THE NEW EUROPEAN RURAL DEVELOPMENT REGULATION: IMPLEMENTATION IN FRANCE

Luc Bodiguel

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I. INTRODUCTION

The Common Agricultural Policy (CAP) allocates aid to farmers following two pillars in order to support the economic, social, and environmental functions of agriculture (multifunctionality of agriculture). The first pillar involves government subsidies to the agricultural market while the second pillar provides state aids for rural development.

This second pillar is governed by Council Regulation No. 1698/2005. This regulation follows a long European political tradition. It comes from the

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3. Id. at 3 (This second pillar establishes that savings from reductions in direct aid payments between 2005 and 2012 are to be applied toward rural development efforts.).
structural measures of the 1970s and 1980s, from the complementary measures of the CAP in 1992, and from the first rural development Regulation in 1999.

Since 1999, the rural development regulation transcends the objectives of the CAP and the European regional and environmental policies. However, with this new rural development regulation, European institutions want to integrate in the CAP the new sustainable development principles which have been promoted since the European Committee in Göteborg in 2001.

This European reform has existed since 2005, yet, the French national implementation was only set up in 2007. In accordance with the European procedure, and with the European strategic guidelines, the French government chose to implement the rural development regulation in accordance with six programs in order to adapt the new European regulation to the geographic and cultural specificities of the varying French territories. This goal can also be observed in the application of each French program.

1. Hexagonal Rural Development Program applicable to Metropolitan France (Programme de Développement Rural Hexagonal (PDRH));
2. Regional Rural Development Program applicable to Corsica (Programme de Développement Rural Corsica (PDRC));
3. Regional Rural Development Program applicable to Guadeloupe (Programme de Développement Rural Guadeloupe);
4. Regional Rural Development Program applicable to Martinique (Programme de Développement Rural Martinique);

9. Id. at 2, 38-40 (Paragraphs 11 and 15 of the preamble set forth the environmental concerns, while the Annex establishes the amounts and rates of support available.); Council Decision (EC) No. 144/06, O.J. L 55/20, 28-29 Annex 3.6 (2006).
10. See infra Annex 1.
5. Regional Rural Development Program applicable to Guyana (Programme de Développement Rural Guyana);
6. Regional Rural Development Program applicable to Reunion (Programme de Développement Rural Reunion).

These programs were approved by the European Commission in July 2007. With this legal background, the aim of this study is to give a comprehensive and general overview of the new French rural development payment system. To reach that end, I will follow three axes of reflection:

1. Quick information on French financial, control and management choices;
2. The main ideas on French measures for rural development; and
3. Focus on Agri-environmental measures.

II. FINANCING, CONTROL AND MANAGEMENT MODALITIES

A. Co-Financing

Rural development funding comes from two different sources: the European Agricultural Fund for Rural Development and French funds. In other words, the rural development subsidies farmers are able to apply for are co-financed by Europe and France. Generally, each institution gives fifty percent of the state aid, but sometimes Europe contributes up to fifty-five percent.

In accordance with this co-financing system, the European Union will give about six and one half billion Euros over seven years, while the French government will allocate more than five and one half billion Euros. In total, around eight million Euros per year will be allocated by the European Union to rural development schemes:

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>€</td>
<td>895 541</td>
<td>871 859</td>
<td>807 172</td>
<td>808 725</td>
<td>820 778</td>
<td>804 205</td>
<td>718 782</td>
<td>5 727 065</td>
</tr>
</tbody>
</table>

12. Id.
The French government has dispatched the European rural development funding following the axis of the European rural development regulation.\textsuperscript{15} We can observe that competitiveness and environmental state aids are the most important, and that rural settlement subsidies are quite low\textsuperscript{16}:

