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France

Planting Seeds

Planting Seeds Annual Report

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Report Highlights: France is the largest EU seed producers and the second largest EU seed exporter. Seed sales increased by 5 percent in MY 1997/98 for the third consecutive year. The French seed registration process is now fully integrated within the EU framework. Due to the current controversy about GMOs in France, sales of genetically modified seeds are likely to be restrained until scientists, farmers, consumers and the government agree on benefits of biotechnology. Significant imports of corn, soybean, flower and vegetable seeds come from the United States.

Includes PSD changes: No
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Executive Summary

France is the largest European Union (EU) seed producer and the second largest EU seed exporter after the Netherlands. The French seed sector is composed entirely of private companies and the Ministry of Agriculture (MinAg) plays only a watchdog role. Seed sales increased by 5 percent in MY 1997/98 for the third consecutive year. Due to the current controversy about genetically modified organisms (GMOs) in France, sales of genetically modified seeds are likely to be severely constrained for a few more years until scientists, farmers, consumers and the government agree on benefits of biotechnology.

The French seed registration process is now fully integrated within the EU framework. On the domestic level, the seed sector cooperates fully with the MinAg to set breeding standards and to control seed quality. Imports of commercial planting seeds into France are fully allowed with only a few phytosanitary restrictions on certain types of seed.

France imported in 1997/98 about FF 1.8 billion FF (USD 308 million) of planting seeds while exporting about 2.8 billion FF (USD 480 million). France also imports a significant amount of planting seeds, especially corn, soybean, flower and vegetable seeds from the United States.

IMPORTANT NOTE: The Marketing Year (MY) for seed production is on a July/June basis. MY 1997/98 refers to seeds produced and sold in the period July 1997 to June 1998. Crop year refers to the commodity production year. The 1997/98 Crop Year refers to a commodity harvested in 1997 and sold in the following twelve months.

Note: The acronyms used in this report follow:

MinAg: Ministry of Agriculture and Fisheries
MMT: Million Metric Tons
CAP: Common Agricultural Policy
EU: European Union
GNIS: Groupement Interprofessionnel des Semences et Plants (Interprofesionnal Group for Seeds and Plants)
GMOs: Genetically Modified Organisms
SOC: Service Officiel de Controle et de Certification

COMMODITY OUTLOOK, PLANTING SEEDS, MARKETING

Market Development Opportunities

Market opportunities in France are considerable. French farmers are looking for pest resistant varieties to reduce the labor and equipment costs associated with pesticide and herbicide applications. Higher yields are usually a secondary consideration. French farmers are also looking for varieties suited to specific needs, such as wheat or sugarbeet seeds designed for ethanol production, rapeseed seeds for bio-diesel production, or vegetable varieties with an extended period of production. Other opportunities exist in developing niche markets, such as rice seeds or colored cotton seeds.

*** Corn seeds**

Over the past 10 years, French area planted to corn has decreased by about 200,000 HA but has recently stabilized. The split between feed corn and silage corn has more or less remained stable, with small yearly variations linked to weather conditions and the demand for forage. However, seed sales decreased less than area, showing an increase in the average sowing density. The share of early varieties continued to decline to the benefit of semi-early, late and semi-late varieties. While corn seed imports grew slightly, corn seed exports increased by 70 percent and total turnover in the corn seed sector jumped by 40 percent.

Despite this success, French corn seed producers are worried that the CAP reform agreed in Berlin in March 1999 may hamper their competitiveness. They also fear that either the EU or the French government will be more stringent on water uses for irrigation and tougher on water pollution, thus increasing production costs. The French Ministry of Environment is already planning to set a pollution tax on pesticide and herbicide which will greatly affect corn producers' competitiveness. They may also face an increased competition from Eastern European countries such as Hungary or Poland when these countries join the EU. Finally, they are worried by the opposition to GMO corn in France and in Europe, which is likely to undermine the future competitiveness of French corn compared to U.S. or South American corn.

*** Flower and vegetable seeds**

The flower and vegetable seed sector is rather different from other seed sectors. Oversight by the MinAg is less strict. It involves many companies and distributing channels. However, it represents nearly 14 percent of the total seed sales. While quantities sold on the domestic market have been declining for the past 10 years, the increase in average seed prices has kept revenues from seed sales stable. Both imports and exports have risen over the past 10 years, with a sharp increase for the latter. These changes hide a stagnation in dry vegetable seed imports, while imports of green vegetable seeds and flower seeds grew by 28 percent and 13 percent respectively. U.S. green vegetable and flower seeds have a major share in those imports.

