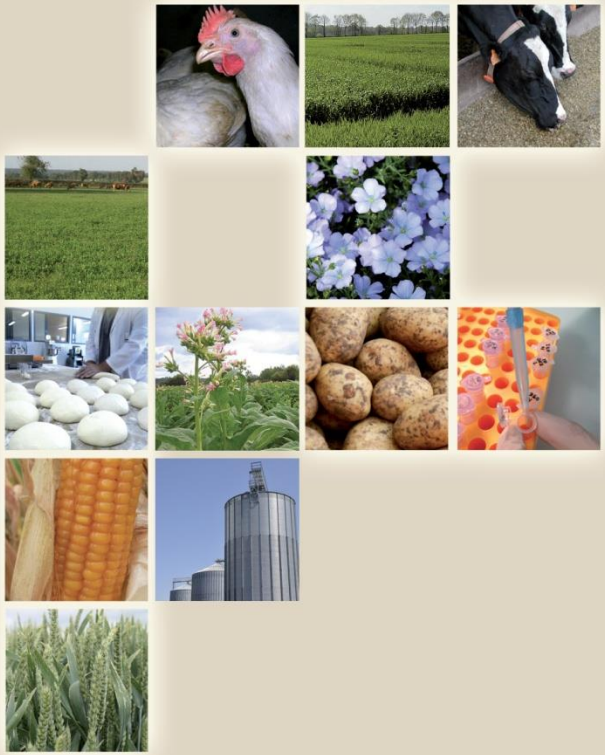

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Grain Corn Production in France

agri benchmark Global Forum

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Outlook

- Trends in corn production in France
- EU/FR regulations and their impact
- Trends in production cost of corn
- Challenges for French corn production

Key figures

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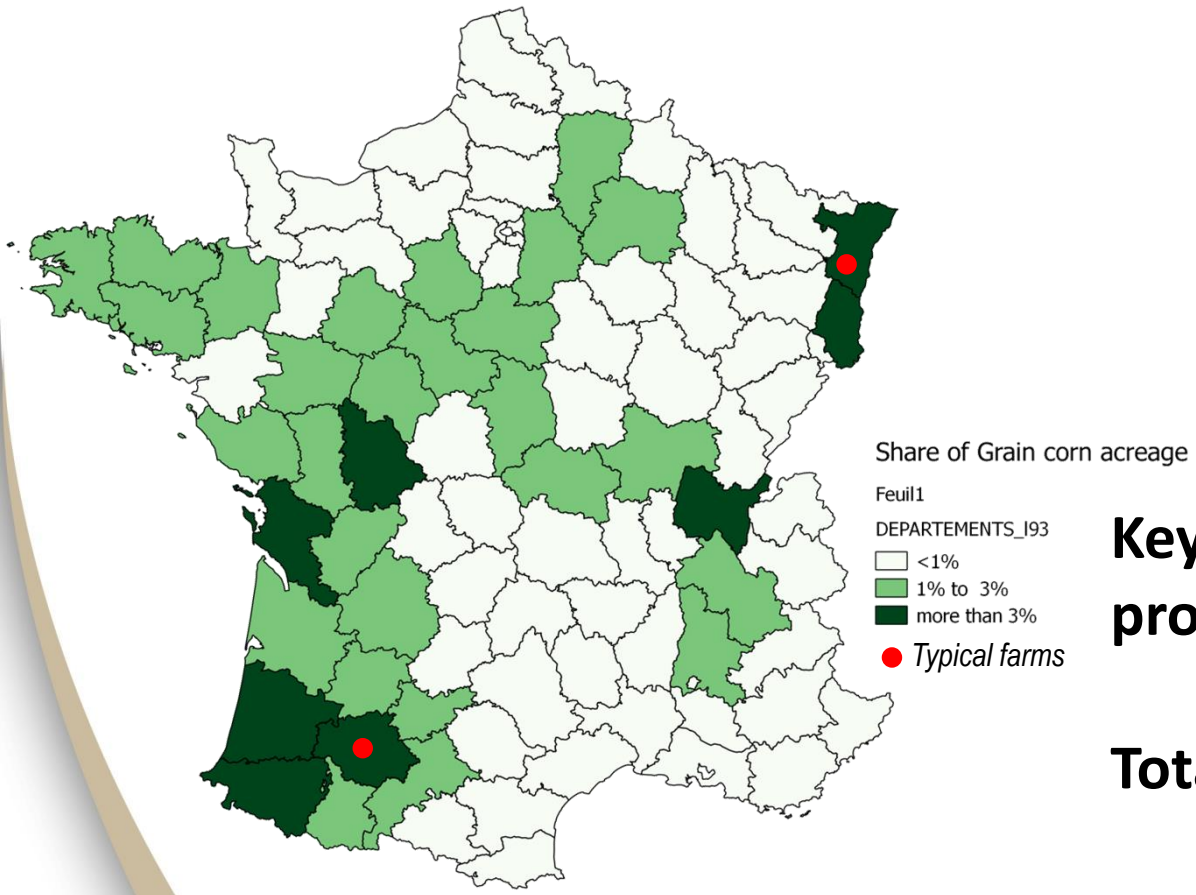
Map of Corn Production



Major grain corn regions:

- Alsace
- Southwest

Key figures on corn production (2010-14 avg):

