



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/22/2002

GAIN Report #FR2079

## France

# Food Processing Ingredients Sector

## Report

## 2002

Approved by:

**Kurt Seifarth**

**U.S. Embassy**

Prepared by:

**Roselyne Gauthier**

---

### Report Highlights:

**The French food processing sector is Europe's largest with estimated sales of \$117.6 billion in calendar year 2001. It is a leader in the food processing technology and innovation. Increasing demand for dietetic, healthy, and organic foods has triggered a rise in demand for specialized food ingredients. The U.S.'s biggest competitors are Germany, Belgium, the United Kingdom, Italy and the Netherlands.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Annual Report  
Paris [FR1], FR

Average Exchange rates:

CY2000 = USD 1 = FF 7.11 = Euros: 1.084

CY2001 = USD 1 = FF 7.32 = Euros: 1.116

Source: FMI

## I. MARKET SUMMARY

France offers excellent opportunities in the food processing sector. Domestic sales of processed foods continue to rise. Strong demand for processed foods from the HRI sector and from individual consumers has led to increasing demand for food ingredients. More than 4,000 companies make up the French food processing industry, 23 of which are world players (including Danon, Lactalis and Perrier Vittel). The French Food Industry Association (ANIA) estimates that the food processing sector was worth 131.2 billion Euros in 2001 (\$117.6 billion). This figure represents an increase of 4.4 percent from the 2000 figure and makes the French food processing industry number one in Europe ahead of Germany and number two in the world after the United States (total sales of 510 billion Euros - \$457 billion).

The overall food industry is the most important sector of the French economy ahead of the automobile industry (86 billion euros) and the electronic and electrical industry (61.5 billion euros). In 2001, French food exports amounted to 27.4 billion Euros (\$24.5 billion) while imports amounted to 19.6 billion Euros (\$17.6 billion).

### Sales of the Major French Food Processing Industries

Major Sub-Sectors	Percentage of Major Sub-Sectors as a Percent of Total Processing Industry
Meat products	24.4
Miscellaneous Food Products (*)	21.0
Dairy products	19.4
Beverages (including wines and Spirits	14.6
Animal Feed	7.5
Fruits and vegetables industry	5.0
Milling Industry	3.8
Fish and seafood	2.2
Fats and Oils industry	2.1

(\*) Misc. food products include: sugar, chocolate & confectionery, bakery and pastry products, bread and fresh pastry and processed tea and coffee.

Source: AGRESTE/French Ministry of Agriculture and Fisheries

The Ministry of Agriculture and Fisheries divides the food processing industry into the following sub-sectors: (1) meat & meat products; (2) miscellaneous food products, (3) dairy products; (4) beverages, (5) animal feed; (6) fruits and vegetables, (7) milling industry; (8) fish and seafood; and (9) fats and oils. In 2001, French food industry sales have increased by six percent from 2000. The increase from 1999 to 2000 was 4.5 percent. Industry estimates forecast annual growth to slowdown to approximately 2 percent over the next few years.

France is the third largest European consumer of food ingredients, behind Germany and the United Kingdom. Progress in food technology, more stringent sanitary requirements, marketing innovations, and French exports of finished food products all have contributed to the increasing demand for food ingredients. Food ingredients in general are imported freely into France, but some face phytosanitary and other food safety issues. Additives are subject to special authorization if not on the EU list of the additives. This regulation was implemented by a French decree dated October 2, 1997. Tariffs and other labeling requirement may cause problems for some U.S. ingredients exporters. U.S. exporters should contact their French/European importer or the Office of Agricultural Affairs at the American Embassy in Paris for advice.

### *Advantages and Challenges Facing U.S. Products in France*

<b>Advantages</b>	<b>Challenges</b>
France is a major producer and exporter of finished processed food products	Food safety and phytosanitary restrictions affect imports of fresh produce and certain food ingredients
Growing popularity of U.S. fast food chains and theme restaurants in France gives rise to higher demand for U.S. food ingredients.	Certain food ingredients are banned or restricted from the French market.
Food technology developments and marketing innovations spur higher demand for food ingredients	The U.S.'s biggest competitors are Germany and the United Kingdom. French manufacturers are also competitors.

## **II. ROAD MAP FOR MARKET ENTRY**

### *A. Entry Strategy*

While there is no one-size-fits-all strategy to enter the French market, having a local representative and personal contacts are essential factors to enter this regulation rich market. Depending on the exporter and the products, local representatives can be importers/distributors, agents, and/or industry buyers. Local representatives give up-to-date market information and guidance on business practices and trade laws. In general, French food processing industry players attend regional and international food

ingredient trade shows.

