



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 10/17/2006

GAIN Report Number: FR6060

France

Product Brief

Tea

2006

Approved by:

Elizabeth B. Berry
U.S. Embassy

Prepared by:

Nina Peacock

Report Highlights:

Tea is making inroads in the traditional coffee market in France. Black tea remains the strongest market sector, however, other varieties of tea, including green, flavored green and herbal teas, displayed notable growth.

Large supermarket chains continue to dominate distribution of tea in France. Traditional tea brands are facing developing competition from ambitious private label and store brands.

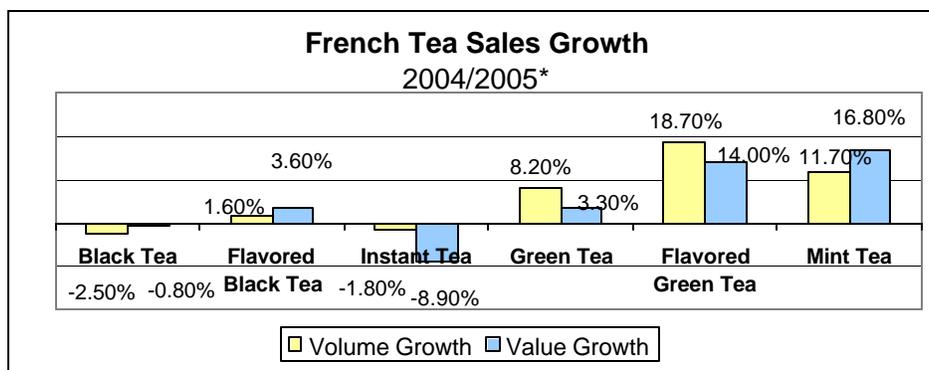
Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Paris [FR1]
[FR]

Table of Contents

Executive Summary 3
Consumer Trends 3
Competition 4
Distribution Channels 5
Exporter Advice 5
Tariff 5
HS Code 5
 09021000 5
 09022000 5
 09023000 5
 09024000 5
Importer List 6

Executive Summary

Tea is beginning to make inroads in the traditional coffee market in France. In calendar year (CY) 2005, French consumers purchased 3,132 tons of tea, an increase of 0.8% by volume and 2.5% in value from CY 2004. Black tea remains the strongest market sector, however, other varieties of tea, including green, flavored green and herbal teas, displayed notable growth. Supermarkets and hypermarkets remain the main distribution channels with 87% of volume sales in CY 2004. Traditional tea brands face developing competition from ambitious private and store brands. Producers distinguish themselves in this market through unique flavorings and innovative packaging.



*Covering the 12-month period from February 5, 2005 to February 5, 2006 against the previous year

Source: ACNielsen, Lineaires, May 2006

French Herbal Tea Market

90% of herbal teas are drunk in the evening, especially during winter
 50% of consumers are under 50
 65% of consumers are women
 89% of volume sales are in tea bags
 10% - instant, soluble mixes
 1% - loose

Source: European Herbal Infusions Association

Consumer Trends

New hot-beverage machines, such as the highly successful and popular Senseo hot-beverage maker, have benefited tea sales as French consumers warm to the message that tea is a healthy and gourmet drink. Green tea is valued for its antioxidant and other health benefits and showed the highest growth in sales. Flavored green tea sales in supermarkets and hypermarkets grew 18.7% in volume between February 2005/2006 and 14% in value from the year before and made up about 4% of tea sales in 2005. Flavored green tea's rise in sales also reflects the demand for a fusion of international flavors and fruity green tea mixes. The best-selling flavors are berry blends and mint green tea.

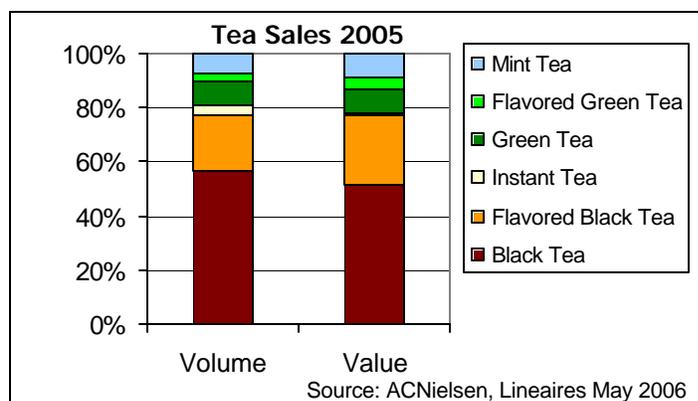
Consumers also tend to favor functional herbal teas, or "infusions," that claim to improve relaxation, digestion, circulation, menopause symptoms, and weight-loss. Herbal tea sales increased 6% in volume and 7% in value in CY 2005 from CY 2004. The herbal tea market

totalled \$147.4 million and 2.7 metric tons by the third quarter in 2005. Factoring out the -13.7% decline in (mainly Ricola's) soluble herbal tea sales, herbal tea sales have increased 2% in value during this period. Herbal tea consumption is significantly higher in the eastern and northeastern regions of France, where consumers prefer fruitier herbal teas and chamomile to the traditional linden and verbena varieties.