<table>
<thead>
<tr>
<th>Axis</th>
<th>Total public spending</th>
<th>Rate for co-financement</th>
<th>Total FEADER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Axis 1 Competitiveness</strong></td>
<td>3 921 536 722</td>
<td>50%</td>
<td>1 960 768 361</td>
</tr>
<tr>
<td><strong>Axis 2 Environment and Countryside</strong></td>
<td>5 599 158 800</td>
<td>55%</td>
<td>3 079 537 339</td>
</tr>
<tr>
<td><strong>Axis 3 Diversification and Quality of Life</strong></td>
<td>696 861 816</td>
<td>50%</td>
<td>348 430 908</td>
</tr>
<tr>
<td><strong>Axis 4 Area-based Local Development Strategies (Leader)</strong></td>
<td>520 597 273</td>
<td>55%</td>
<td>286 328 500</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>104 000 000</td>
<td>50%</td>
<td>52 000 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10 842 154 611</td>
<td>52.82%</td>
<td>5 727 065 109</td>
</tr>
</tbody>
</table>

The European financial part is different following the French programs\textsuperscript{17}:

| Programme de Développement Rural Hexagonal (PDRH) | 5.3 billion Euros |
| Programme de Développement Rural Corsica (PDRC)  | 83 millions Euros |
| 4 Oversea Regional Rural Development Programs     | 631 millions Euros |

**B. Strict Control and Management Organization**

As the subsidy system is very complex, and financing is quite important, the European Union requires a strict control and evaluation policy.\textsuperscript{18} The Euro-


\textsuperscript{16} See generally id. (providing an in-depth description of the four Axis listed).

\textsuperscript{17} See generally id.

pean Commission supervises management and control, but Member States are “responsible for ensuring that the systems function effectively throughout the programme period.”

With this background, two categories of rules have been established by the European Commission and French government: a “management and control” system and a “common monitoring and evaluation framework.”

In France, the Ministry for Agriculture and Fishing, which is the “managing authority,” is “responsible for managing and implementing the programme in an efficient, effective and correct way.” It is helped by the Monitoring Committee, which is in charge of the rural development national strategy plan, the hexagonal rural development program, the regional aspects of the rural development program and the European regional policies. The Ministry decided to give to the National Center for farm settlement (Centre National pour l’Aménagement des Structures des Exploitations Agricoles (CNASEA)) the responsibility of rural development payment (“paying agency”) under the control of the “certifying body.” A coordination organization has also been set up in order to coordinate the national and European levels.

III. FRENCH RURAL DEVELOPMENT MEASURES FOR 2007 TO 2013

Following Regulation No. 1698/03, the French rural development program provides forty one sub-measures/schemes split up into thirteen classes of schemes which are brought together in four axes:

- Axis 1: Competitiveness;
- Axis 2: Environment and countryside;
- Axis 3: Diversification and quality of life;
- Axis 4: Area-based local development strategies (leader).

19. Id.
20. Id. at 30.
21. Id. at 30-31 (Articles 74 and 75 discuss the managing authority).
25. Id. at 30, tit. VI, ch. 1, art. 74 (Articles 6 and 7 of Council Regulation (EC) No. 1290/05 define “paying agency” and “certifying body.”); see MINISTÈRE DE L’AGRICULTURE ET DE LA PÊCHE, supra note 15, at 343-44.
Every sub-scheme cannot be analyzed here. Thus, instead of making an inventory, it seems more interesting to point out the three main ideas which emerge from the study of the French rural development schemes.\(^{27}\)

The first main idea is focused on the beneficiaries of rural development subsidies. As is expected from an agricultural act, generally farmers and foresters are the only ones who benefit from French measures for rural development. Thus, only farmers can apply for subsidies based on the “Livestock buildings modernization plan,” which has the goal of reducing production costs, diversifying activities, and/or improving the quality of products, sanitary conditions, animal wellbeing or work conditions.\(^{28}\) Equally, the Vegetable Plan for Environment, the Food Quality Scheme, and the natural handicap payments in mountain areas and in other areas with handicaps are reserved strictly for farmers.\(^{29}\) But, sometimes, individuals who are neither farmers nor foresters can get money from the French rural development program. This occurs when a local authority – such as property syndicates, public establishments, water trade unions or local public authorities – manages a rural development project in order to improve water stock, water management or land settlement. Members of the food industry can also apply for state investment aid if they are micro, small or medium-sized agricultural food companies, and if they respect different requirements: such as managing an innovative project which might develop new markets; improving a technical process in an environmentally friendly meaning; and going beyond the relevant mandatory requirements.\(^{30}\) Also, micro, small, and medium-sized companies which operate in rural areas, like small traders, artisans, horse riding clubs or tourist activities may have investment aid for installation and transmission.\(^{31}\) Nevertheless, state payments for those kinds of beneficiaries are low and marginal.