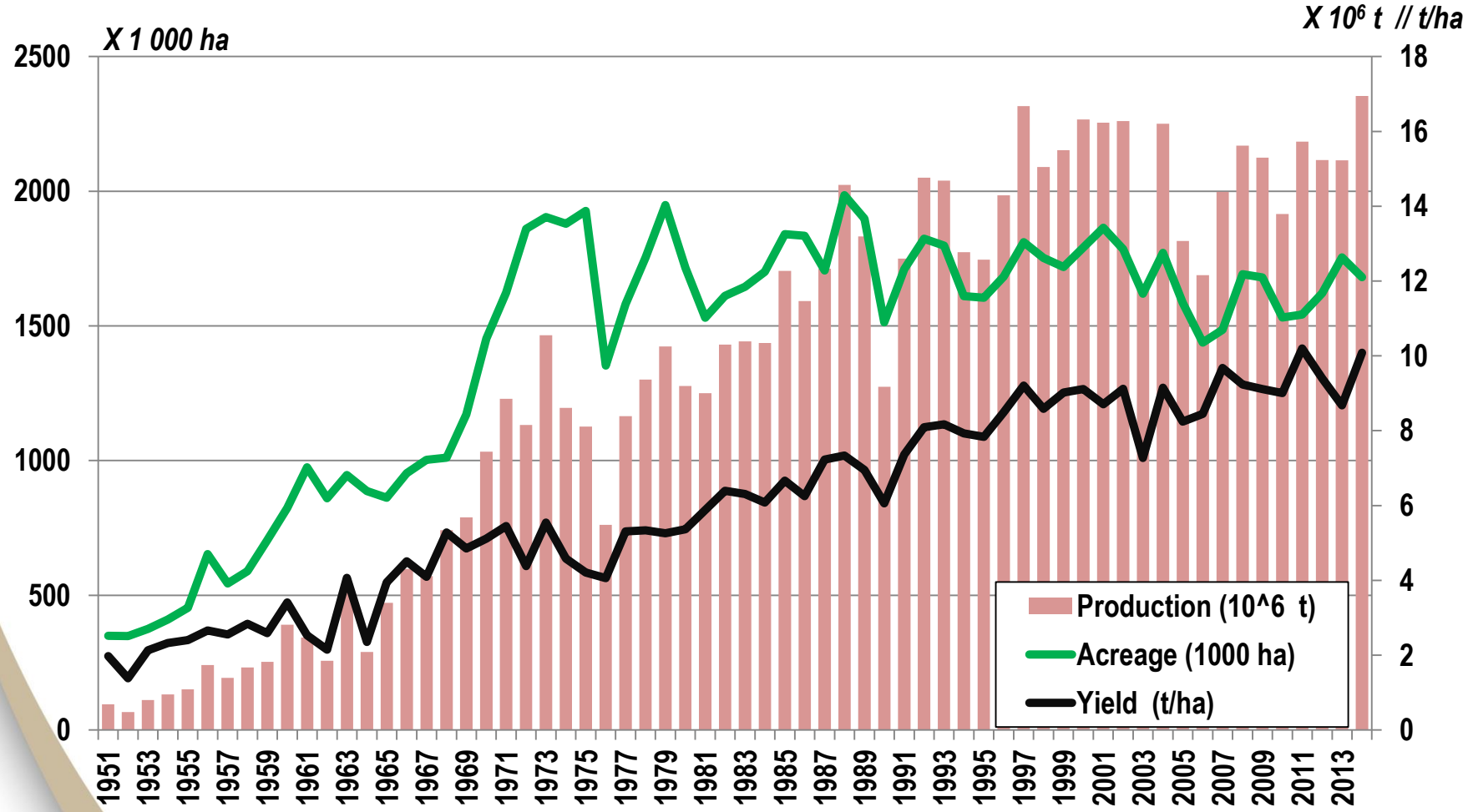
Total area: 1.6 Mha

Average yield: 9.5 t/ha

Total production: 15.3 Mt

Corn Production in France :

Yield increase = driver of production



Source : French Ministry of agriculture, 2015

EU legislation and its impact on French crop farms

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Design of New CAP Policy

Current Euros

Annual CAP Budget

(53 mil. € - 39% of UE's)

Transversal regulation: cross compliance

- CMO
  - Market measures
  - Crisis Management
  - 400 mil. €
- First Pillar
  - Direct payments
  - Greening
  - 40 mil. €
- Second Pillar
  - Rural development
  - Risk management
  - Specific payments to marginal zones
  - 12 mil. €

(*) Co-financed (EU-MS)

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Source : d'après CA 14

First Pillar Measure: Options for France

	Measures	Bruxelles	France (2019)**
Non compulsory measures	Unfavored zones	Max 5%	0 %
	Coupled payments to certain production	Max 13% + 2%	13% + 2%
	Redistributive payments	Max 30%	20%
Compulsory measures	Specific payment for young farmers	Max 2%	1%
	Greening	30%	30%
	Basic payment	The remaining	34%

