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Report Highlights:

The French food processing sector is valued at $212 billion with over 17,650 food processors from small family owned businesses to some of the largest food companies in the world. Progress in food technology, marketing innovations, and exports of finished food products contribute to France's increasing demand for food ingredients. Exports of processed foods are higher than other large industrial sectors in France and its food industry is the third largest in the world behind Germany and the United States.

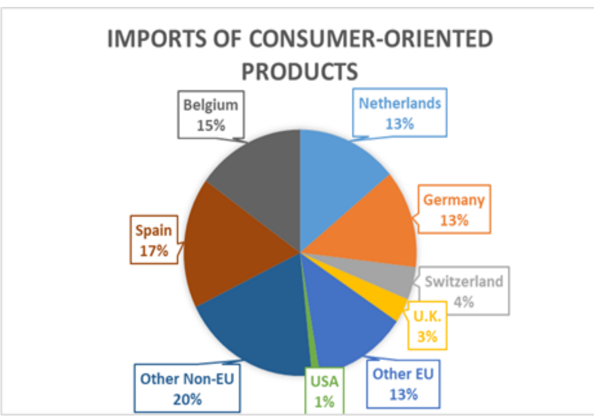
Market Fact Sheet: France

EXECUTIVE SUMMARY

With a gross domestic product (GDP) of approximately $2.71 trillion in 2019, France is the world's seventh largest industrialized economy and the Europe's third largest economy after Germany and the United Kingdom. It has substantial agricultural resources and maintains a strong manufacturing sector. France's dynamic services sector accounts for an increasing share of economic activity and has been responsible for most job creation in recent years. France is a member of the G-8 and G-20, the European Union, the World Trade Organization, and the OECD.

IMPORTS OF CONSUMER-ORIENTED PRODUCTS

Primary imports from outside the EU were oilseeds, fruits, and distilled alcohols from the United States and China. Imports from the EU were primarily dairy, meat, and vegetables. In 2018, the trade balance for France's agricultural and food products reached $18.9 billion. Not including transshipments, France's exports to the U.S. in 2019 were valued at $6.6 billion, led by wine and spirits.



FOOD PROCESSING INDUSTRY

In 2018 France had 17,650 food processing companies with sales of $212 billion. The value of processed food imports increased by 0.8 percent last year. Exports in the food industry sector are ahead of other leading industrial sectors, which places France's food industry among the top three in the world. In 2019, the French food processing sector represented 1.8 percent of the gross domestic product (GDP).

FOOD RETAIL INDUSTRY

In 2019, sales of hyper-supermarket and large discounters represented 75 percent of the country's retail food market. Different types of retailers have experienced growth and success over the last eighteen months and the largest French retailers continued investing in smaller stores in city centers. The overall retail food sales in France were estimated at $366 billion, and specialized food stores such as frozen food stores, organics and open-air markets had sales of $27 billion.

Quick Facts CY 2019

Imports of Consumer-Oriented Products *(USD million)*
43**

List of Top 10 Growth Products in Host Country

1) Almonds 2) Pet food 3) Pistachios 4) Grapefruit
5) Wine 6) Peanuts 7) Food preparations 8) Beer
9) Sweet Potatoes10) Sauces and seasonings

Food Industry by Channels (USD billion)

Food Industry Output	212
Food Exports	27.3
Food Imports	8.4
Retail	366
Food Service	66

Top 10 Host Country Retailers

1.	**Carrefour**	6.	**Systeme U**
2.	**Auchan**	7.	**Lidl**
3.	**E. Leckerc**	8.	**Cora**
4.	**ITM Entreprises**	9.	**Aldi**
5.	**Casino**	10.	**Schiever**

GDP/Population

Population *(millions)*: 67.2
GDP *(billions USD)*: 2.71
GDP per capita *(USD)*: 40,381

**This figure does not include U.S. products exported to France transshipped through other EU countries. This would double the figure.
Sources: TDM, World Bank, Linéaires

Strengths/Weaknesses/Opportunities/Challenges	
Strengths	**Weaknesses**
France is one of the biggest markets in Europe with high-income levels.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
A large, well-developed food-processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to France complicated.