Second, in accordance with European Regulations, French rural law encourages specific legal tools, such as tender and contract. It’s a new trend in France, as the government use to refuse selection a priori, and preferred a unila-

\(^ {27}\) *Id.* at 14-27. (A description of the different schemes are set forth in Annex 3.).
\(^ {28}\) *See id.* at 1-7.
\(^ {29}\) *See generally id.* (discussing the various proposed programs for European farmers. For example, the aims of the Vegetable Plan for Environment are reduction of pollution (fertilizers), protection of water and biodiversity, fight against erosion, energy saving in greenhouses. The aims of the Food Quality Scheme are to support the owners who adhere to identification signs (label, geographic protection, organic farms); annual financial incentive for five years. Also – in reference to the natural handicap payments – these payments are granted annually per hectare of the utilized agricultural area.).
\(^ {30}\) *Id.*
\(^ {31}\) *Id.*
teral decision. For example, the French agri-environmental payment system appears to be a good illustration.\textsuperscript{32}

Finally, the French government has introduced two very important provisions, together with the rural development program following European requirements. On one hand, a farmer receiving direct payments must respect the statutory management provisions in the following areas: public, animal and plant health, environment, and animal welfare.\textsuperscript{33} In other words, they have to observe the cross-compliance principle which is strictly implemented when a farmer is entitled to direct payment based on the French agri-environmental scheme. On the other hand, in order to respect the World Trade Organization Agreement on Agriculture, payments should only compensate a farmers’ additional costs and loss of income involved in complying with the government program.\textsuperscript{34} Thus, if a farmer concludes a contract in which he has to use less phytosanitary products to follow the organic specification, he cannot get fees, but only compensation payment for his agri-environmental engagement. In the same direction, if he applies for natural handicap payments in mountain areas, or other areas with handicaps, he can get a compensation linked to the handicap for agricultural production in the area concerned.\textsuperscript{35}

\section*{IV. Focus on the French Agri-Environmental Scheme}

In order to complete this brief overview of the French rural development program, it is helpful to go into detail of the French agri-environmental scheme which is called “Measure 214” and placed under Article 39 of European Regulation No. 1698/05. This scheme has been implemented by several recent texts: The Hexagonal Rural Development Programme, an “Arrête” Decree No. 2007-1342, and “Circulaire” of September 2007.\textsuperscript{36}

This legal framework promotes nine agri-environmental sub-schemes which have the following main legal principles:

\begin{thebibliography}{99}
\bibitem{32} \textit{See infra.}\textsuperscript{32}
\bibitem{34} World Trade Organization, Legal texts: the WTO agreements, http://www.wto.org/\textit{english/docs_e/legal_e/ursum_e.htm#kAgreement} (providing a description of the World Trade Organization Agreement on Agriculture).
Drake Journal of Agricultural Law

1. Agri-environment payments granted to farmers who commit to respect agri-environmental “engagements”;
2. Most of the time, farmers have to conclude a five to seven-year administrative contract with the State;
3. A farmer can be involved in several “engagements” only if each “engagement” corresponds to different commitments. 37

The agri-environmental sub-scheme and its main rules are the following 38:

1. Grant to “grassland” (PHAE)
   a. Goal: To stabilize grass surfaces and to maintain environmentally friendly practices;
   b. Aid level: 76 Euros (€) per hectare and per year.
2. Agro-environmental measure for diversification of crop:
   a. Goal: To limit the development of insects and blight caused to crops and reduce the use of phytosanitary products;
   b. Farmer commitment: Crop rotation on at least seventy percent of the arable land;
   c. Aid level: 32 € per hectare and per year.
3. Mixed farming and breeding system:
   a. Goal: To reduce the use of phytosanitary products;
   b. Aid level: 130 € per hectare and per year.
4. Organic Agriculture Conversion:
   a. Farmer commitment: To respect the organic specifications;
   b. Aid level per hectare and per year: 100 € for grassland; 200 € annual crops; 350 € for fruit farming, 600 € for truck farming.
5. Organic Agriculture Conservation:
   a. Farmer commitment: To respect the organic specifications for 5 years;
   b. Aid level per hectare and per year: 80 € for grassland; 100 € annual crops; 150 € for fruit farming; 300 € for truck farming.
6. Local breeds in danger of being lost to farming:
   a. Farmer commitment: To have endangered livestock specified on a legal list;
   b. Aid level per livestock unit and per year: 125 € for horses; 50 € for others breeds.

37. Fillon, supra note 36.
38. MINISTÈRE DE L’AGRICULTURE ET DE LA PÊCHE, supra note 15, at 191-239 (These pages provide a comprehensive analysis of the agri-environmental sub-schemes and their implementation rules.).
7. Vegetable resources in danger of being lost to farming:
   a. Farmer commitment: To plant Vegetables resources in danger;
   b. Aid level per hectare and per year: 600 € for vegetable crops; 78 € for annual crops.

8. Domestic Bees Pollinating Potential Improvement:
   a. Farmer commitment: To seventy-five colonies located in specific areas;
   b. Aid level: 17 € / bee hive / year.

9. Territorial Agro-environmental sub-scheme:
   a. Goals (extract):
      i. To insure a good management of “Natura 2000” areas (areas for birds and habitation protection); or
      ii. To fight against pollutions by phytosanitary products in river basins and drinking water alimentation basins;
   b. Aid level: dependent on the various commitments.

Thus, for example, to limit the development of insects and blight caused to the crops and reduce the use of phytosanitary products, a farmer can receive 32 € per hectare per year if he commits to a crop rotation on at least seventy percent of his arable land.\(^{39}\) In the same sense, a farmer who gets a contract with the French government in order to qualify for the organic specifications for up to five years, may apply for 150 € per hectare per year if he has a fruit farm.\(^{40}\) It is important to remember that every payment is always limited to a maximum legal amount.

V. CONCLUSION

Based on my research, two points must be highlighted:

First, I would like to stress that local implementation of the French rural development program will be very difficult. Indeed, its complex nature will make it very difficult to understand and apply. Also, it’s so ambitious that it will be difficult to reach its objectives with so little money.

Second, there is a problem of coherence for the CAP. It is as if the European Union tries to reconcile two quite different, and sometimes incompatible, ideas. The first pillar, and the competitive scheme of the rural development regulation, tends to improve intensive and international trade farming while most of the rural development schemes intend to develop environmentally friendly practices which sometimes aren’t in accordance with intensive farming. Moreover, in

\(^{39}\) Id. at 205.

\(^{40}\) Id. at 218.
fact and in practice, priority is given to intensive farming. Maybe it is time to
decide how to concentrate the European and national agricultural subsidies in
order to be more coherent, particularly due to the recent entrance of new mem-
bers in the European Union, which will have wide-ranging effects on the individ-
ual financial allocation of rural development programs for years to come.
ANNEX 1 - COMMON AGRICULTURAL POLICY

Introduction: the Common Agricultural Policy (CAP)

First pillar: agricultural markets
Regulation no. 1782/2003

- Single Payment Scheme (SPS)
  Decoupling
  Direct payments no longer linked to production
  Options to coupling payment
  Cross-compliance

To receive direct payments, farmers must meet certain standards concerning public, animal and plant health, the environment and animal welfare and keep their land in good agricultural and environmental condition.

