" (CGB) authorized 21 GM dossiers for testing on 80 open field test plots (covering 23

hectares) on grass, corn, poplar, and vines produced by Biogemma, Monsanto, Meristem Therapeutics, Pioneer, the French Research Institute in Agriculture (INRA), and the French planting seed institute (GEVES). These included both new 2005 authorizations and multi-annual open-field testing.



In 2006, the French Ministry of Agriculture authorized 17 new research programs in open fields on GM products after authorization by the CGB. The traits tested include pharmaceutical applications, lower water requirements, compatibility with more environmentally friendly herbicides, and insect resistance. The MinAg announced these authorizations on May 19, 2006, after public consultation from April 14 to May 5 on the website: <http://www.ogm.gouv.fr>

Trade

Soybeans and Products

Most agricultural biotech product imported into France is soybean meal. A majority of the soybean meal imported in France consists of standard product labeled as containing biotech, while less than a fourth consists of soft IP products (below the 0.9 percent threshold), and the remainder (less than 5 percent) is hard IP product, which is traced back to the field to guarantee non-biotech origin.

With a large trade deficit for soybean meal, used in animal feed rations, France imports large quantities of soybeans and meal. In the past decade, the biotech issue and price differentials have resulted in a significant decline in the U.S. market share for soybeans and products on the French market to the benefit of Brazil. In MY 2005/06, imports from Brazil accounted for 76 percent of total French imports of soybean meal.

However, the French industry is currently partially getting around its soy trade deficit and reluctance to use biotech soybean products by increasing rapeseed production. With the recent boom in biodiesel production in France (see FR6005), domestic production of rapeseed meal has increased significantly, and is partially offsetting soybean meal in animal feed rations. This is especially true for dairy cattle feed (see FR5046). However, most of the

soybean meal is consumed by poultry, for which the soy/rape substitution is more difficult than for dairy cows.

Corn Products

France is no longer importing corn gluten feed for animal feed. The French starch industry represented by USIPA (<http://www.usipa.fr>) processes starch from locally produced corn, wheat and potato. Due to biotech concerns, wheat is increasingly used, partially replacing corn to process starch. In 2003/04, 47 percent of the starch produced in France was derived from wheat, 43 percent from corn, and 10 percent from potato.

Planting Seeds

The United States is France's largest supplier of corn planting seeds. In MY 2004/05, French imports of corn seeds for sowing from the United States amounted to USD 49.4 million. U.S. products are facing increasing competition with Hungarian products on the French market, as Hungarian seeds are cheaper than U.S. seeds and GM-free.

Biotechnology Policy

As part of the European Union, France implements EU Directives and Regulations on biotechnology (please see USEU annual agricultural biotechnology report E36080).

Regulatory Framework

On March 21, 22, and 23, the French Senate debated and approved a biotech bill presented by the Minister of Research. This bill includes a transposition of the EU Directives 1998/81 and 2001/18 into French legislation, a national framework on coexistence, and a new organization of the French approval process. In order to become Law, this bill needs to be voted on by the National Assembly and reconciled between the two Chambers of Parliament.

Although the National Assembly was expected to vote on the bill by the before the summer Parliamentary recess, the lack of political willingness to discuss a controversial topic a year before the presidential and parliamentary elections of May 2007 discouraged the government from scheduling a vote in the National Assembly. It is now very unlikely that the French Parliament will vote on the biotech bill before the elections of next year.

However, the French government will have to pay penalties to the European Commission (EC) if the Directives 1998/81 and 2001/18 are not transposed on time. The EC referred the 1998/81 case to the European Court of Justice (ECJ) and may decide to fine the GOF 168,800 euros per day starting in December 2006. The EC is expected to refer the 2001/18 case to the ECJ in fall 2006 and penalties required are expected to be consistent with Directive 1998/81. An additional fine of several millions of euros may also be imposed by the ECJ for the delay in transposing the 2001/18 Directive into French law. In order to (at least partially) avoid these heavy penalties and fines, the French government is considering transposing some parts of the Directives directly into decrees, through administrative procedures.

