



FRENCH DIRECT PAYMENT LARGEST RECIPIENTS

LA BANANE ET LES MILLIONNAIRES

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Since April 30, 2010, data on (i) direct payments, (ii) other market measures and (iii) rural development support for the period October 16, 2008 to October 15, 2009 are *free*. European Member States have to compulsorily release data on agricultural subsidy beneficiaries. Hence, French authorities are required to update the *official database* on Common Agricultural Policy (CAP) recipients of about 11 billion euros. This huge amount corresponds to payment information for the last available year – of which about 80% coming from the European budget.²

Generating legitimacy, transparency helps to evaluate and build better public policies. Systematic information on the beneficiaries of such complex support schemes is needed for further research on agricultural economics and policy. It is a prerequisite for designing an economically sound CAP reform that will also meet social, territorial and environmental constraints. Research on the way is even more necessary as many distortions generated by the CAP are not fully captured by existing *official data*.³

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² In 2009, first and second pillar of the CAP represented in France 9.6 and 1.5 billion euros respectively. The bulk of these support is charged by Single Farm Payments (SFPs) and *commodity coupled subsidies* with 5.7 and 2.5 billion euros respectively.

³ Between 2005 and 2008, successive French Ministries of Food, Agriculture and Fisheries justified a refusal to more transparency quoting the fact that there was no centralised database providing, by farm, the amount paid by the various Agencies in charge of allocating CAP subsidies. It argued that creating such a database would be costly. This argument was not acceptable. In 2006, an *Agence unique de paiement* (AUP) was created. Since 2009, one single body, *Agence de services et de paiements* (ASP) manages the totality of CAP payments whether from the first or the second pillar, which are handled by AUP and *Centre National pour l'Aménagement des Structures et des Exploitations Agricoles* (CNASEA) respectively.

Because direct payments reflect past market price policy, France receives roughly one fifth of European total support. There are 38 French farm-holding which receive more than one million a year in direct payments. Among them, 35 are located either in Martinique or Guadeloupe and produce banana, two are in Guyana and produce rice, and one is in continental France (Poitou-Charentes) and produces tobacco.⁴ They are listed below.

The banana regime – which restricts significantly the access to the European market – has suffered from fierce critics from European trade partners. Despite adjustments experienced in 2006, the banana regime is pointed out in this brief due to the high amount and concentration of subsidies it generates. As presented in the Figures below, four fifth (80%) of direct payments benefit only 2% and 15% of farm holdings in Guadeloupe and Martinique respectively.

The agricultural policy tends to substitute a socio-economic policy which benefits few landowners – not the roughly 10,000 workers who are employed in the outermost banana sector.⁵ One should highlight that a significant part of the European internal support is captured by few *ancient times* landowners – a kind of *banana rent*.⁶ In 2010, European subsidies increase the amount of resources devoted to the banana sector and run against the development of the outermost economy as a whole.

Reforming direct payment cannot be driven by equity considerations but public policy efficiency. The diversity of European agriculture enlightens the inequity in distribution of support – this latter should be evaluated in view of policy objectives.

⁴ Two farm holdings producing rice in Guyane *département* receive 2.00 and 1.31 million euros respectively. Outermost regions benefits from a special status as regards CAP implementation and funding. The POSEI (*Programme d'Options Spécifiques à l'Eloignement et l'Insularité*) arrangement aims at fostering sustainable economic and social development of the outermost regions. In France, they include four *départements* : La Réunion, Guadeloupe, Martinique and Guyane.

The only direct payment above one million euros paid in metropolitan France remunerates a large tobacco farm holding which receives 2.63 million euros. The support provided to this market commodity jeopardizes any European public good rationale.

⁵ The number of workers employed in the banana sector is a broad statistic provided by the French Agency in charge of outermost agricultural development (ODEADOM).

⁶ According the OECD*, for 1 euro spending in direct payment, 91 cents go to landowners (farming and non-farming). *OECD (2003) “Farm Household Income, Issues and Policy Responses”, Directorate for Food, Agriculture and Fisheries, Paris.