Data and Information Sources:
INSEE, Trade Data Monitor, Linéaires, French Customs
Note: At an aggregate level 2019 statistics are available for trade. For production and more detailed product figures, 2018 is the most recent data available.

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COVID-19

The information in this report was compiled before the Covid-19 health crisis and does not reflect all details of the current economic situation that is still being impacted by the on-going pandemic. We do not have detailed figures as to the current situation, but rather trends. The strict national confinement plunged the country into recession. GDP is estimated to fall by 6 percent for 2020, the worst recession since World War II. According to the French Ministry of the Economy, the public deficit will reach 7.6 percent of GDP and the public debt will grow to 112 percent of GDP in 2020. The World Trade Organization predicts a drop in world trade between 13% and 32% in 2020.

That said, food processing was considered an essential industry by the government, and most firms continued to operate but with slightly lower capacity because of limitations on labor and new distancing precautions in factories. Trucking also increased costs for the industry as there were fewer drivers, with some choosing not to work and other foreign drivers departing the country. The biggest impact was the shutdown of potatoes processing factories for labor and safety issues. The meat sector is continuing to produce for the consistent retail demand. Many importers have noted that they have slowed or stopped their purchases form the United States as well as other countries while they assess future demand. Economic recovery is not expected until late in the year or in 2021.

Food nationalism is growing with messages of Buy French popular among government officials and the media. French President Macron’s recent speeches have highlighted the need for food sovereignty at the French and EU level. However, France relies on exports of agricultural products and enjoys a large surplus in their trade balance with exports such as wine and wheat where it is the leading EU exporter. Therefore, it is unlikely France will be able to pragmatically close the borders while continuing to promote their exports.

I. MARKET SUMMARY

Overall Market Summary

The French food industry is under pressure because costs are rising due to regulations and labor rules, and competition is increasing. Over the last ten years, France's food processing industry was overtaken in sales by Germany and the United States. Nevertheless, France's food industry sales increased by 1.4 percent in 2018, compared to 2017, and 0.7 percent for the period Jan-May 2019, compared to the same period in 2018. Most exported products are beverages, processed grain products as well as processed fruits and vegetable products.

The French Ministry of Agriculture reports there were over 17,650 food processing companies generating revenue of $212 billion in 2018. The value of processed food imports increased by 0.8 percent in 2019 over the previous year. In 2019, the French food processing sector represented 1.8 percent of the gross domestic product (GDP).

Processed Food Industry

In 2018 the processed food product production decreased by 1.3 percent as compared to 2017, although exports grew. In 2018, sectors of the production offering most opportunities for U.S. products were grain, bakery and pastry industries, and the beverage industry.

FRENCH FOOD INPUT AND PRODUCT TRADE
Calendar 2018 and 2019 (In Million Dollars)

Products	Imports		Exports		Trade Balance 2018	Trade Balance 2019
	2018	2019	2018	2019		
European Union						
• Raw Products	7,731	8620	11,112	12,228	3,383	3,608
• Processed Products	32,709	35,743	29,665	32,042	-3,043	-3,701
TOTAL	**40,440**	**44,363**	**40,777**	**44,270**	**340**	**- 93**
Non EU Countries						
• Raw Products	6,638	7,560	3,933	5,352	-2,368	-2,208
• Processed Products	10,436	11,238	19,662	11,282	9,303	44
TOTAL	**17,074**	**18,798**	**23,595**	**16,634**	**6,935**	**-2,164**
World						
• Raw Products	14,367	16,180	14,343	17,580	1,014	1,500
• Processed Products	43,145	47,026	49,404	54,436	6,260	7,410
TOTAL FOOD PRODUCTS	**57,512**	**63,206**	**63,747**	**72,016**	**7,274**	**8,910**

Source: Agreste/French Customs

Note: At an aggregate level 2019 statistics are available for trade. For production and more detailed product figures, 2018 is the most recent data available.