***** Share of the national budget to finance the measures (in %)***

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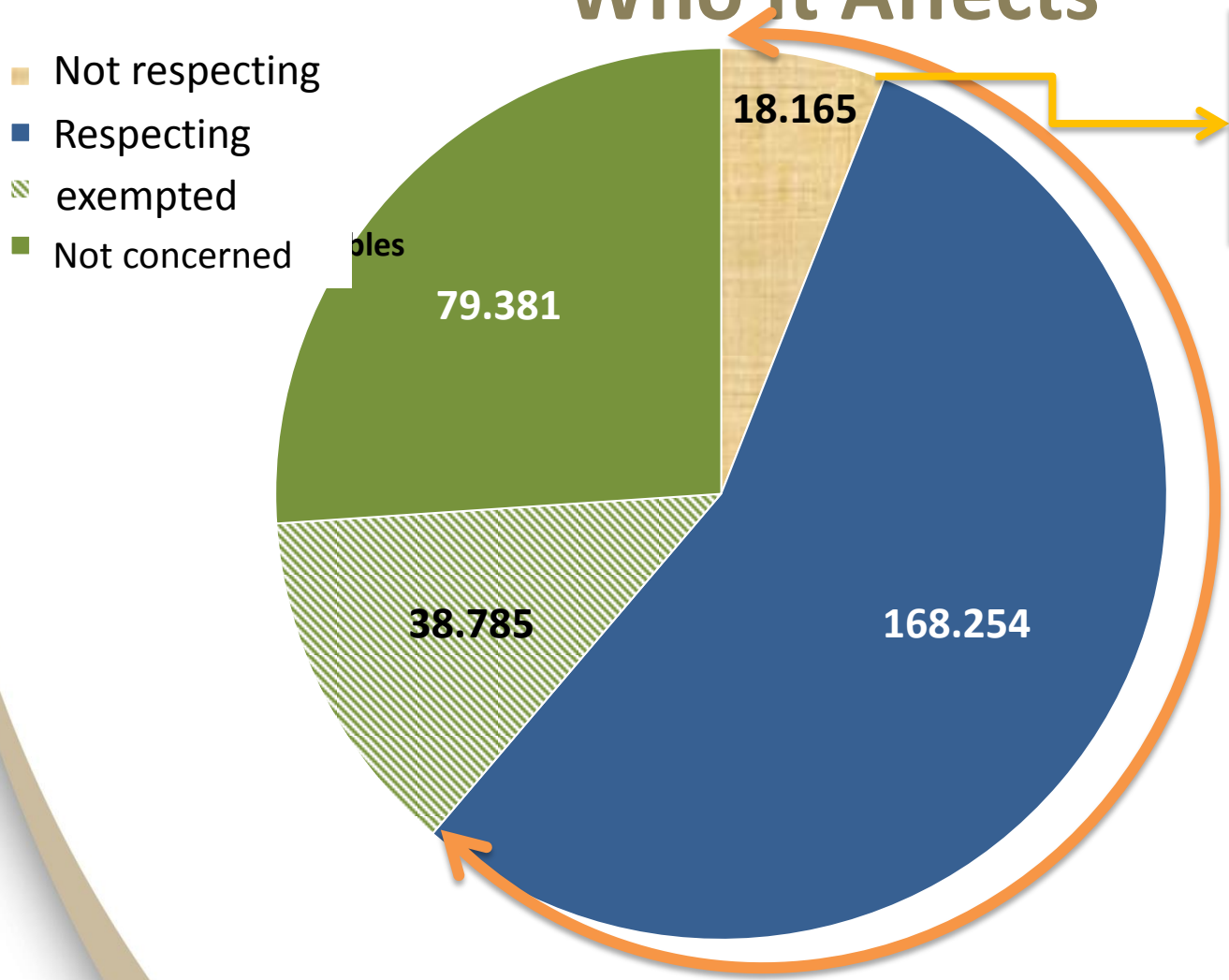
Greening Diversification : Who It Affects



Hectares to change :
44 000 ha of corn
14 000 ha of wheat
8 700 ha of grassland

186.400 ha of land still needs to comply

Source agreste/Rica 2012

Threat on monoculture Corn… but certification measure

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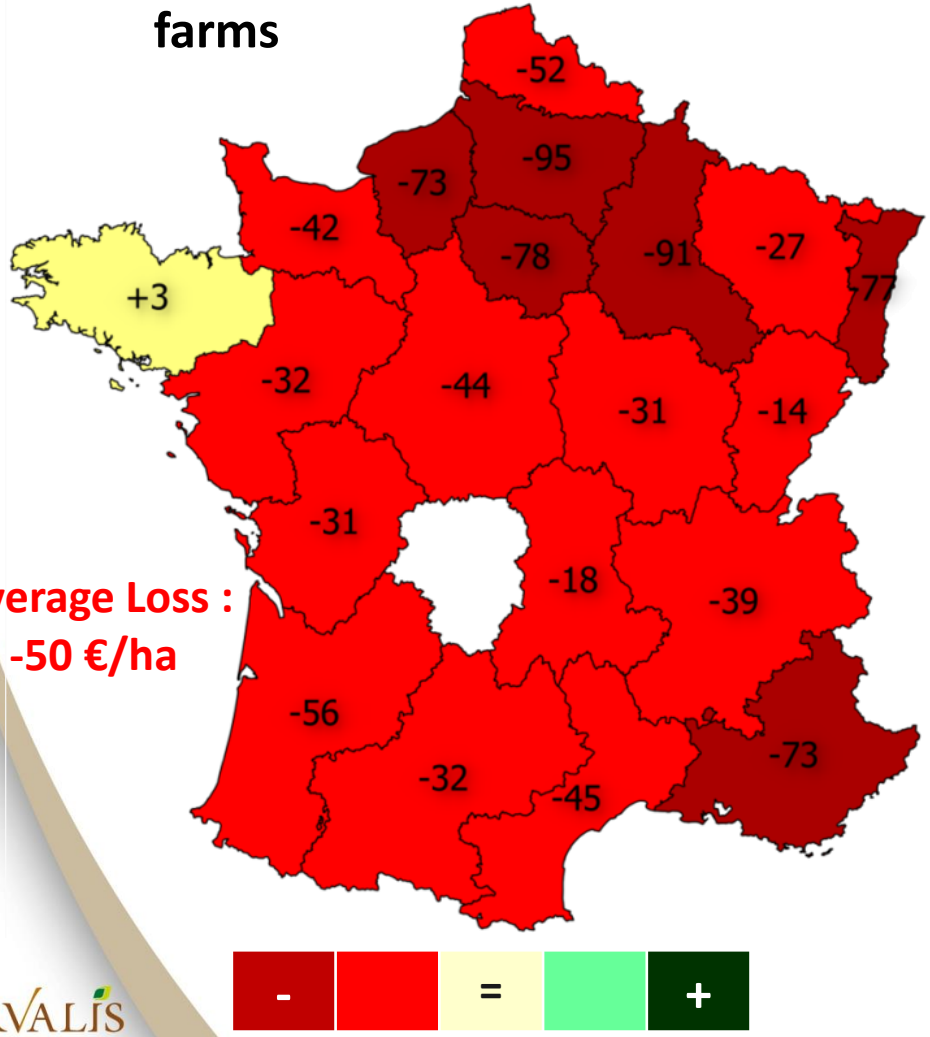
Average Payment Loss Due to the New CAP Policy in France