TABLES
BANANA FARM HOLDINGS RECEIVING MORE THAN
ONE MILLION EUROS A YEAR IN FRANCE
2008-2009, euros

Guadeloupe : Banana farm holdings

Rank#	Municipality	Direct payments
1	CAPESTERRE BELLE EAU	4,227,409.84
2	CAPESTERRE BELLE EAU	1,612,773.49
3	BAIE MAHAULT	1,031,371.76
4	BASSE TERRE	1,003,577.27

Martinique : Banana farm holdings

Rank#	Municipality	Direct payments
1	LAMENTIN	3,977,168.89
2	ST JOSEPH	3,612,749.52
3	GROS MORNE	2,052,313.56
4	LAMENTIN	1,855,715.18
5	TRINITE	1,746,511.81
6	BASSE POINTE	1,706,274.49
7	BASSE POINTE	1,564,095.40
8	BASSE POINTE	1,509,598.93
9	FRANCOIS	1,495,784.55
10	BASSE POINTE	1,487,935.32
11	MACOUBA	1,463,301.24
12	BASSE POINTE	1,432,597.43
13	LAMENTIN	1,345,362.32
14	ST MARIE	1,331,555.86
15	BASSE POINTE	1,329,730.83
16	MACOUBA	1,326,216.57
17	MARIGOT	1,300,749.80
18	BASSE POINTE	1,266,176.25
19	ST JOSEPH	1,216,912.09
20	MACOUBA	1,204,415.98
21	ST MARIE	1,189,441.97
22	LAMENTIN	1,185,894.67
23	LORRAIN	1,178,317.43
24	TRINITE	1,141,836.83
25	ST PIERRE	1,134,817.20
26	MARIGOT	1,126,657.03
27	LAMENTIN	1,124,515.98
28	TRINITE	1,113,718.18
29	LAMENTIN	1,106,436.83
30	FORT DE FRANCE	1,058,062.73
31	ST PIERRE	1,025,453.46

Data extracted from <https://www3.telepac.agriculture.gouv.fr/telepac/tbp/feader/afficher.action> by Farmsubsidy.org. Author's calculations.

Basic statistics as regards Guadeloupe and Martinique

	SGM per AWU (2007)	SGM per AWU var. (2000-2007)	Unemploy. rate (2007, 3 rd trim.)	Less-than-24-years-old unemployment rate (2007, 3 rd trim.)	Number of banana holding var. (2000-2007)	Banana fields as a share of total UAA (2007)	Share of banana fields in mountain areas (2006)
GUADELOUPE	11.0	13.9%	22.0%	55.7%	-50%	5.2%	45%
MARTINIQUE	13.4	19.6%	22.4%	52.5%	-40%	23.2%	20%
FRANCE met.	35.4	17.1%	7.9%	18.4%	-	-	-

AWU: Annual Work Unit - SGM: Standard Gross Margin - UAA: Utilised Agricultural Area

