

2013 IPA CONFERENCE, CANBERRA, AUSTRALIA

FRANCE

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The French production is slowly recovering from the world prune crisis, although it has to cope with several big challenges in the years to come.

Commercialization

The decrease of pressure from the international offer allows France to improve the level of its exports. The domestic market stays stable with a light tendency to recovery. However, prices are still engaged in annual contracts with supermarkets. Our packers are likely to obtain price increases, but the battle against distributors will be hard. In 2012/2013, export sales reached 17,121 t. (+20%) while the French market bought 29,100 t. (+0%).

Structure of Offer

After three years of crises and price decreases, several packing companies have met financial difficulties. Two of them are still in a very fragile situation, which should be clarified very soon, either by getting out of business or by being merged.

Growers and Packers have restructured their industry associations by merging all services with the BIP and reducing teams by 40%, and now the packing sector is likely to terminate its own restructuration.

At European Level

Now the Common Agricultural Policy reform is known well enough. It will drive EU agriculture till 2020. Concerning prunes, production-untied general aids called decoupled aids are to diminish by half within the period. These aids are linked to the historical level of aid received by each farm in the past. This decrease will be temporarily and partly compensated by a new production-linked support whose aim is to allow accomplishing investments of the orchard modernization which is absolutely necessary to be able to definitely suppress one day the public support in this sector. A great restructuration program called "Competitiveness Reconquest Program" is beginning for the period 2014-2025.

Evolution of French Orchard

The conversion made in 2008 of the previous product-linked aid which existed since 1978 into an area-linked aid had a perverse effect by encouraging growers not to pull out their old orchards while renewing their plantings. So the national prune orchard passed from 13000 ha in 2008 to 14000 in 2012, anyway without any production increase. The average age of the orchard also became older. Then the conversion in 2013 of the aid to hectares into a decoupled aid will logically lead disappearance of these parasite hectares. Moreover, a certain number of rather aged growers have

difficulty in adapting themselves to a free economy with more unpredictable prices, or do not intend to modernize their practices to improve their competitiveness, which is likely to lead extra pulling outs. The French production is expected to pass through several years at a little reduced level compared to the past, until new orchards planted by younger generations come and restore a new dynamism, but with a reasonable rhythm compatible with the realities of the market.

The 2013 harvest

2012/2013 winter weather conditions were unusual: much cold from January to March, a very snowy period at mid-March which delayed the bloom to beginning of April, i.e. three weeks later than usual. Then, until end of June the sun was very rare, the weather stayed cool and rainy. In these conditions the fruit set was not excellent and as of end-May the crop estimate was forecasting about 30,000 tons, which is 30% less than the normal level.

Then came the sun: July and August were exceptionally hot and dry. The soil having had a lot of water at spring, the trees took a real advantage of those hot weeks. The sugar rate did increase at excellent levels.

The result is a crop of about 32,000 tons, with an exceptional taste quality and big sizes.

However, some stormy and rainy episodes at mid-harvest came and troubled the fest by leading many splits on the fruit which had not been harvested yet. So we estimate that 20% of the crop has been affected by external defects.

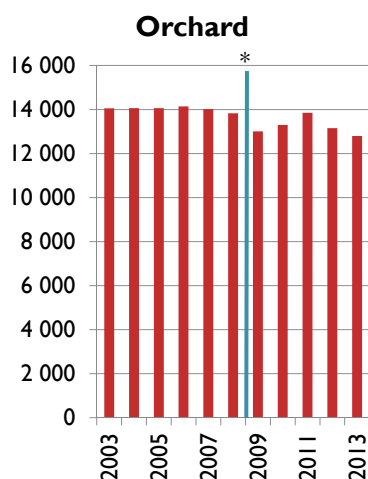
Anyway, the net field prices should be increased by 15% this year, which should give back some courage to growers who have been living in difficult conditions for three years at least.

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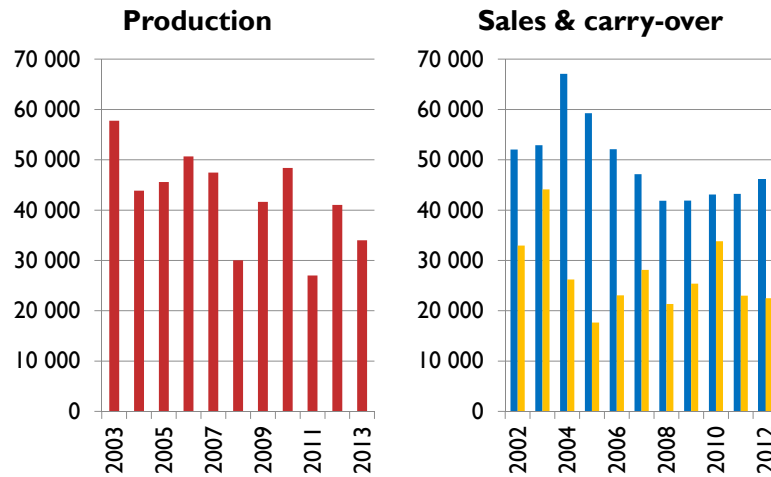
French Orchard



* Measurement system changed from land area to tree-covered area in 2008 (-8%)

- The prune orchard is adjusted by pulling out oldest trees
- In 2013 the total orchard got back to its 2009 area

French Production and Sales



French Sales per Destination