Crop-producing farms



Average Loss : -50 €/ha

- **New CAP will be favorable to :**

- beef and dairy production (due to the abolition of the milk quotas in Apr 2015)
- smallholder farms

- **Greening is not that important for crop farms**

- **May see an increase of soybeans thanks to a €150 coupled payments (especially in the Southwest) : compete with corn**

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Source : micro-données RICA 2012, traitement Arvalis-Institut du végétal 10/2014

Cross Compliance and Environmental Policies

Nitrate Directive:

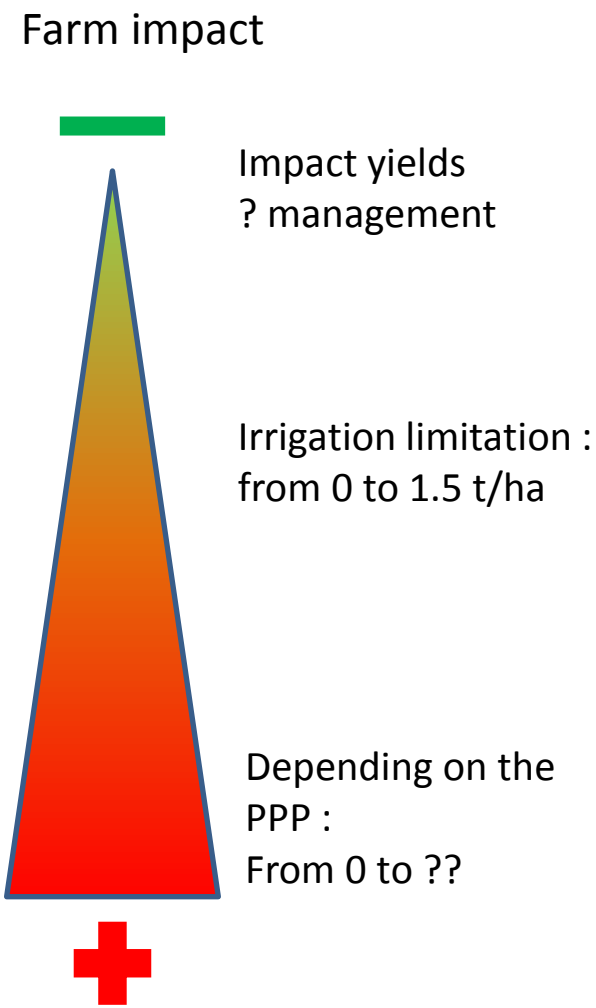
- Limit the amount of N in vulnerable zones
- Farmers need to monitor their fertilization

Water Directive:

- Limit the use of water in certain areas “quantity management”
- Limit pesticides leaching

Pesticides Authorization:

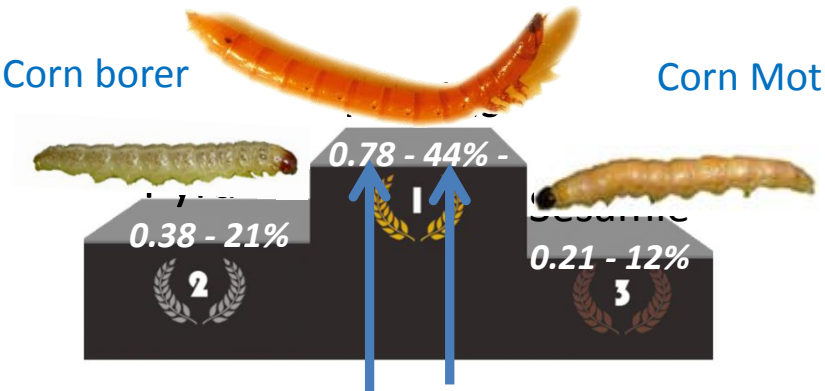
- EU regulation to authorize pesticide use and commercialization
- Bees! (moratorium on neonicotinoids)



Pest pressure : impact on French corn production

Grain Corn

Pest Index = 1.75



Share of the yield loss as % of yield loss due to other pests

Index of maximum losses (average at national level)

Wireworms:

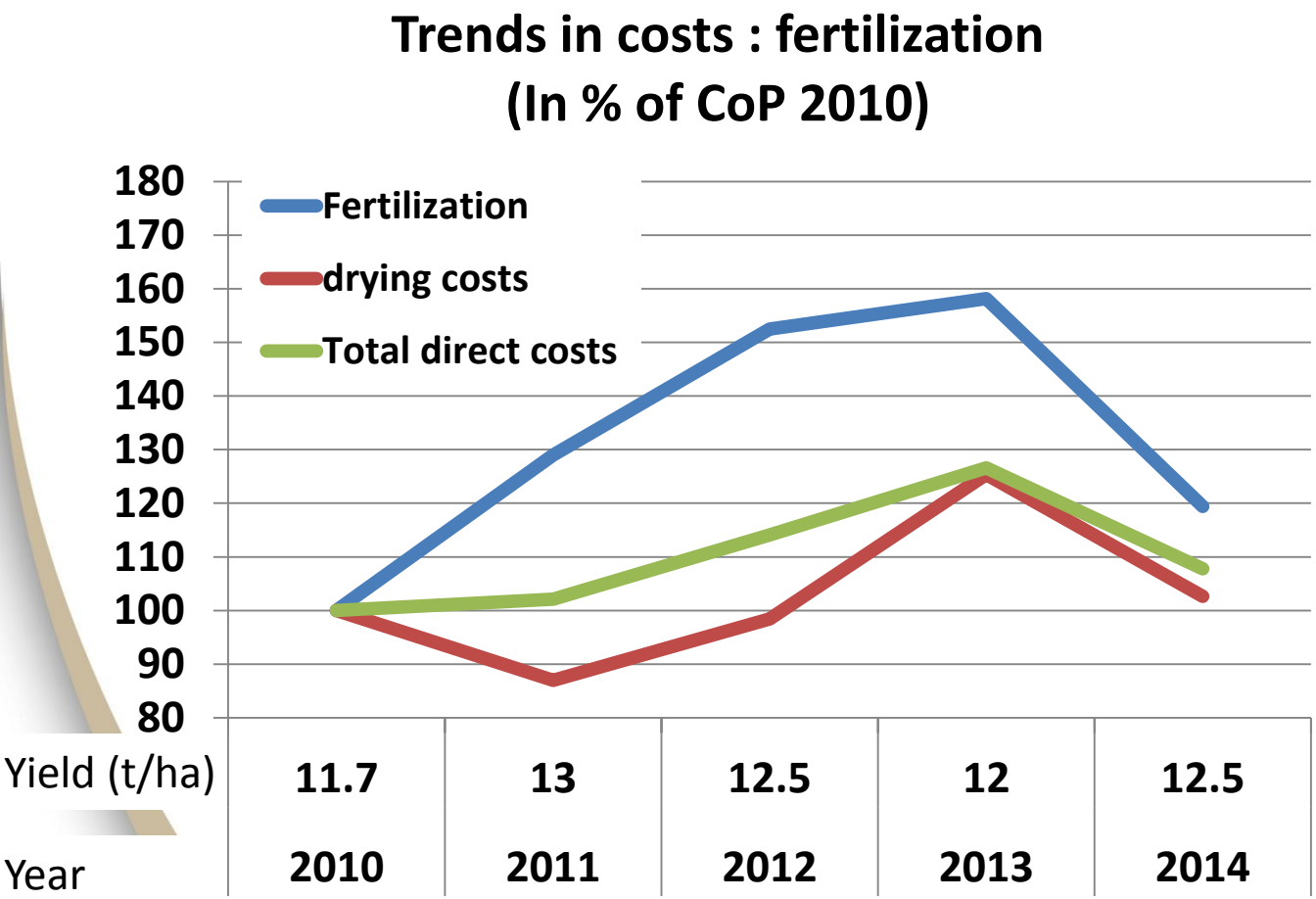
- Ban of neonicotinoids
- Bees regulation

Corn borers:

- Only trichogramma authorized (bio control)
- Ban of spraying by planes
- No GM varieties

GMO Ban:
Yield loss (only for borer)
… but market opportunities (in non-GM)

Production costs : nitrogen is the principal driver (exemple : FR110ALS)



Rather stable equipment costs on the period;

Corn is a « low chemical » crop in FR;

Drying costs to be monitored : 35% of the direct costs !

Brief outlook of crop production today

Crop	seeded (x1000 ha)	Acreage evol.	reason
Wheat	5 169	3%	gain on corn acreage - more profitable
Durum	324	13%	Market opportunity : + XX € premium
Barley	1 754	- 1%	stable
Grain Corn	1 707	- 8%	low revenue last two years
Rapeseed	1 483	- 1%	stable
Pees	151	9%	New CAP programs & market opportunities

Source : Agreste/SAA, 15/07/15

Yields :

Today (07/16/15) corn is flowering in France but severe drought with T°C > 35°C :

- High risk for non irrigated corn (60% of the acreage)
- High risk for fodder (might see grain corn → silage)

Decrease in production foreseen… but high stock levels

Summary : major challenge for corn production in France

- The “chemical” challenge
  - Seed protection vs wireworms
  - Weed control
  - Bio-controle (e.g. Trichogramma)
- The “climate” challenge :
  - Water shortage (Water regulation)
  - … new irrigation system? New rotations?
- The economic challenge :
  - Decrease of governmental supports
  - Stay competitive on the local market (new players on EU market)
  - Drying costs (new varieties??)
  - Machinery and labor

Thank you for your attention

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Greening : What is that ?

- **Need to diversify your crops:**
  - **If arable land < 10 ha → exempted**
  - **If 10 - 30 ha of arable land → 2 crops min. and C1 = 75% max**
  - **More than 30 ha of arable land → 3 crops min. and C1+C2 = 95% max and still C1=75% max**
- **Keep permanent grassland:**
  - **Convert 5% max of the permanent grassland: reference year = 2012**
  - **If the national ratio decrease more than 5% (region/States)→ reimplant**
- **Have ecological focus area on 5% of the arable land**
  - **Exemptions :**
    - If arable land < 15 ha
    - If grassland >75 % UAA and left arable land <30 ha

**On monoculture (specifically on corn)

⇒ Certification to get a derogation

Not an issue (already existing)

Not a big issue (already existing)