Evaluation Process:

Until the biotech bill is adopted, living GMOs will continue to be evaluated by the *Commission du Genie Genetique (CGG) (Genetic Engineering Committee)*, the *Commission du Génie Biomoléculaire (CGB) (Biomolecular Engineering Committee)*, and the *Comite de Biovigilance*

(monitoring GMOs). These three committees are expected to be replaced by one Biotech Council (*Haut Conseil des Biotechnologies*) under the voted by the Senate. This Council would include both a scientific and a socio-economic section.

The CGG evaluates the release of biotech products in confined environments. The French competent authority implementing the EU Directive 2001/18 (replacing the 90/220 Directive) is the CGB. This EU Directive establishes the conditions for authorization of GMOs to be released in the environment, but not for food or feed use. The CGB examines the dossiers presented by the petitioners (private biotech companies or public organizations), and approves or disapproves the market release of these GM products. If approved, the dossiers go to the European level, where they are shared with the European Commission (General Directorate for the Environment) and examined by all the Member States, which may approve the event for marketing within the EU. If Member States raise objections, the European Food Safety Agency is charged to conduct a study (E36080 on Regulatory framework).

The French Loi d'Orientation Agricole (French Orientation Law) of 1999 created the French "*Comité de Biovigilance*", which is a commission in charge of monitoring GMOs once they are released in the environment for experimental or commercial production. This committee was created primarily to examine the environmental risks of GMO test plots. It monitors biotech crops planted in open field test plots and those planted for commercial production.

The French Food Safety Agency (AFSSA) (<http://www.afssa.fr>) is the French authority that assesses risks of GMOs to human health under the Novel Foods Directive. Biotech crops and their derived products for use in food are regulated under EU regulations 258/97, 49/2000 and 50/2000, 1829/2003 and 1830/2003 (see Traceability and Labeling paragraph below). AFSSA's role in GM assessment has declined since the European Food Safety Agency (EFSA) was created (see E36080).

Product Authorization

Under the EU **Directive 2001/18**, there are 2 categories of biotech crops reviewed: 'Part B' products to be tested for experimental dissemination into the environment and 'Part C' products to be tested for commercial release into the environment.

The number of **Part B** products to be reviewed by the French biotech evaluation committee "Commission du Génie Biomoléculaire" (CGB) has declined significantly from 100 in 1998 to only 14 in 2005 (up from 11 in 2004). The CGB also reviewed 6 dossiers on genetic therapy, and a vaccine. The 14 corn dossiers reviewed in 2005 were the following:

Company	Event/trait	CGB Notification
Biogemma	nitrogen assimilation	No objection
Pioneer	1507 herbicide and insect resistant	No objection
Pioneer	NK603 insect and herbicide tolerant	No objection
Pioneer	1507xNK603 insect and herbicide tolerant	No objection
Pioneer	NK 603 x MON 810 insect and herbicide tolerant	No objection
Meristem Therapeutics	Gastric lipase expression, medical application	No objection for 1 year
Biogemma	Lack of water stress	No objection

Biogemma	Lack of water stress	No objection
Pioneer	59122 x 1507 x NK 603 insect and herbicide tolerant	No objection for 2 years
Pioneer	59122 x NK 603 insect and herbicide tolerant	No objection for 2 years
Pioneer	herbicide tolerant	No objection for 2 years
Meristem Therapeutics	Expression of monoclonal antibodies, medical applications	No objection
Monsanto	MON 88017 insect and herbicide tolerant	No objection for 2 years
Monsanto	MON 88017 x MON 810 insect and herbicide tolerant	No objection for 2 years

Note: Biogemma is a biotech subsidiary of a large French planting seed cooperative called "Limagrain," and Meristem Therapeutics is a pharmaceutical subsidiary of Limagrain.