American companies should carefully study the representative or contact's reputation before making any permanent legal arrangements. The Office of Agricultural Affairs (OAA) in Paris has lists of reputable representatives and contacts for U.S. suppliers who wish to explore market opportunities in France.

### ***B. Market Structure***

Most French processors buy their food ingredients through brokers and local wholesalers. Some of the larger companies have direct relationships with larger foreign suppliers. French food processors supply to French retail and food service industries, which account for roughly 70 and 30 percent, respectively, of the sector's overall sales. The most common entry strategy for small and medium-sized U.S. companies is dealing either directly with a local wholesaler or broker, or indirectly through an export agent or consolidator.

### ***C. Company Profiles***

Today, approximately 4,150 companies make up France's food processing sector. Their products include processed meats and fish, canned foods, bakery and cereals, dairy, confectionery, animal feed, ingredients, and beverages. The following table profiles the 25 largest French food processing companies by their annual sales, number of employees, processing methods, and production location. These food processors' end-use channels are the retail sector as well as HRI/food service, which buy directly or through wholesalers. This table also includes U.S. food companies with foreign direct investment in France.

*Profiles of the Major Food Processing Companies*

<b>Company Name and Type of Food Processor</b>	<b>Food Sales, CY 2000 (\$ million)</b>	<b>Number of Employees</b>	<b>Production Location</b>
Danone (bakery & cereals, dairy products, beverages, ready meals, sauces & dressings)	13,181	86,657	<i>France</i> (French owned multinational enterprise)
Lactalis (Dairy products and cheeses)	4,831	16,000	<i>France</i> <i>Western &amp; Eastern Europe</i> (French company)
Cereol (oils, proteins)	4,396		<i>France</i> (French company)
Perrier Vittel (Mineral water)	4,371	20,132	<i>France</i> (French company)
Pernod Ricard (beverages, spirits)	4,047	14,609	<i>France</i> (French company)
Nestle France (Miscellaneous)	3,583	11,400	<i>France</i> (Swiss owned holding company)
Bongrain (cheeses and dairy products)	3,574	14,751	<i>France</i> (French company)
Unilever France (Food products)	3,194	8,500	<i>France, Netherlands, U.K.</i> (Owned by European holding)
Soufflet (Grains, milling)	2,672	2,557	<i>France</i> (French company)
Sodiaal (dairy products)	2,375	N/A	<i>France</i> (French company)
Moet Hennessy - LVMH (champagne and spirits)	2,155	N/A	<i>France</i> (French company)
Castel Group (wine, water, beer)	1,828	2,000	<i>France</i>

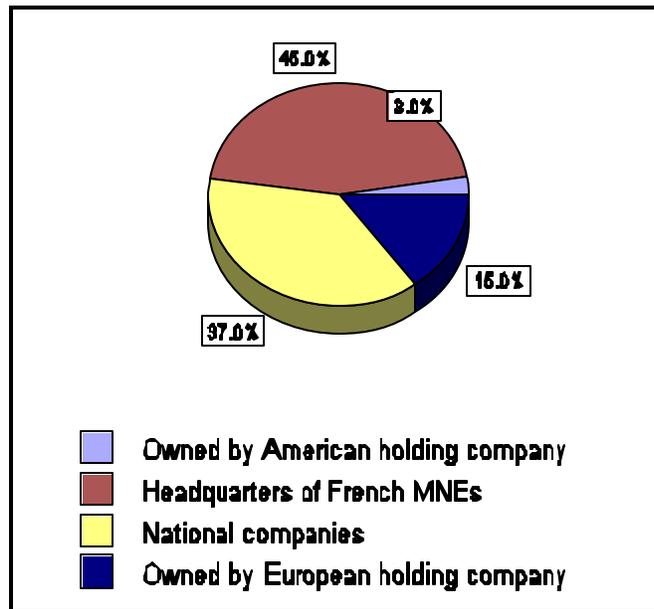
Socopa (meat)	1,758	6,380	France (French company)
Beghin-Say (*) (animal food, ingredients, oils, sauces & dressings, sugar & products)	1,757	N/A	France (French owned multinational enterprise)
Cerestar (*) (starch)	1,562	3,678	France
Fromageries Bel (cheeses)	1,512	9,061	France (French company)
Cana (meat, poultry, milk)	1,478	10,663	France (French company)
Doux (poultry)	1,298	N/A	France (French company)
Copagri Bretagne (vegetables, milk, meat, animal feed)	1,269	4,578	France (French company)
Masterfoods (**) (chocolate & confectionery, petfood, grocery)	1,266	2,350	France (American owned holding company)
Provimi (*) (animal feed)	1,193	N/A	France (French company)
Kraft Foods (chocolate, coffee)	1,181	1,700	France (Philip Morris USA - American owned holding)
Bigard (meat)	1,180	4,194	France (French company)
Unicopa (Milk, poultry, delicatessen)	1,086	4,600	France (French company)
Agrial (vegetable and animal sectors)	1,061	4,200	France (French company)

(\*) Beghin-Say, Cerestar, Provimi: Ex-subsiaries of Eridania Beghin-Say - N/A: Not available

(\*\*) In 2000, Mars Alimentaire, Unisabi and Doweurope merged – Source: RIA Magazine.