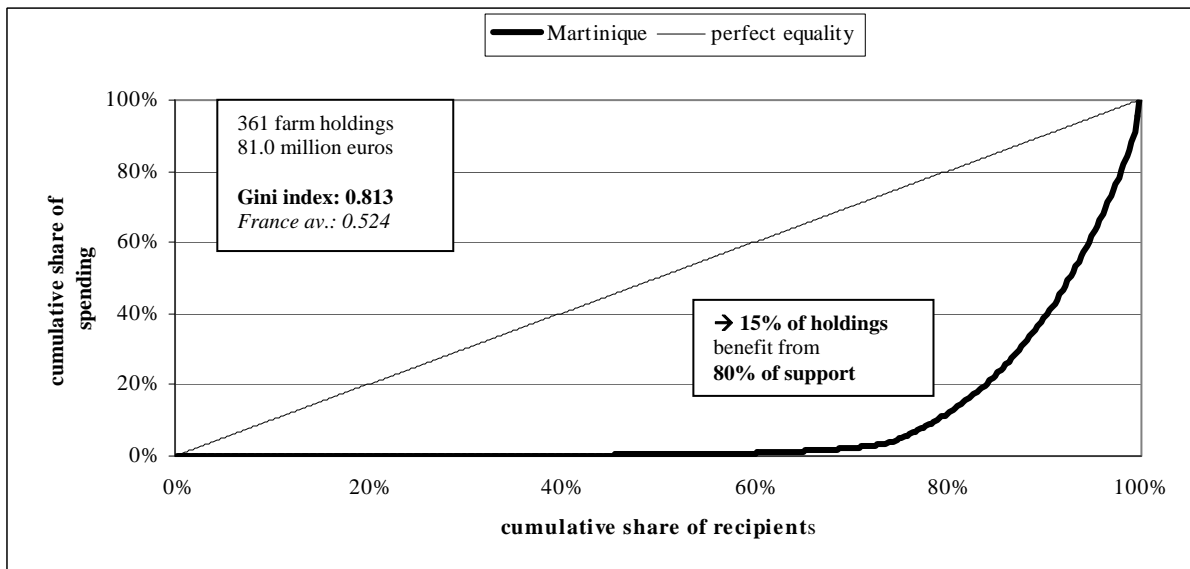
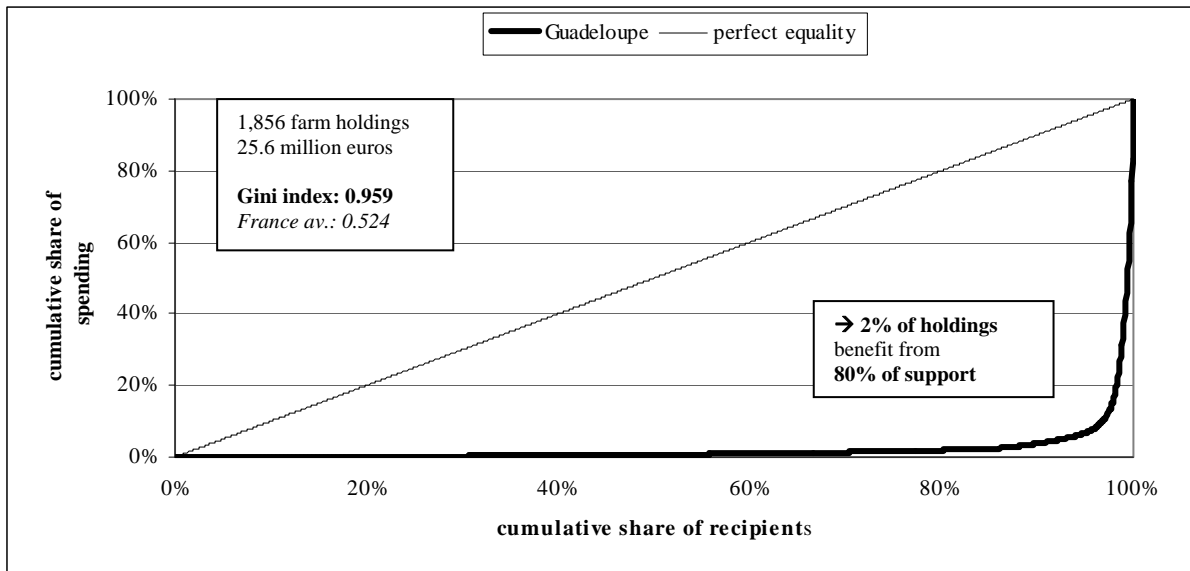
These basic statistics illustrate some of the challenges CAP spending are not able to contribute to in outermost regions: high rates of unemployment, low labour productivity, strong demographical and environmental pressures, etc.

Data from (i) French Ministry of Food, Agriculture and Fisheries and (ii) INSEE.

FIGURES

RECIPIENTS AND CORRESPONDING AMOUNTS OF BANANA SUBSIDIES IN GUADELOUPE AND MARTINIQUE

Lorenz curves for direct payments
in Guadeloupe and Martinique, 2007-2008



Guadeloupe and Martinique present skyrocketing Gini indexes: 0.959 and 0.813 respectively. The Gini index is an indicator which aims at measuring income inequality within a population. An index of 0 means a perfect equality in direct payment distribution whereas a Gini index of 1 means a perfect inequality. Data used in these figures are those from 2008 since the 2009 release did not affect the beneficiary hierarchy. For French case studies using such a methodology, see Boulanger, Pierre (2010) "Distribution of Agricultural Support: Selected French Evidences", OECD Workshop on the Disaggregated Impacts of CAP Reform, March, Paris.

Data extracted from <https://www3.telepac.agriculture.gouv.fr/telepac/tbp/feader/afficher.action> by Farmsubsidy.org. Author's calculations.