In 2005, the CGB reviewed the following **Part C** dossiers:

Event	Use	CGB Notification
NK 603 x MON 810 corn insect and herbicide tolerant	Import, processing and feed	March 2005: no objection
1507 corn herbicide and insect resistant	Cultivation, imports, processing and feed	May 2005: no objection for feed, recommendations for production (monitoring and environmental impact)
Ms8, Rf3 and Ms8 x Rf3 herbicide tolerant rapeseed	Import, processing, feed	December 2005: ask for complementary information
EH 92-527-1 potato Modified starch content	cultivation, import, processing, feed	January 2005: recommendation on accidental human food consumption
281-24-236/3006-210-23 herbicide and insect tolerant cotton	Import, processing	March 2005: no objection
Modified color carnation	Import of cut flower	Mai 2005: no objection

With the adoption of the 1829/2003 Regulation, most dossiers for market authorization (for feed and food) are now reviewed under an EU-centralized system, coordinated by the European Food Safety Agency (EFSA). This process is perceived by the French authorities to be faster than that of the Directive 2001/18, which involves the Member State competent authorities in a first step, and an EU-centralized authorization process as a second step.

Only GM products with no feed or food uses (such as ornamental plants) are now authorized under the Directive 2001/18. However, some food/feed GM products had started their review under the Directive 2001/18 before the 1829/2003 Regulation was put in place, and these dossiers have not always been transferred to the 1829/2003 process, depending on the progress of their assessment. This explains why the CGB reviewed 6 Part C dossiers in 2005 including some for food/feed uses.

Under the **Regulation 1829/30**, the CGB is charged by the French Ministry of Agriculture to review the environmental risks of each dossier for which the European Food Safety Agency

makes the assessment and requires consultation with Members States (GMOs that may be disseminated).

In 2005, the CGB reviewed the following dossiers under Regulation 1829/2003:

Event	Use	CGB Notification
1507 x NK 603 corn insect and herbicide tolerant	Import, processing, feed and food	Mai 2005: no objection
MON 863 x NK 603 corn insect and herbicide tolerant	Import, processing, feed and food	April 2005: no objection
MON 863 x MON 810 x NK 603 corn insect and herbicide tolerant	Import, processing, feed and food	April 2005: no objection
MIR 604 corn Insect resistant	Import, processing, feed and food	November 2005: no objection
59122 corn insect and herbicide tolerant	Import, processing, feed and food	November 2005: no objection
LLCotton25 cotton Herbicide tolerant	Import, processing, feed and food	November 2005: no objection

For further information on dossiers in the pipeline in France, please see the French intergovernmental website (information is in French) on agricultural biotechnology: <http://www.ogm.gouv.fr/>

Coexistence

Policy

The voted on by the French Senate in March 2006 included a framework on coexistence, including a no-fault-liability regime and a government-managed compensation pool funded by farmers' and seed industry contributions, to be replaced by a private insurance regime after 5 years. In the , farmers' contributions to the fund are capped at 100 euros per hectare and only the demonstrable economic consequences of the adventitious presence of GM presence in a non-GM crop would be eligible for compensation (see FR6008). A complementary bill has yet to be voted on by the National Assembly.

Research

(see FR5084):

France is highly involved in the European research project on coexistence COEXTRA (<http://www.coextra.org/>) as its scientific coordinator is the French researcher in the National Institute of Research in Agronomy (INRA) Yves Bertheau. Apart from INRA, other French organizations involved in the COEXTRA program include mainly ARVALIS-Institut du Vegetal (technical research institute on grains, potato, forage, corn, and pulses - <http://www.arvalisinstitutduvegetal.fr>), CETIOM (technical research institute on Oilseeds - <http://www.cetiom.fr/CTMsite/index.html>), and GIP-GEVES (French official organization in charge of plant variety and seed testing for the registration of new varieties - <http://www.geves.fr>).