Future growth in this sector comes mainly from varietal innovation to better meet the consumer's demand for more diversified varieties. Gardening is a booming activity in France but most newcomers need easy-to-grow and rustic varieties which need limited care.

Marketing Channels and Facilities

The largest French seed company, the cooperative LIMAGRAIN, is also the third largest seed company in the world.

It has 44 subsidiaries worldwide, many of them in the United States, including FERRY MORSE, SHISSLER, BIOTECHNICA and NICKERSON. Other large French seed companies include PAU EURALIS, the cooperative SIGMA SEMENCES DE FRANCE and RHONE POULENC. These companies all produce seeds and most of them also have subsidiaries that produce and sell seeds.

Marketing channels for seeds depend on the seed type. Straw cereal, forage and oilseed seeds are generally developed by a major seed breeding company. But mass production and treatments are often done by a subsidiary, a contract seed company, a cooperative, or a seed trader. The seed producing company will then contract with farmers for the actual seed production. The company follows every aspect of production to assure genetic purity and the absence of disease. Supervisory controls are performed by the "Service Officiel de Controle et de Certification" (SOC) (See Seed Production Policy section). The certified seed lots are then sold to farmers along with other farm inputs such as fertilizers and pesticides.

Due to the highly technical nature of corn seed production, the breeder supervises every aspect of the process. Certified seed lots are then sold to cooperatives or farm supply companies.

Sugarbeet seeds are produced by major breeding companies, but production is directly supervised by sugar companies who then sell the seeds directly to the farmers.

Flower and vegetable seeds are generally produced by breeders and are marketed through two different marketing channels. If the seed is for the horticultural sector, certified seed lots will be sold to cooperatives or traders of farm inputs. Seeds for the general public are distributed through wholesalers to garden centers, DIY stores, hypermarkets and other retail stores.

Seeds of Genetically Modified Organisms (GMO's) in France

GMO's have been a major issue in France since 1996, when France's and EU's approval of imports of Monsanto's genetically modified (GM) Roundup Ready Soybeans coincided with the onset of the Bovine Spongiform Encephalopathy (BSE) crisis in Europe. Although the GOF and private companies such as Limagrain and Rhone-Poulenc invested in biotechnology, to which consumers did not pay attention, the BSE crisis created mistrust among consumers towards governments and scientists on food safety issues. Consequently, French consumers and Greens have not been enthusiastic about domestic production of GMO's in France.

In this context, the GOF authorized in February 1998 three varieties of Novartis Bt corn resistant to the corn borer to be planted in France. However, only 1,200 hectares were planted to these varieties in 1998, while potential was higher. Farmers hesitated to plant GM corn varieties because they were not sure they could find buyers for their harvest. In September 1998, i.e., just before the French corn harvest started, the highest French administrative organization (Conseil d'Etat) decided to suspend the law authorizing the production of Novartis GM corn varieties in France, following the appeal filed by Greenpeace and other ecologist associations. The Conseil d'Etat decided in December 1998 to withhold its decision until a final opinion was rendered by the EU Court of Justice. The GOF purchased at the intervention price the corn crop harvested from Novartis GM corn planted in 1998.

This discouraged French farmers from planting GMO's for the 1999 harvest, even though the GOF authorized the domestic production of twelve additional GM corn varieties (six from Monsanto and six from Novartis) in August 1998. There were only 300 hectares planted to GM corn in 1999.

COMMODITY OUTLOOK, PLANTING SEED, POLICY

General Agricultural Policy
France is the largest agricultural producer in the EU, the second largest agricultural exporter in the world, in value terms, after the United States, and one of the United States' largest competitors. France produces almost all the major temperate agricultural commodities, with grain accounting for the lion's share of the production.

The French agricultural sector has now adjusted to both the implementation of the reformed Common Agricultural Policy (CAP) and the Uruguay Round agreement. Decreases in the set-aside rate planned with the Berlin Agreement on CAP reform of March 1999.

Planting Seed Production Policy
France is the largest seed producer in the European Union, and the second largest producer and the third largest seed exporter in the world. Seed sales grew regularly in the 1980's before dropping during the 1992 CAP reform. Recovery only began in the mid 1990s as higher agricultural prices allowed farmers to buy certified seeds instead of using on-farm produced seeds and has continued until the end of the decade. Distribution of turnover by varieties shows a high increase in corn, which increased from 29 to 36 percent of total seed sales. On the other hand, straw cereal seed represents only 16 percent of the total turnover, compared to 21 percent prior to the CAP reform of 1992.