APPENDIX

TRANSPARENCY IN FRANCE: AN AGRI-STATEMENT

In 2005, Groupe d'Economie Mondiale (GEM) completed field inquiries in collaboration with *Confédération Paysanne*, second French farmer's trade union (19.6% of the January 2007 agricultural election) in order to estimate the subsidies granted to some French large farms. Since then, GEM has started to nurture a vigorous campaign on more transparency in France. It has been founding member of the Farmsubsidy.org network which has brought together European journalists, analysts and campaigners. On December 1, 2005 first few available nominative data was centralized on the project website: <http://farmsubsiy.org>. In the United States, such data were already published on line thanks to the activities of the Environmental Working Group: <http://farm.ewg.org/farm>

Between August 2005 and November 2006, (i) 37 requests were made to the French Ministry of Food, Agriculture and Fisheries and units under its supervision and (ii) 13 procedures to the French Committee of Access to Administrative Documents (CADA⁷) were launched. Both for legal and political reasons, nominative and exhaustive divulgation of French farm subsidy data seemed inevitable while GEM produced a continuous flow of fresh information on farm subsidies by releasing tables on major beneficiaries from direct payments, irrigation subsidies and export refunds for dairy products.

The *European Transparency Initiative* adopted by the European Commission on November 9, 2005, led to the adoption of a *European Transparency Initiative Green Paper* to which GEM made a written contribution. On March 21, 2007, the European Commission published the results of the *European Transparency Initiative* consultation. It adopted a communication which established the

⁷ The Law of 17 July 1978 gives everyone the right of access to documents that have been in the possession of public bodies. It guarantees the right of everyone, without condition of age or nationality, to access all administrative documents freely and free of charge. The only documents which are excluded are those which contain confidential information, such as national defence secrecy or information about a person's private life. The CADA is an independent administrative authority in charge of ensuring freedom of access to administrative documents. The CADA is not a jurisdiction:

- (i) it gives opinions on the communicable character of administrative documents that it addresses to the people who approach it and to the administrations which refused the communication,
- (ii) it cannot be approached to get to a document directly,
- (iii) it can intervene only after a previous denial by the requested administration,
- (iv) it advises administrative bodies on the communicable character of the documents they hold or on how to communicate them to the public,
- (v) it intervenes for all the documents held by an administrative service, a local authority, a publicly-owned establishment or an organisation in charge of the management of a public utility, whether this organisation is public or private,
- (vi) it must be approached before any appeal proceeding to the administrative court.

follow-up of the process. The European Commission also adopted a proposal for the Council amending Regulation on the Financing of the CAP in order to oblige Member States to release beneficiaries of EU funds.

On October 22-23, 2007, the Agriculture and Fisheries Council of the EU agreed on a draft Regulation amending the Regulation on the financing of the CAP. It included a compulsory ex-post publication of all recipients of community funds paid under the CAP. Thus publication of expenses from both EAGF⁸ and EAFRD⁹ was on the way to be made compulsory from October 16, 2007 and July 1, 2007 respectively. Member States was responsible for such publication.

On November 26, 2007, the Council adopted the Regulation (EC) 1437/2007 amending the Regulation (EC)1290/2005 on the financing of the CAP. Member States have to ensure the ex-post publication of the EAGF and EAFRD recipients and the amount received per beneficiary under each of these Funds. The publication has to contain at least (i) the amount in direct payments and other expenditure incurred by the EAGF from October 16, 2007 onwards, (ii) the total amount of public founding per beneficiary incurred by the EAFRD from January 1, 2007 onwards.

On March 18, 2008, the European Commission adopted the Regulation (EC) 259/2008 laying down rules for the publication of information on the beneficiaries of farm subsidies. Data have to be published, on a website set up by each Member State, by April 30 each year for the previous financial year. Publication has to include at least the name, the municipality and where available the postal code, the amount of (i) direct payments, (ii) other payments from the EAGF, and (iii) public spending from the EAFRD which includes both the European and national contribution. The Commission has set up a website which includes links to Member States' websites.

Since September 30, 2008, a French governmental website releases individual and nominative European amounts of aggregated rural development measures. Since April 30, 2009, individual and nominative European amounts of market measures and direct payments are also published on the same French governmental website

The April 2010 data release corresponds to the second wave of compulsory communication of agricultural and rural support recipients.

⁸ European Agricultural Guarantee Fund (EAGF) in charge of market measures and direct payments (first pillar of the CAP).

⁹ European Agricultural Fund for Rural Development (EAFRD) in charge of rural development measures (second pillar of the CAP).