

# POLICY BRIEF

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## The future of cereal farming in Île-de-France

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The cereal production in Ile-de-France is characterised by very homogeneous production systems (115 ha in average, arable crops representing more than 3/4 of utilized agricultural land) with very homogeneous strategies and dynamics at the farm level (specialisation and enlargement). The situation can be qualified as strongly socio-technically locked in, with strong interdependencies among actors of the value chain, and hence difficulties to evolve / change. The strong specialisation is resulting from both the simplification of rotations, with a disappearance of protein crops in rotation (due to lower yields and lower prices) and the progressive disappearance of livestock. While the economic benefits of such a specialisation have long been said to be positive, the overall resilience of those simplified systems is now threaten by increasing climatic and economic risks, themselves due to climate change and increased price volatility of main commodities (rapeseed, sugar beet and wheat), but also to their unsustainable environmental impacts on water quality, biodiversity and soil fertility. Agricultural inputs (both pesticide / herbicide and fertilizers) negatively affect nearly 70 % of underground water reserves of the Seine Watershed, preventing the achievement of the water quality objectives set out by the European Water Framework Directive by 2021 in more than 80 % of the groundwater reservoir of the Seine watershed. Regarding biodiversity, recent publications have shown that in a 5 years time frame, the abundance and diversity of birds, butterflies and ordinary plants have dropped by 20 to 40 % in agricultural areas, especially where large scale agriculture is well developed.

This brief has been developed from research conducted as part of the H2020-funded project, Sufisa. Its main focus has been to access the perspectives of the producers themselves, together with a range of stakeholders which have a direct interest in the cereal sector in Ile-de-France. To that end a series of interviews, focus groups and workshops were conducted between March 2016 and May 2018. Further details are available on the SUFISA website: <http://www.sufisa.eu/>.

While this research is based on work done in Île-de-France, its results are likely to resonate in other areas of France or Europe that are implied in cereal farming. The following key messages are intended to draw attention to the main issues that have arisen from the research and which have potential policy implications for the future viability of cereal farming in Île-de-France.

### Key messages

- While the farmers of Île-de-France are among the wealthiest in the country (with an average current income before tax of about 30 to 50 k€ per year and a differential of 10 to 20 k € compared to the average national), they have been severely hit by successive climatic and market (especially raw material prices) events over the last 3 years which have drastically undermined their overall economic balance, especially 2016, leading farmers and cereal chains to strong questioning concerning their future strategies and organisation.

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- Lengthening and complexifying crop rotations has been identified as a potential answer to the degradation of soil fertility, the impacts of climate change and price volatility, but is difficult to implement for socio-technical (e.g.: technicity at the farm level or storage and processing management at the processors level) and economic reasons (valorisation of some crops).
- The level of protein in wheat is becoming a dimension of growing importance for competition that French producers sometimes have difficulties to reach. It is an issue that more diversified rotations could also help to address.
- Currently, rapeseed is the key crop used in rotation with wheat, the co-products of which are both used for biofuel production and animal feed. But biofuels are in competition with palm oil transformation while the demand for animal feed is rather steady in a context where soybean is pointed out as strongly participating to deforestation in South America. The strong dependency of rotations on rapeseed which itself might experiment economic imbalance due to the energy market can participate to weaken primary producers if they do not reinforce the variety of crops produced.
- Milling wheat production is experiencing a growing international competition, especially from Russia and Ukraine, in a context of decreasing level of subsidies in Europe and of decreasing number of synthetic crop protection products allowed for production. Three main strategies are currently combined at the farm level to address this dynamic: risk management strategies, production costs minimisation strategies and value-added creation/capture strategies.
- Risk management strategies concerns both the use of insurance products and the use of different selling channels to ensure better prices. Opinions on risk management tools (like crop insurance and income insurance tools) are rather polarised among primary producers and syndicates: some are rather pleading for better price regulation and/or fiscal tools allowing to save money during the bad years while others rather promote insurance tools.
- Decrease in costs are more difficult to reach in a context of small number of crop protection products allowed and is mainly relying on a decrease in mechanisation costs through a variety of strategies that complement personal investments: collective investment through CUMA (cooperatives for the use of agricultural equipment), equipment sharing or rental.
- Despite the strong premium prices offered for organic wheat on the market (+60 to +70%), the risks that conversion represents and the competition led by producers located in the black sea countries or other European countries are still strong factors of discouragement for conversion, leading to strong imports in the milling industry dedicated to organic flour (compared with the level of imports in conventional milling industry). Measures should be taken at different levels (local authorities, private actors and cooperatives, national level, etc.) to secure conversions towards organic production.
- Currently, environmental measures are mainly perceived as an administrative burden and as having low efficiency in terms of transformation of farming systems towards more environmentally sustainable practices (protecting biodiversity and maintaining soil fertility).
- Some labels (Agriethic, Agriconfiance) have been put in place at the whole value chain level but have a low impact on prices at the farm gate facing the fact that wheat is a very commodified production. Other labels than organic farming have therefore difficulties offering attractive premium prices to producers.




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The diversification of crop rotations could be an answer to many of the challenges that the wheat production sector is facing but cannot be implemented if it is not at the heart of a global sector strategy, coupled with a reflection on the valorization of legume crops

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