Mariage Frères, a French teahouse, reports that tea consumed in teahouses tends to attract intellectuals, journalists, businessmen, and upper class women, while its tea retail counters draw a wider cross-section of society.

Competition

France imported about \$190,000 or 11 metric tons of U.S. tea in CY 2005, making the U.S.'s share of French tea imports 0.06% by quantity and 0.17% by value. France's main tea imports come from China, the United Kingdom, Belgium, Germany, Sri Lanka, and India.



Black Tea: The black tea market sector (80% volume and value as of February 2006) in France is increasingly competitive. Twinings' sales increased 3.9% in volume from CY 2004 to CY 2005, while other traditional black tea brands, like Lipton Yellow and Tetley had 6.9% and 5.3% decreases respectively over the same period. Private labels, or store brands sales increased 4.9% from CY 2004 to CY 2005.

Herbal Tea: In the herbal tea market, Lipton held a dominant share (63%) as of June 2006, thanks to its 2005 launch of "Pyramides," a new line of pyramid-shaped tea bags with flavors of the world. Lipton and other herbal tea brands can expect greater competition from private labels as these brands are becoming more adventurous in developing specialized products, like functional and medicinal herbal teas.

Niche Market Opportunities

Flavors: Flavored green tea creations and product developments were key to tea's success in CY 2004 and CY 2005. Creativity in flavors was also important to the herbal tea market as evidenced by Lipton's Pyramides brand. La Tisanière, which had 18-19% of the market share by value and quantity in June 2005/2006, dropped its organics line in early 2006 and substituted flowery fusions, such as linden/rose/jasmine/violet and gourmet flavors, such as orange gingerbread and caramelized pear.

Packaging: In CY 2005, teas packaged in coffeemaker-ready wafers received strong consumer support and their sales have been steadily increasing. Tetley reports that tea packaged in wafers comprised about 1.6% of the market and 34% of sales as of June 2006.

In response to this consumer demand, Tetley, Twinings, and fair trade's Malango have also launched black, green, and herbal teas in coffee-maker ready wafers.

Hot Breakfast Beverage Consumers

60.8% of people drink hot beverages
 44.1% drink coffee
 43.7% drink warm milk/hot chocolate
 16.4% drink tea
 20% skip breakfast

Source: LSA, "Enquête conso: petit déjeuner,"
 n. 1787, October 2002.

Distribution Channels

Supermarkets and hypermarkets are the main distribution channels, accounting for 87% of volume sales in 2004. The exclusive availability of coffee-maker ready wafers in supermarkets and hypermarkets could partially explain their dominant position. Hard discounters represented 12% of volume sales and food service outlets made up a smaller share in 2004.

Exporter Advice

Labeling: It is generally understood that products labeled as "thé" contain black or green tea leaves, while herbal teas are labeled as "infusions" or "tisanes."

Tariff

HS Code	Description for Teas, flavored or unflavored	Contractual Provisions
09021000	Green tea (unfermented) in an immediate container, inner or interior package, first wrapper, or primary container that does not exceed 3 kg	3.2%
09022000	Green tea (unfermented) presented otherwise	Exempt
09023000	Black tea (fermented and partially fermented) in an immediate container, inner or interior package, first wrapper, or primary container that does not exceed 3 kg	Exempt
09024000	Black tea (fermented or partially fermented) presented otherwise	Exempt

For the tariff on herbal teas, please send a Binding Tariff Information request (see http://ec.europa.eu/taxation_customs/common/databases/ehti/index_en.htm) to:

Direction Générale des Douanes Bureau E4
 8 rue de la Tour des Dames
 75436 Paris Cedex 09
 Tel: (33) 820.02.44.44

For the latest tariff information please see the French custom's "Prodouane" portal at:
<http://www.douane.gouv.fr>

For EU-approved pesticides, see: <http://www.fas.usda.gov/gainfiles/200502/146118686.pdf>

For regulations on organics, see: <http://www.amb-usa.fr/fas/hotTopics/index.htm>

For additional herbal tea distribution and regulatory information, please see FAS GAIN report on Food Supplements at: <http://www.fas.usda.gov/gainfiles/200510/146131357.doc>

For regulations regarding authorized tea ingredients, please contact the Directorate General for Competition, Consumption, and Anti-fraud (DGCCRF):

59 boulevard Vincent Auriol
 75013 Paris
 Tel: (33) 1.44.97.31.17

Importer List

Folliet (Cafés) Chambery (33) 4.79.62.24.37	Tea individually packaged for single-use sale
LHG Marseille (33) 4.91.36.40.20	Camomille, hibiscus-based herbal teas, mate
Mariage Frères International Paris (33) 1.43.46.60.00	Tea leaves, diced tea leaves, machine-dried tea, tea in powder form, Indian tea, Ceylon, Indonesian tea, Vietnamese tea, Chinese tea, Japanese tea, East African tea, black tea, green tea, dissolvable instant tea, tea extracts, tea individually packaged for single-use sale
Dammann Frères R&P Orgeval (33) 1.39.75.64.25	Tea individually packaged for single-use sale