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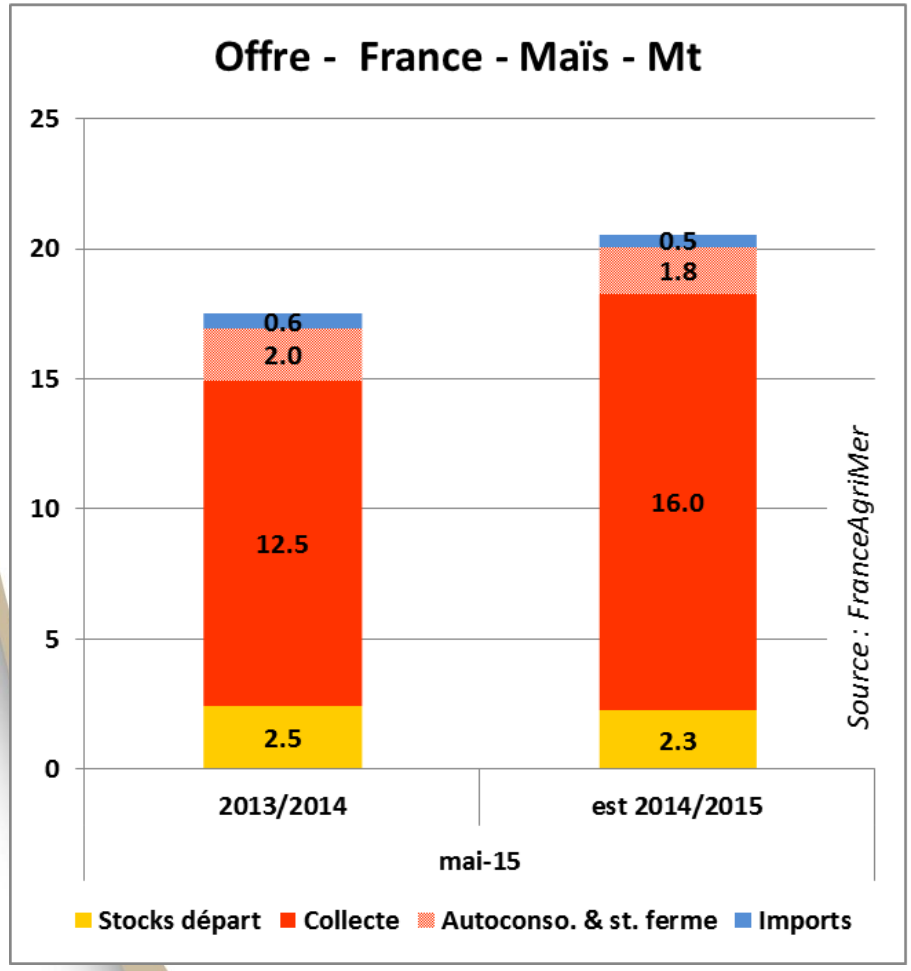
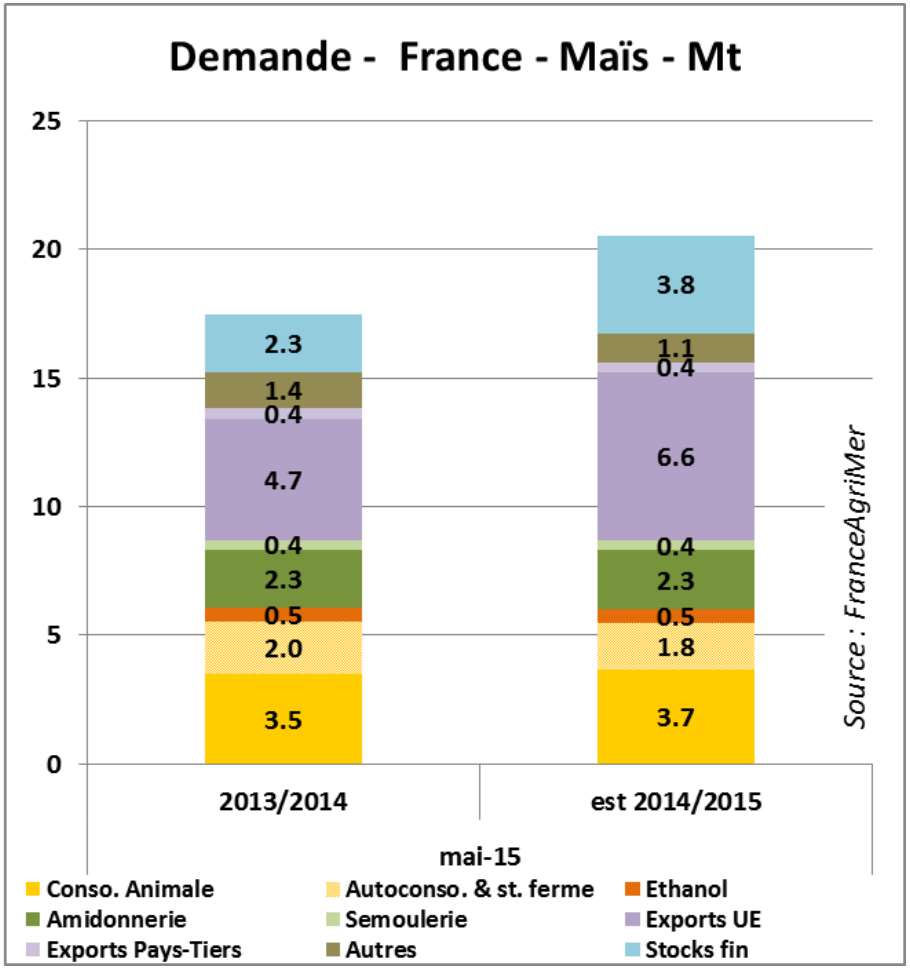
France: Corn Supply and Demand
(2013/14 v est. 2014/15)





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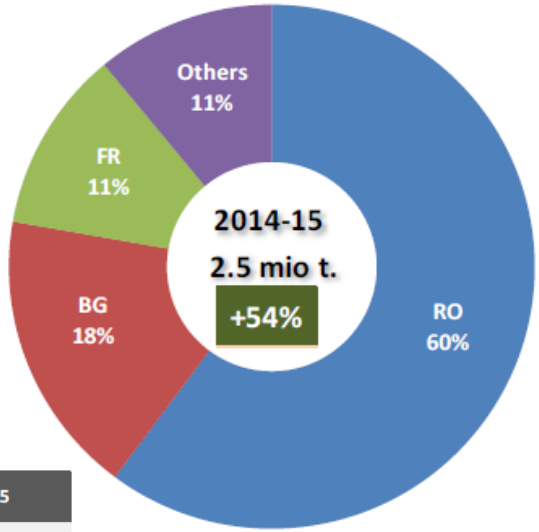
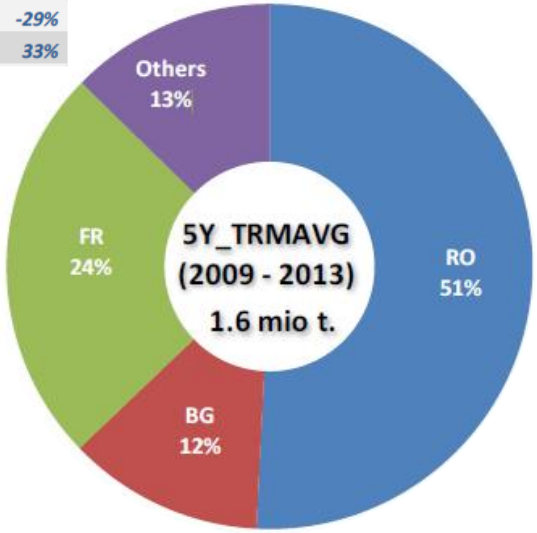
EU Corn Exports

