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France

Oilseeds and Products

Marginal Impact of Rotational Subsidy in 2002

2002

Approved by:

Besa L. Kotati

U.S. Embassy

Prepared by:

Marie-Cécile Hénard

Report Highlights:

The European Commission recently approved a new subsidy program called "rotational subsidy" for farmers. Consequently, French farmers can now benefit from this new agri-environmental subsidy, which aims to favor growers who diversify their plantings under a five-year contract. Although they believe the rotational subsidy will favor oilseed plantings, French oilseed growers recently reported numerous problems that they are facing to put in place this new support system. As a result, the area benefitting from the rotational subsidy in 2002 is relatively marginal at present.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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In February 2002, the EU Commission approved a new direct subsidy program, namely "rotational support" for farmers to promote environmental-friendly crop diversification. For France, the program is a subsidy designed to promote crop diversification by farmers located in seven French regions which are as follows: Aquitaine, Burgundy, Center, Languedoc-Roussillon, Lorraine, Midi-Pyrénées, and Poitou-Charentes. The farmers in these regions are eligible for the new subsidy, which began in spring of this year. The subsidy is given with the understanding that farmers commit themselves to cultivate at least 4 different crops (species) over the next five years. They also have to agree to limit the principal crop to less than 50 percent of the total area, so that the area covered by the three leading crops in production is lower than 95 percent of the total acreage. The amount of the subsidy will vary from Euro 21 per hectare to Euro 75 per hectare, depending on the region.

French oilseed growers welcomed this new measure, since it is expected to counter the drop in oilseed plantings which resulted from the EU's Agenda 2000 measures. However, at a workshop organized in May by the Federation of French Oilseed growers (FOP), many farmers pointed out that the system would be difficult to implement because of problems which farmers are currently facing.

The problems faced include the following:

- difficulty planning five years out, because of climatic and disease uncertainties;
- complexity of the system, while a system providing support to farmers growing oilseeds on one third of their acreage would be more simple to handle;
- lack of help from the local offices of the MinAg to the farmers (especially in the paper work) who want to benefit from the rotational subsidy.

Because of all these problems, the area planted to oilseeds benefitting from the rotational subsidy is marginal in 2002. However, provided that these problems are resolved, FOP is willing to expand the rotational program experimented in 2002 on 7 French regions to all the regions of France. The possibility of expanding the program to other EU member states was also brought up.