French Production of Selected Certified Seeds (in MT)

		MY 1995/96	MY 1996/97	MY 1997/98
Straw Cereal	Total	671,077	731,793	718,921
	inc. Wheat	414,350	454,061	455,258
	inc. Barley	164,475	194,444	184,662
Corn		133,176	138,805	132,330
Sugar Beet		7,361	7,086	8,435
Oilseeds	Total	17,199	21,022	20,251
	Rapeseed	3,898	4,650	4,863
	Sunflower	5,990	6,013	5,675
Forage seeds		109,493	118,872	128,929
Vegetables and flower seeds		14,413	N/A	17,484

(Source GNIS)

The production and sales of flower and vegetable seed, for both the farm and general markets, have remained constant for the past few years. Yearly variations are primarily due to weather conditions affecting seed production and small changes in consumer demand.

The Planting Seed Sector

French seed producers, breeders and traders are all members of a professional seed and seedling association called the "Groupement Interprofessionnel des Semences et Plants" (GNIS). Together with the MinAg, GNIS sets standards for seed production. GNIS is also a lobbying group that protects the interests of French seed producers within the EU. Most agricultural commodity unions have also established a seed committee to preserve their interests for their respective seed variety.

GNIS is funded by levies on both the area and the quantity of seed produced. The levies are paid by the farmer and seed processors producing seed.

Levies on French Production of Selected Seeds (FF per HA):

Seed Category	Amount of Fee (FF/HA)
Straw cereal seed	75.35
Corn and sorghum seed	75.35
Forage seed	115.75
Sugarbeet seed	126.35
Oilseeds seed	84.00

Source GNIS (MY 1998/99 data)

GNIS is located at 44, rue du Louvre, 75001 Paris, France. The contact numbers are: Tel: (33-1) 42-33-51-12
Telefax: (33-1) 40-28-40-16
Web site: http://www.gnis.fr e-mail: gniscontact@gnis.fr

Breeding Policy

The "Comite Technique Permanent de la Selection" (CTPS), a technical committee for seed selection, includes producers, traders, users and the MinAg to provide seed selection guidelines, according to market demand. It also specifies technical criteria for the seed certification process.

In MY 1998/99, there were about 27,800 seed farmers in France, cultivating an average area of 12 hectares per farm. In addition, 112 private companies were involved in seed breeding in France, devoting a total of 400 scientists and from 3 to 20 percent of their sales to research and development. Public research is led by the "Institut National de la Recherche Agronomique" (INRA), with 24 laboratories and 270 scientists. INRA is funded by the MinAg, but also works on contract for private companies. INRA recently formed several joint ventures with major seed breeding companies to work on specific species such as corn, forage plants and rapeseed. But, in general, INRA focuses its basic research efforts on mutations or minor species. Other public research organizations, such as the Centre National de la Recherche Scientifique (CNRS), universities and local research centers, also work on genetic engineering, cellular biology or bio-chemistry research in coordination with private companies.

Seed Registration

The French seed registration system is now fully integrated within the EU seed registration framework. Seeds registered in any of the EU member states are now also registered in France, and vice versa.

Before registration, a new variety has to pass several tests during a period which can last from one year for some varieties of corn to three years for forage seeds. These tests compare their agronomical and technical values to control varieties and measure their stability and homogeneity. A group of experts from INRA, MinAg and GNIS make up the "Groupe d'Etudes et de Controle des Variete et des Semences" (GEVES) which analyses the varieties in its own agricultural research station. If the new variety passes the tests, it is listed in the French Offical Seed Catalogue and registered for the entire EU.

Seed production is controlled by the "Service Officiel de Controle et de Certification" (SOC) which is under the joint responsibility of GNIS and MinAg. The MinAg establishes the official criteria for certification. Random tests in the fields and processing plants verify the sanitary status of the seeds, the germination capacity and the moisture level. In case of a problem occurring with a seed producing company, the SOC has the power to levy administrative and economic penalties, including fines and plant closures.

Plant Variety Protection

New seed varieties are protected in France by the 1961 Paris Convention (ratified by a French law in 1970) and the 1978 Geneva Convention which protect the copyrights of the breeder company. Production and sales of a protected variety are subject to approval of the variety breeder. Protection lasts at least 20 years. However, in contrast to the patent process, these Conventions allow the use of a protected variety to develop another variety without having to pay a fee.