FRENCH FOOD PROCESSING INDUSTRIES
Calendar Year 2018

Industries	Number of Companies	Turnover (Million Dollars)
Meat and Meat Products	2548	40,055
Fish and Seafood	354	4,340
Fruits and Vegetables	1373	9,688
Fats and Oils	237	9,413
Dairy Products	1777	16,030
Grain Industry	467	9,423
Bakery Industry	1734	12,873
Miscellaneous Food Products	5292	32,725
Animal Feed	466	17,189
Beverages	3399	38,797
Total Food Processing Industries	**17647**	**190.861**

Source: French Ministry of Agriculture

France's demand for food ingredients has increased due to progress in food technology as well as finished food product exports. Products in high demand are new products designed to be convenient and healthy for consumers, low fat, and organic. The food processing industry is focused on improving nutrition in its final products. Since December 2016, EU Regulation requires that the nutritional information is detailed on product labels. French consumers are also very sensitive to food safety and quality. In response, the food processing industry is proactive in removing ingredients from products that have been associated with safety concerns even if they are permitted by law and regulations and the concerns are not backed by scientific studies. Food ingredients are usually imported without problems but they do face phytosanitary and other food safety regulations. Additives are subject to special authorization if they are not on the EU's list of approved additives. Tariffs and other labeling requirements may cause problems for some U.S. exporters to please refer to the latest Post FAIRS report at the following website, and to the FAS U.S. Mission to the European Union's website.

Key Market Drivers

Key market drivers for the food processing sector:

- Over the past decade, processors have focused on finding lower-cast food inputs, as well as for international processing options to remain competitive in the global market.
- Increasing interest in health and functional foods with an emphasis on the growing aging population.
- Increasing emphasis on convenience, ready-to-eat, and value-priced foods.
- Continued diversification of French culinary options.
- Greater focus on young consumers.
- Stronger food safety concerns among consumers and retailers.

U.S. Involvement in the Industry

In order to sustain its processing sector, France became a net importer of agricultural products, The EU remains France's most important trading partner with top five suppliers: Spain, Belgium, Germany, The Netherlands, and Italy. Outside of the EU, the United States is France's third largest supplier after Switzerland, and Brazil. U.S. exports to France represented 2 percent of the value of imports in 2019. Major products imported from the United States are fish and seafood, dried fruits and nuts, pulses, canned and prepared meat, beverages, wine, spirits and grains.

MAJOR FOOD EXPORTERS TO FRANCE
France (Customs) Import Statistics
Commodity Agricultural & Related Total
Year to Date: January-December 2019

Partner Country	USD (Millions)			% Share			% Change
	2017	2018	2019	2017	2018	2019	2019/2018
World	66,289	69,509	68,595	***100.00***	***100.00***	***100.00***	4.86
Spain	8,802	9,247	9,001	13.28	13.30	13.12	-1.91
Belgium	7,878	8,606	8,442	11.88	12.38	12.30	-1.91
Germany	6,934	7,327	7,195	10.46	10.54	10.49	-1.80
Netherlands	6,846	7,171	7,143	10.33	10.32	10.41	-0.39

Italy	4,953	5,389	5,367	7.47	7.75	7.82	-0.41
United Kingdom	3,079	3,154	3,086	4.64	4.54	4.50	-2.16
Switzerland	2,073	2,125	2,103	3.13	3.06	3.07	-1.03
Poland	1,682	1,960	1,990	2.54	2.82	2.90	1.53
Ireland	1,663	1,630	1,646	2.51	2.34	2.40	0.98
Brazil	1,422	1,508	1,435	2.14	2.17	2.09	-4.84
United States	**1,292**	**1,426**	**1,374**	**1.95**	**2.05**	**2.00**	**-3.65**

Source: Trade Data Monitor/French Customs (Agricultural Total, Group 2)

Key Advantages and Challenges facing U.S. Products in France

Growth in tourism to France has helped boost French food manufacturers' sales to HRI. U.S.-style food has become more popular among young-urban consumers, a growing sector, and a benefit for potential U.S. inputs into food processing. Additionally, more products from the United States are recognized by French industry for quality and healthy aspects. Key advantages and challenges for U.S. food products are:

Advantages	Challenges
Consumers demand for innovative, low fat, healthy, and organic products.	Food safety and phytosanitary restrictions affect imports of fresh produce and certain food ingredients.
France is a major producer and exporter of finished processed food products driving ingredient demand.	Certain food ingredients (such as enriched flour) are banned or restricted from the French market.
Food technology developments and marketing innovations spur higher demand for food ingredients.	Germany, the United Kingdom, as well as French manufacturers are main competitors to U.S. products.
Growing popularity of specialty and regional theme restaurants, such as Cajun or U.S. barbeque stimulates demand for U.S. food ingredients.	Government subsidies help French domestic suppliers compete against imports.

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

U.S. suppliers need French partners to enter the market. Local representatives provide additional 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. The Health Ingredient Show, and the Food Ingredient Show are held periodically in Paris. The next Food Ingredient Show will be held November 30-December 1, 2021 at Paris-Nord Villepinte.

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. Food processors supply France's retail and food service (HRI) industries, which account for roughly 70 and 30 percent, respectively, of the sector's overall sales. The 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. The following illustration is a basic flowchart showing how U.S. products would enter and move through the French distribution system:

Company Profile
In 2018, there were 17,650 food processing companies in France. The processed products are meat, fish, fruits and vegetables, canned foods, bakery and cereals, dairy, confectionery, animal feed, ingredients, and beverages. The table below also includes U.S. food companies having foreign direct investments in France.

FRANCE'S MAJOR FOOD PROCESSING COMPANIES, 2018

Company Name and Type of Food Processor	Sales (million $)	Number of Employees	End-Use Channels	Production Location	Procurement Channels
Danone (production, processing and marketing of fresh dairy products, packaged water, baby food and clinical nutrition)	29,162	102,401	Retail and HRI	France & Europe North America Asia/Middle East & Africa	Importers; Direct
Lactalis (dairy products)	21,842	80,000	Retail and HRI	France, Europe, North, Central and South America, Asia, Africa	Importers; Direct, Distributors
Pernod Ricard (manufacturing and distribution of wines and spirits)	10,841	18,914	Retail and HRI	France & Europe And USA	Importers; Distributors; Direct
Tereos (sugar manufacturer, process raw materials in sugar, alcohol and starch)	6,021	9100	Food and non-food industry and retail	France & Europe South America Africa Asia	Importers; Direct
Nestle France (products and beverages for human consumption and animal feed)	5,230	13,000	Retail and HRI	France and all over the world	Importers; Direct
Terrena (distribution, agricultural supply, animal and plant production)	5,758	14,055	Retail, HRI (own plant production supply chain)	France & Europe	Importers ; Direct
Soufflet Group (grain processor)	5,738	6,943	Industry and Retail	France, Europe, Asia and South America	Direct; Importers
Vivescia Group (producer, grain and vegetable processor)	4,014	7,500	Industry	France and Europe	Direct