In addition, France is significantly involved in the research program on the Sustainable Introduction of GM crops into European Agriculture, SIGMEA (<http://sigmea.dyndns.org/>). The scientific coordinator is French (Antoine Messean, INRA researcher), and several French

organizations are involved including INRA, CETIOM, ARVALIS-Institut du Vegetal, and the University of Paris 11.

Under the French research program named Operational Program for GM Crop Evaluation (POECB) (http://www.agpm.com//iso_album/poecb_1.pdf) research was conducted from 2002 to 2004 in France. On 7 sites across France, POECB studied coexistence of Bt corn with conventional corn and traceability from the field to the silo. French corn growers, INRA, ARVALIS-Institut du Vegetal, planting seed organizations (GNIS, FNPSMS and SEPROMA), the Research Institute on Grain Food Technologies (IRTAC), and the biotech organization DEBA jointly worked on this program.

Traceability and Labeling

France implemented the EU Novel Food/Novel Feed and Traceability and Labeling Regulations on April 18, 2004. The Fraud Control Office of the French Ministry of Economy, Finance and Industry (DGCCRF) is the enforcing authority. DGCCRF published several informational fact sheets to help industry adapt to the new regulations, and has also published specific -to-France rules for negative labeling for products that claim not to have biotech content (see FR4062).

DGCCRF website on biotech food and feed labeling (EU Regulation 1829/2003) is: http://www.minefi.gouv.fr/DGCCRF/04_dossiers/consommation/alimentaire/ogm/ogm04b.htm

DGCCRF website on traceability of GMOs and food products (EU Regulation 1830/2003) is: http://www.minefi.gouv.fr/DGCCRF/04_dossiers/consommation/alimentaire/ogm/ogm04a.htm?ru=04

The EU decree 2004-1058 implementing the new T&L regulation was written into French law and published in the French Official Journal in October 2004 and is available at <http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=ECOC0400078D>

GMOs in Planting Seeds

There is a lack of EU regulation in this sector in terms of biotech traceability, labeling and thresholds. The French seed industry recommends using the same threshold for biotech as the one set for food and feed, i.e., 0.9 percent. (see FR5045 and E36080, Status of Seed Labeling Legislation)

DGCCRF conducts tests on planting seeds for biotech content. In 2004/05, DGCCRF tested 106 samples of rapeseed, corn and soybean planting seeds, taken from seed companies, importers, and distributors across France. The 106 samples included 82 samples of French origin and 24 samples imported into France (e.g. from the United States). DGCCRF detected GM content in 1 sample out of the 106 tested with content levels of 0.1 percent. It was an event not authorized in the EU.

Cartagena Biosafety Protocol

The EU is a signatory to the Biosafety Protocol. As an EU-Member State, France's position is in line with the EU adopted position. The Protocol is followed by the French Ministry of Ecology. The ministries of Agriculture and Economy are also involved in inter-ministerial discussions. Article 18.2 (imposing labeling requirements on shipments that "may contain"

LMOs for food and feed use) of the Protocol is the main obstacle to implementation encountered by France.

Trade Barriers: Biotech Rapeseed Banned

Two decrees restricting the market release of biotech rapeseed until October 2006 were published in the French Official Journal on August 21, 2004. One postpones the authorization of the herbicide tolerant spring rapeseed created by Agrevo UK Crop Protection Ltd, and the other postpones the authorization of herbicide tolerant rapeseed presented by Plant Genetic Systems. These decrees are available at:

<http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=AGR0401576A>

<http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=AGR0401577A>

Biotech Case at the WTO

While there was no official reaction by the GOF to the WTO interim decision announced last February (see FR6012) on the biotech case, the national press covered the issue widely. The ruling of the WTO is considered in France to present additional pressure for French policy makers to pass the .

Marketing Issues

Weaknesses and Threats

In France, market acceptance of agricultural biotechnology is a significant problem. Overall, most French consumers are not favorable to GMOs. Food products labeled as containing or derived from biotech are generally not available on the French market (labeling of animal products derived from animals fed on biotech is not required).