#### **D. Sector Trends**

### Sector Ownership by Market Shares



The above graph illustrates the strong presence of French companies or French owned multinational enterprises (MNE) on the food processing sector. These companies' sales account for 82 percent of processed food sales in France. French-owned multinational enterprises (Danone and Beghin-Say) and French national companies (Arcadie Industry, Bonduelle, Brossard France, Cecab Groupe, Compagnie Laitiere Européenne, Groupe Cana, Lactalis, Miko, Panzani William Saurin, Roullier, Socopa, Sodiaal and Unicopa) dominate this sector.

Several factors explain the competitiveness of French national and privately-owned companies: (1) state-of-the-art techniques in food processing, packing, and packaging; (2) a tradition of high quality, and (3) high productivity levels. In turn, the competitiveness of these companies explain the whole industry's international competitiveness. Over the next ten years, industry and market growth will depend on restructuring efforts among the largest companies--considered essential for international competitiveness--and government support of exporters.

Greater health consciousness and advancements in biotechnology will continue to influence the development of functional foods and their ingredients. Trends show growing consumer preference for fresh consumer-ready products to frozen food. In Europe, functional foods are expected to grow 30 percent between 1999 and 2003. Organic foods are estimated to represent 10 percent of food sales by 2006. The heightened popularity of dietetic and healthy foods and the increased interest in food supplements has triggered a corresponding growth in the production and marketing of natural aromas,

food coloring, spices, plant extracts, and fat and sugar substitutes. Similarly, rising consumer preference for organic food products has led to a corresponding rise in demand for organic ingredients.

### **III. COMPETITION**

The U.S.'s main competitors for food ingredients are Germany, Belgium, the United Kingdom, Italy, and the Netherlands. Major imports are meat, fish, milk and dairy products, chocolate and confectionery, oils and oil meals, and prepared fruits and vegetables. The United States holds a six percent share of the food ingredient import market.

### **IV. BEST U.S. PRODUCT PROSPECTS**

#### ***A. Products Present in the Market which have Good Sales Potential***

Best product prospects among basic food ingredient inputs are almonds, pistachios and dried fruits (dates, apricots, prunes) which are primarily used for industrial baking by the major food processors. The main competition for U.S. suppliers are lower priced products from Iran and Turkey for nuts and North African countries for other dried fruits. Processed food products such as confectionery, sauces and dressings and soft drinks are developing at a fast rate and the U.S. presence for these products is well developed. U.S. company Sara Lee acquired premium bakery manufacturer Brossard France.

#### ***B. Products Not Present in Significant Quantities but which have good sales potential***

Processed food manufacturers will find sales potential in such food additives as thickeners, stabilizers, food supplements, and spices. Familiarity with French taste and texture preferences gives Belgium, the United Kingdom and Germany competitive advantage in the market.

French consumers' growing health consciousness is putting pressure on French manufacturers to come up with new products. So long as they meet French industry standards and regulations, functional foods and their ingredients will hold significant growth potential.

#### ***C. Products not present because they face significant barriers***

The French Government has banned or restricted concentrations of certain food additives. Please contact our office to see if your additive is banned or restricted.

## **V. POST CONTACT AND FURTHER INFORMATION**

If you have any questions or comments regarding this report or need assistance in exporting high value food products to France, please contact the Office of Agricultural Affairs in Paris at the following address:

Office of Agricultural Affairs  
American Embassy  
2, avenue Gabriel  
75382 Paris Cedex 08  
Tel: (33-1) 43 12 2264  
Fax: (33-1) 43 12 2662  
Email: [agparis@fas.usda.gov](mailto:agparis@fas.usda.gov)  
homepage: <http://www.amb-usa.fr/fas/fas.htm>

For more information on exporting U.S. food products to France, visit our homepage. The OAA homepage includes information on the HRI and Retail food sector, Food Agricultural Import Regulations and Standards, product briefs on the market potential for U.S. products, upcoming promotional trade shows and fairs in France. Importer lists are available from our office to exporters of U.S. food products.

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>.