(Sur les 9 premiers mois de campagne - produits transformés inclus)

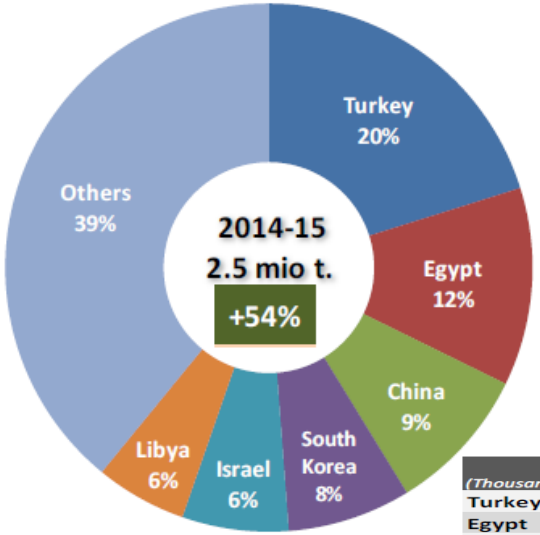
Origines



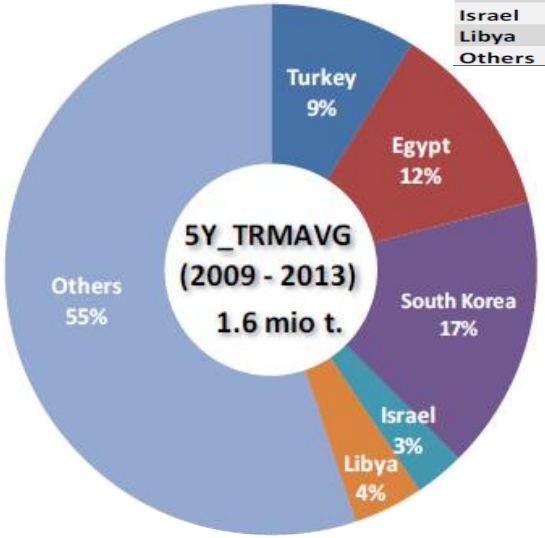
(Thousand tons)	5Y_TRMAVG (2009 - 2013)	2014-15	
RO	837	1 522 ↑	82%
BG	198	445 ↑	124%
FR	403	284 ↓	-29%
Others	208	278 ↑	33%



Destinations



(Thousand tons)	5Y_TRMAVG (2009 - 2013)	2014-15	
Turkey	146	509 ↑	248%
Egypt	198	307 ↑	55%
China	0	227	
South Korea	274	191 ↓	-30%
Israel	50	165 ↑	229%
Libya	70	142 ↑	102%
Others	908	988 ↑	9%



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EU Corn Imports

(Sur les 9 premiers mois de campagne - produits transformés inclus)

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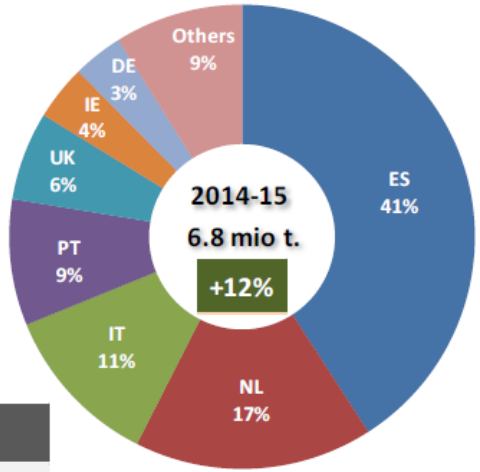
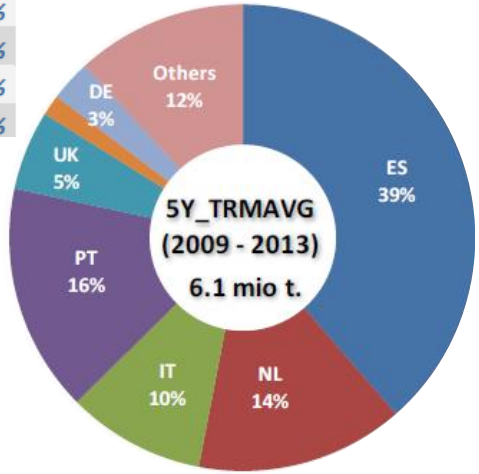
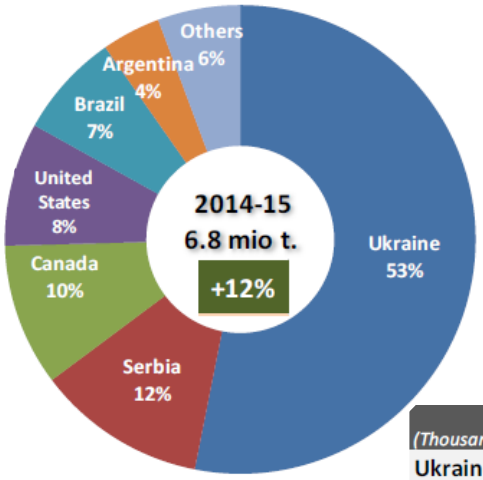