Second pillar: Rural development
Regulation no. 1698/2005

- Payments to compensate the fall of fixed agricultural prices
- System for improving:
  - the environment
  - the quality of life in rural areas
  - The quality of products
  - the competitiveness of the agricultural and forestry sectors

Funds transfer from first to second pillar: modulation

80%  20%

ANNEX 2 - PROCEDURE SET UP BY COUNCIL REGULATION (EC) NO. 1698/03

Règlement cadre no. 1698/05 (20 sept. 05)

Orientations stratégiques de la Communauté (art.9, RDR)

Plan stratégique national (art. 12, RDR)

Programmes de développement rural (art. 15, 16, 18, RDR)
### ANNEX 3- FRENCH RURAL DEVELOPMENT SCHEMES

<table>
<thead>
<tr>
<th>European RDR</th>
<th>French Hexagonal Rural Development Program</th>
<th>Regional adaptations or sub-schemes</th>
</tr>
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<tbody>
<tr>
<td><strong>Axis 1</strong></td>
<td><strong>Competitiveness</strong> 4 schemes; 16 sub-schemes</td>
<td>Mesure 112 : aide à l’installation des jeunes agriculteurs&lt;br&gt;Mesure 122 : amélioration de la valeur économique des forêts (2 dispositifs)&lt;br&gt;Mesure 125 : infrastructures liées à l’évolution et à l’adaptation des secteurs agricole et forestier (1 dispositif)&lt;br&gt;Mesure 126 : reconstitution de potentiel de production agricole endommagé par des catastrophes naturelles</td>
</tr>
<tr>
<td><strong>Axis 2</strong></td>
<td><strong>Environnement</strong> 2 schemes; 12 sub-schemes</td>
<td>Mesure 211 : paiements destinés aux agriculteurs situés dans des zones de montagne qui visent à compenser des handicaps naturels&lt;br&gt;Mesure 212 : paiements destinés aux agriculteurs situés dans des zones qui présentent des handicaps autres que ceux des zones de montagne&lt;br&gt;Mesure 214 : paiements agro-environnementaux (7 dispositifs)&lt;br&gt;Mesure 216 : aide aux investissements non productifs&lt;br&gt;Mesure 221 : premier boisement des terres agricoles&lt;br&gt;Mesure 225 : reconstitution du potentiel forestier et adoption de mesures de prévention (2 dispositifs)&lt;br&gt;Mesure 227 : aide aux investissements non productifs (sylvicoles)</td>
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<tr>
<td><strong>Axis 3</strong></td>
<td><strong>Rural</strong> 4 schemes; 8 sub-schemes</td>
<td>Mesure 311 : diversification vers des activités non agricoles&lt;br&gt;Mesure 312 : aide à la création et au développement des micro-entreprises&lt;br&gt;Mesure 313 : promotion des activités touristiques&lt;br&gt;Mesure 321 : services de base pour l’économie et la population rurale&lt;br&gt;Mesure 322 : rénovation et déve-</td>
</tr>
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## European Rural Development Regulation in France

<table>
<thead>
<tr>
<th>Axis 4 LEADER</th>
<th>3 catégories de mesures; 5 dispositifs</th>
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<tr>
<td></td>
<td>loppement des villages</td>
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<tr>
<td></td>
<td>Mesure 323 : conservation et mise en valeur du patrimoine rural (5 dispositifs)</td>
</tr>
<tr>
<td></td>
<td>Mesure 331 : formation et information</td>
</tr>
<tr>
<td></td>
<td>Mesure 341 : acquisition de compétences, animation et mise en œuvre (2 dispositifs)</td>
</tr>
</tbody>
</table>

| Mesure 411, 412 et 413 Stratégies locales de développement (LEADER) |
| Mesure 421 Coopération interterritoriale et transnationale |
| Mesure 431 Fonctionnement du GAL, acquisition de compétences et actions d'animation sur le territoire |