

French agriculture has undergone dramatic modernization since the Second World War, with a corresponding reduction in its labour force. France is the largest agricultural producer in the EC and the second largest exporter in the world after the USA.

The EC Common's Agricultural Policy has brought major benefits to the French agricultural sector through its effect of maintaining prices at relatively high levels and opening up markets in other EC countries. France is by far the largest exporter in intra-EC agricultural trade. However, the increasing seriousness with which the EC is now confronting the problem of massively mounting agricultural surpluses has made for declining real prices and production restraints that have badly affected many French farmers. This in turn has forced the government to provide special support to alleviate some effects of the policy changes (e.g. in the dairy sector). The presence of Spain in the EC will eventually cause further difficulties. This is notably the case for growers of Mediterranean type fruit and vegetables. In 1990-95, during the second stage of transition for the integration of Spanish production of these products in to the CAP, Spanish competition on French markets is likely to become much keener. On the other hand, the opening up of Spanish markets to temperate farm produce from other EC countries has already widened export opportunities for French cereal growers.

On world markets, France is a leading exporter of dairy produce, notably milk and cheese. The country is also the world's foremost wine exporter. In recent years it has achieved remarkable success, albeit with the help of both EC export subsidies and very favourable national export credit arrangements, in securing major wheat export contracts on the Soviet and North African markets (often in the face of stiff US competition).