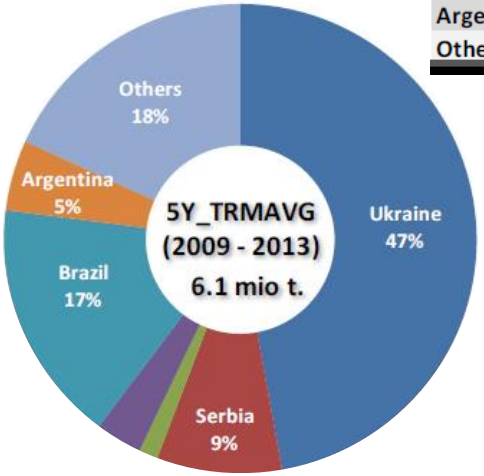
(Thousand tons)	5Y_TRMAVG (2009 - 2013)	2014-15	
ES	2 352	2 783 ↑	18%
NL	876	1 128 ↑	29%
IT	582	774 ↑	33%
PT	962	597 ↓	-38%
UK	336	421 ↑	25%
IE	88	260 ↑	197%
DE	175	237 ↑	36%
Others	717	606 ↓	-16%



Origines



(Thousand tons)	5Y_TRMAVG (2009 - 2013)	2014-15	
Ukraine	2 870	3 615 ↑	26%
Serbia	525	794 ↑	51%
Canada	80	667 ↑	731%
United States	196	580 ↑	197%
Brazil	1 017	490 ↓	-52%
Argentina	295	275 ↓	-7%
Others	1 105	385 ↓	-65%



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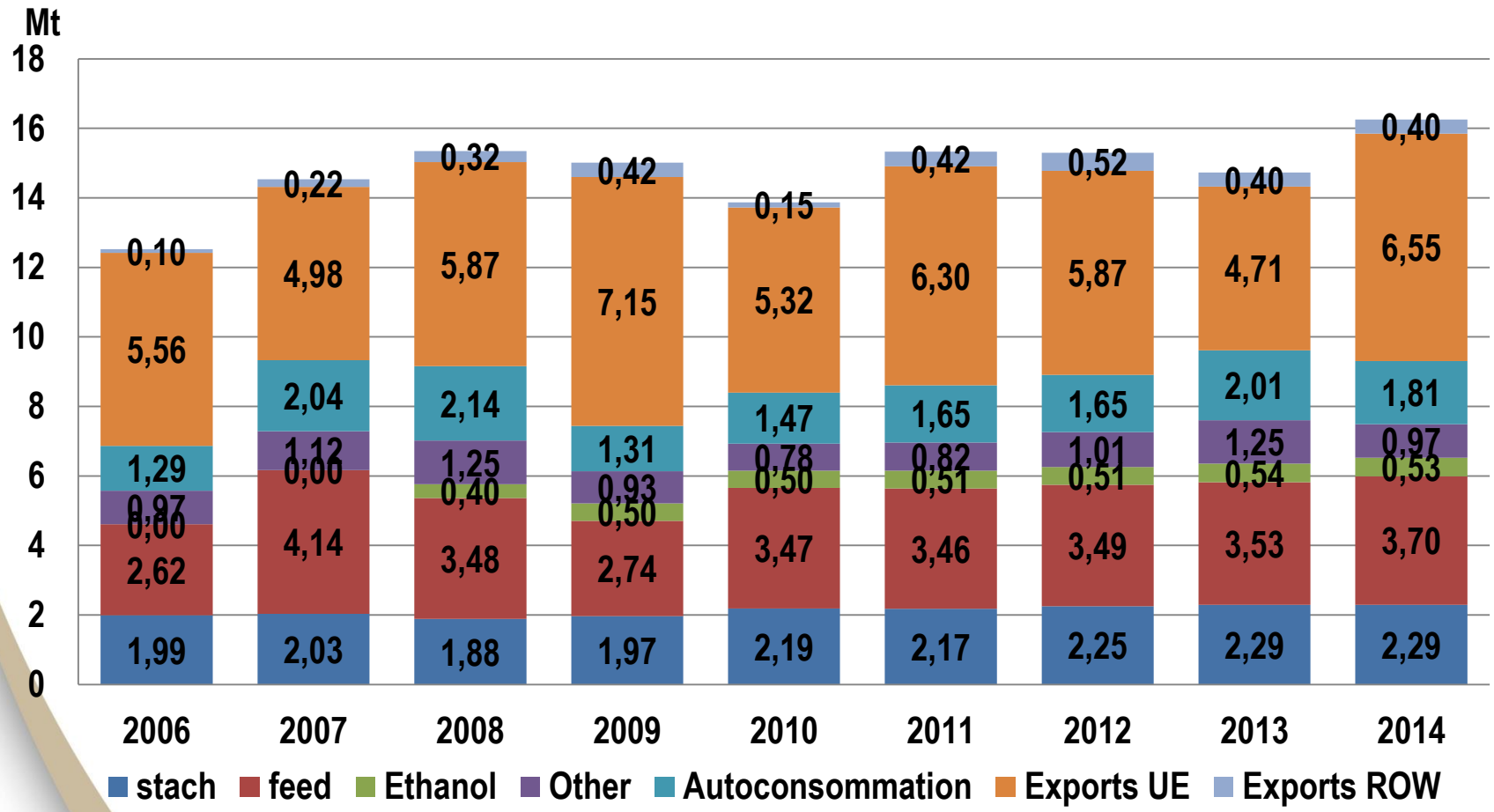
Domestic Use of Corn



Source : France Agrimer 2015