Mondelez International (Kraft Foods France coffee and chocolate)	3,381	5,000	Retail and HRI	France (snacking, chocolate and coffee brands) Branch of Kraft Foods created for the French and European markets	Importers; Direct
Agrial (food and agricultural cooperative group)	6,848	22,900	Retail and HRI	France	Importers: Direct
Moet-Hennessay (luxury industry, wine, spirits)	7,502	999	Retail and HRI	France, Switzerland, USA	Direct
Savencia Fromage & Dairy (formerly Bongrain SA) (milk processor)	5,741	19,888	Retail and HRI	France, Subsidiaries in Europe, North and South America	Direct; Importers
Bigard (meat processor)	5,077	14,000	Retail, HRI	France	Direct
Tereos (sugar manufacturer, process raw materials in sugar)	5,240	26,000	Food and non-food industry and retail	France and Europe, South America, Africa	Importers; Direct
Agro Mousquetaires (French retailer)	4,758	11,000	Retail	France	Direct
Axereal (agricultural and food cooperative group)	3,778	3,200	Retail, HRI and Industry	France/Europe and Algeria	Direct; Importers
Cargill France (food, agricultural, financial, industrial and services)	1,909	200	Industry, Retail and HRI	France and I nternationally across Europe, North and South America, and Asia (U.S. Group)	Direct; Importers
Roullier (plant fertilizers, animal feed and nutrition)	3,024	8,000	Industry, Retail and HRI	France Brazil, Poland, Austria, Uruguay, Paraguay, Mexico, Ukraine, Egypt	Direct; Importers
LDC (poultry producer and processor)	4,868	22,000	Retail and HRI	France, Poland and Spain	Direct Importers
Fromageries Bel (cheeses baked or half-cooked)	3,910	13,000	Retail and HRI	France, Europe, Americas, Asia, Africa, Middle East	Direct
Unilever France (hygiene, personal care and nutrition)	2,746	894	Retail and HRI	U.K. – The Netherlands	Direct Importers
Coca-Cola Enterprise (soft drinks)	2,488	2,000	Retail and HRI	USA – France	Direct; Importers
Limagrain (vegetable and grain seeds)	1,948	500	Retail, HRI and Industry	France and Europe – Subsidiaries in North America, Asia and Australia	Direct; importers
Triskalia (cooperative agrosupply,	2,345	4,800	Retail and HRI	France	Direct Importers

food and special distribution)					
Roquette Freres (starch and starch based products manufacturer)	2,391	3,600	Industry, Retail and HRI	France, North America, Europe and Asia	Direct; Importers
Cooperl Arc Atlantique (production and slaughter pigs)	1,792	2,000	Retail and HRI	France	Direct

N/A = Not Available
Source: RIA Magazine

Sector Trends

France is a major exporter of processed foods. In 2019, the total French exports of processed foods were valued at $54.4 billion, an increase of 10 percent from 2018. In order to reduce and consolidate costs, more French food processors are also importing and processing food ingredients.

For example, Danone, the world's dairy product leader is number two in packaged water and baby food, and number one in Europe for clinical nutrition and has over 140 overseas manufacturing plants. Another company, Sodiaal, is the French leader in milk production and number four in Europe, and has joint ventures in Switzerland and China. Some French companies invest in Asia to produce dairy, sugar, and sugar-based products, beverages and grains. Some companies such as Moet Hennessy and Pernod Ricard are also developing presence outside of France and have a strong presence in the United States.

French companies invest heavily in research and development. In addition, French consumers' quality, food safety, and health concerns have pushed the French food processing industry to look for new healthier products and increased their demand for organics. Environment and sustainable development, sorting and recycling packaging waste, food waste and energy efficiency are major aspects in the competitive French food industry. The decrease of the French household purchasing power did not affect most of French consumer demand for quality, innovative, and healthy products. Nevertheless, the lowest social classes are primarily driven by price. Also, change in lifestyles and in demographics resulted in a strong growth of consumption of processed products..

III. COMPETITION

Many countries conduct market promotion activities in France. Third countries promoting food and processed food products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil, Canada, and the United States.

Iran, Turkey and North Africa, which can supply lower-priced dried fruits and nuts, have competitive advantage over U.S. products, even though French consumers recognize U.S. dried fruit and nuts have a superior quality. Norway, the United Kingdom and China are major competitors for U.S. fish and seafood products. The new trade agreement with Canada (CETA) entered into force in 2017 and has impacted U.S. exports to the EU and France for many products including seafood.

Processed food products such as confectionery, sauces and dressings, and soft drinks, continue to develop at a fast rate, and the United States remains in a good position to continue to benefit from this market demand. That said, familiarity with French consumer tastes and texture preferences, as well as proximity to the market in some cases give Belgium, the United Kingdom, and Germany competitive advantage for these products. Please also see the Retail Food Report, section Competition.

IV. BEST PRODUCT PROSPECTS

In 2019, the United States is the second largest supplier of soybeans to France after Brazil and before Canada. In 2019, because of the price differential the United States became the largest supplier of soybeans and soybean meal to France. Most of the soybeans imported into France enter as soybean meal for animal feed use. Below are U.S. products present in the market that have good sales potential.