The French public authorities have been relatively weak in terms of communication about farm biotechnology in the past decade, although there is an inter-ministerial website on GMOs, which is regularly updated: <http://www.ogm.gouv.fr>. Due to former public health scandals (including mad cow disease, tainted blood, asbestos), the government lacks credibility.

Consequently, most of the French population is informed about agricultural biotechnology either by anti-biotech activists, or by biotech companies, and therefore receives little objective information. This is magnified by the fact that the biotech issue has become very politically polarized in the past few years, with the majority party UMP, usually considered conservative, being pro-biotech, and the Socialist party, which has a number of political agreements with the Green party, being openly anti-biotech. The political atmosphere is expected to become increasingly controversial on biotech as on many other issues, in the months leading up to the next Parliamentary and presidential elections scheduled in May 2007.

Actions carried out by anti-biotech groups (mainly Greenpeace, ATTAC, Friends of the Earth, and Confederation Paysanne farmers union) are the most visible threat to biotech acceptance and development in France. The most visible actions by anti-biotech protest groups are the numerous test plot destructions, which are discouraging for biotech researchers. In summer 2005, activists destroyed half of the open field test plots. Less visible to the public, but even more effective at discouraging biotech diffusion, is the pressure imposed by powerful anti-biotech groups on the food and industry and retailers. The most damaging is the Greenpeace website "blacklist" of any biotech food product marketed in France. The publicity

generated by any biotech product found in supermarkets is usually so detrimental that the retailer or distributor decides to take the product off its shelves. (see Paris report FR5037).

The French in favor of biotech development consider the potential election of a Socialist candidate to the French Presidency and a change in majority in the Parliament to the benefit of the Socialist Party next year as a threat to biotech research, development and production.

Strengths and Opportunities

Despite these weaknesses and threats, French corn growers are extremely supportive of the technology and publicize this position as much as they can. Also, activists and the media have been quieter in the past few months than before. It seems that this issue has stopped being a top priority for the press and among French citizens concerns.

In addition, the French regulatory framework is strong and clear, works well, and is integrated into the EU system, and France often votes in favor of approving new biotech products at the European level.

Finally, the economic advantages offered by biotech products relative to conventional products are probably the most compelling argument for French producers and processors. The higher yields of Bt corn, as a result of its resistance to the European corn borer, are increasing its attractiveness among French farmers. When the EU sets mycotoxin standards, Bt corn should become yet more viable as it contains a significantly lower level of mycotoxins than conventional corn. The corn root worm pressure is not currently strong enough in France to make biotech corn varieties resistant to it indispensable, but this could change in the next few years.

Capacity Building and Outreach

Major programs/activities conducted by Post on agricultural biotechnology are:

- Organizing regular meetings between U.S. corn and soybean growers and their French counterparts and other French stakeholders during visits of American delegations. This was the case when the American Soybean Association, and the National Corn Growers Association (NCGA)/American Seed Trade Association (ASTA) delegations visited France in 2005 and 2006, respectively
- Proposing key French biotech stakeholders for the International Visitor Program: every year, 1 to 3 people in the French government, industry organizations, or from the press visit the United States on the agricultural biotech issue
- Closely monitoring and reporting on any significant development in the issue, especially in terms of policy.

Reference Material

FR5054	GOF condemns Test Plot Destructions but Gives up on Coexistence Rules	07/29/05
FR5060	500 to 1,000 ha of GM corn in France in 2005	09/13/05
FR5061	French corn growers show strong support for biotech	09/15/05

FR5066	José Bové Running for President?	10/04/05
FR5084	Exploring Coexistence	11/25/05
FR5088	Despites Obstacles French Corn Growers Will Plant Biotech Corn	12/14/05
FR5088	French Progresses	01/24/06
FR6012	French Reactions to WTO Preliminary Conclusions on Ag Biotechnology	02/15/06
FR6037	Significant Increase in GM Corn Planting in 2006	07/07/06