Problems arose in the 1980s with the rise of biotechnology, which allowed breeders to obtain a varietal protection by inserting only one specific gene into a cell, making copying much easier. In 1991, a new Convention was signed by 34 countries, including France and the United States, that contained the concept of “Essentially Derived Variety.” Under this concept, a breeder of a variety “B”, which is derived from a variety “A”, would be allowed to protect its variety “B” if a fee was paid to the breeder of variety “A”. However, as of mid-October 1999, the French Senate has not passed the law that will officially implement the 1991 convention in France. Apparently, there are fears that the Convention will cause difficulties since the criteria on how far one variety can be linked to another has not yet been well defined.

At the European level, although the EU has not yet signed the Convention either, it has passed the EU Regulation 2100-94 of July 27, 1994 for EU protection of variety seeds which uses the 1991 Convention. An EU agency was recently established in Angers, France to handle the EU varietal protection process. The current situation is that a breeder can either choose the French varietal protection process, which does not yet follow the 1991 Convention, or pay about three times more for the EU varietal protection.

Policies for Imports of Seeds

To be sold in France, all imported seeds must be listed in the official seed catalogue of at least one EU country. The technical descriptions have to follow the EU regulations, which conform to the ISTA regulations. The registration process in the country of origin also has to follow ISTA regulations.

However, for purely marketing reasons, most imported seeds are listed in the French official seed catalogue. Seed traders and cooperatives in France may be reluctant to carry seed varieties not listed in the French catalogue.

Import Taxes
Seed imports into France are subject to EU tariff rates and an additional French import tax (equivalent to the domestic seed production levies) to finance the registration and control process. Flower and vegetable seeds are taxed at 0.4 percent of import value. Taxes for other seeds are listed in the table below.

French Taxes on Selected Seed Imports (French Francs per MT):

Straw Cereal seed (hybrids)	33.5
Straw Cereal seed	2.15
Corn seed(ordinary hybrids and others)	33.5
Corn seed (double hybrids)	19.4
Corn seed (triple hybrids)	26.6
Sorghum seed	22.6
Peas seed	33.5
Forage seed	221.1
Sugar Beet seed	46.8
Linen and Hemp seed	133.8
Sunflower and Soybean seed	67.0
Other Oilseeds seed	46.8
Garden, flowers and vegetable	0.40% of the import value

Source: GNIS (MY 1998/99 data)

Non-Tariff Barriers
Sanitary certificates are required for certain seed species. For example, U.S. exports of corn seeds to France have to be certified free of any Erwinia Stewartii bacteria. Random tests are conducted and shipments with contaminated samples are banned from entry. On the other hand, U.S. soybean seeds no longer face sanitary requirements to enter France. While there are other French sanitary restrictions on imported planting seeds, they do not affect U.S. seed exports to France.

COMMODITY OUTLOOK, PLANTING SEEDS, TRADE

According to GNIS data for MY 1997/98, the French seed trade surplus jumped by 18 percent from MY 1996/97.

French seed imports increased by 5 percent in value with the Netherlands still the main supplier. France is a net importer of seeds from the United States.

French seed exports increased by 9 percent in value: exports of flower and vegetable seeds, corn seeds, and sugarbeet seeds remained stagnant, while exports of straw cereals seeds decreased. Germany remained France's largest seed customer.

A significant, but unknown, quantity of French seed exports are imported seeds which are treated or packed in France and then re-exported. Many seed companies, including some from the United States, have set up packing plants in France to handle these types of imports.

Selected French Seed Imports in MY 1997/98 (in Thousand of KG, thousand FF)

	From the World		From the United States	
Seed Category	Weight	Value	Weight	Value
Straw Cereal	13,783	34,000	NEG	NEG
Corn	63,309	423	15,859	N/A
Oilseeds	7,865	73,029	2,817	25,961
Sugar beet	2,107	384,358	NEG	NEG
Forage	26,501	252,949	710	10,817
Flower and vegetables	7,350	82,550	2,626	28,535
Total imports 2/	N/A	1,843,200	N/A	291,100

1/ NEG means negligible   N/A: Not Available
2/ total includes seed not listed

Selected French Seed Exports in MY 1997/98 (Thousand of KG, thousand FF)

	To the World		To the United States	
Seed Category	Weight	Value	Weight	Value
Straw Cereal	26,012	N/A	NEG	N/A
Corn	63,309	N/A	1,015	N/A
Oilseeds	7,691	223,833	33	319
Sugar beet	10,328	428,771	NEG	NEG

Forage	18,393	120,468	NEG	3
Flower and vegetables	6,521	657,164	94	39,866
Total exports 2/	N/A	2,813,100	N/A	51,600

1/ NEG means negligible   N/A: Not Available
2/ total includes seed not listed
(Source GNIS)