PRODUCTS PRESENT IN THE MARKET WITH GOOD SALES POTENTIAL

Product Category	2019 Total Imports (in million dollars)	Average Percentage Import Change (2019-2018)	Key Constraints over Market Development	Market Attractiveness for USA
Fish and Seafood	$6,609	-17.6%	Competition from other suppliers	Demand for seafood products will continue to rise because domestic production is significantly lower than demand. Health benefits and quality of US products offer opportunities for US suppliers mainly for frozen Alaska Pollock fillets, fresh and frozen scallops, frozen surimi base, live lobster and frozen salmon.
Citrus fruits and nuts	$2,832	-22.8%	Competition from key established suppliers	U.S. products are considered as quality and safety products. France is the leading European market for U.S. grapefruits. Most popular nuts sold in France are almonds, cashews, pecans, hazelnuts and pistachios. Most sales from the US are bulk and for the processing industry.
Coffee, tea and spices	$6,473	27.0%	Lack of awareness for US products	The market remains a niche for US suppliers but opportunities exist to compete with other countries origin present in the market for coffee and teas.
Sauces, condiments and seasonings	$10,656	-2.0%	Competition from key established multinational suppliers. Products to be GMOs free.	U.S. suppliers to provide new exotic and natural flavors and attractive packaging.

Salted and sweet snacks	$1,174	-35.0%	High tariff and competition from large multinational.	Snacking is on the rise, and demand is for new flavors, healthy content and easy to eat packaging. U.S. products are to be considered to be sold for private labels.
Sugar, chocolate, and confectionery	$6,572	8.0%	High tariff, adapt to European and French regulations. Also, competition with key established multinationals.	Niche opportunities for sugar-free, low-carb and functional value-added products.
Pulses	$16,388	-30.0%	Competition from key established suppliers.	U.S. suppliers carry high quality products and should continue valorizing the nutritional aspect of their pulses.

N/A = Not Available
Source: INSEE/TDM – Trade Data Monitor

PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WITH GOOD SALES POTENTIAL

Product Category	2019 Total Imports (in Million Dollars)	Average Percentage Import (2019/2018)	Key Constraints Over Market Development	Market Attractiveness for USA
Tropical fruits	$1,125	-45.0%	Competition with French overseas department and territories producers (banana and pineapple) High transportation costs	French consumers are open to different flavors. U.S. suppliers may find a niche to offer tropical fruits and sale to specialized gourmet stores.
Sweet potatoes	$0.6	-94.0%	Knowledge of this product is increasing.	This market is likely to become more dynamic as consumers gain product understanding. Opportunities will exist for development by U.S. sweet potato suppliers and relevant trade associations.
Dietary products including nutraceuticals	N/A	N/A	Strict EU and French regulations apply to these products.	This is a fast growing and lucrative market attractive for the numerous US suppliers
Organic foods	N/A	N/A	Strict EU regulations on production and countries equivalency apply for imported products from third countries. The U.S. has an equivalence arrangement with the EU.	Increasing health-concern and various food crisis boosted this market segment. Attractiveness for US organic food suppliers with innovative products.

Kosher foods	N/A	N/A	Competition from local wholesalers and key suppliers. Products to be certified Kosher by religious authorities.	Religious and health concerns boost sales of kosher products beyond the community offering opportunities for US suppliers.
Halal foods	N/A	N/A	Competition from multinational groups and key suppliers. Products to be certified Halal by religious authorities.	A large Muslim population in France generates a 10% annual increase in Halal foods offering opportunities for US suppliers.

N/A = Not Available
Source: INSEE/TDM – Trade Data Monitor

V. POST CONTACT AND FURTHER INFORMATION

For further information regarding exporting U.S. food products to France, please contact the Office of Agricultural Affairs:

Office of Agricultural Affairs
American Embassy
2, avenue Gabriel
75382 Paris Cedex 08
Tel: (33-1) 43 12 2245
Fax: (33-1) 43 12 2662
Email: agparis@fas.usda.gov
Homepage: http://www.usda-france.fr

For information on exporting U.S. food products to France, visit our homepage.

Attachments:

No Attachments