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Report Highlights:

During Covid-19, the French government designated the retail sector as essential. Retail companies were authorized to continue operations. The nationwide lockdown and the closing of restaurants gave a significant boost to the retail sector. On-line ordering and in-store pick-up (also known as Click and Collect or E-drive) sales rose 40 percent in 2020, representing 7.8 percent of all retail food sales. The French retail network is diverse and very sophisticated, offering a wide range of opportunities for U.S. food products provided they conform to French and EU regulations.

Market Fact Sheet: France

EXECUTIVE SUMMARY

In 2020, the COVID-19 pandemic weighed heavily on the French economy. Gross domestic product (GDP) contracted 8.3 percent from 2019 to $2.28 trillion. Preliminary data for 2021 indicate a GDP increase of 7 percent. France is the world's seventh largest economy and the second largest in the EU. Endowed with substantial agricultural resources, France has a strong food processing sector.

IMPORTS OF CONSUMER-ORIENTED PRODUCTS

Primary imports from outside the EU include oilseeds, fruit, and distilled spirits. Imports from the EU are primarily meat, dairy, and vegetables. France has a positive trade balance in agricultural and food products, reaching $14.4 billion in 2020. French imports from the United States reached $1.3 billion in 2020, led by tree nuts, alcoholic beverages, and seafood.

FOOD PROCESSING INDUSTRY

France's food processing sector encompasses approximately 15,500 companies with total annual sales exceeding $215 billion. Small and medium sized enterprises (SMEs) account for almost 98 percent of the industry. It is a leading sector of the French economy with a strong reputation for quality and innovation.

FOOD RETAIL INDUSTRY

In 2020, almost 75 percent of all retail food sales in France were in the hyper-supermarket and discount store format. Non-traditional retailers have experienced significant growth and success during the COVID pandemic. E-commerce food sales increased by more than 40 percent compared to 2019, and now represent almost 8 percent of total retailer food sales.

Quick Facts CY 2021

Imports of Consumer-Oriented Products *(USD million)* 51**

List of Top 10 Growth Products in Host Country
Almonds, pet food, pistachios, grapefruit, wine, peanuts, food preparations, beer, sweet potatoes, sauces and seasonings

Food Industry by Channels (USD billion)

Food Industry Output	215
Food and Ag. Exports	89.5
Food and Ag. Imports	71.4
Retail	394
Food Service	62

Top 10 Host Country Retailers

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

GDP/Population
Population *(millions)*: 67.8
GDP *(billions USD)*: 2.93
GDP per capita *(USD)*: 45,187
**This figure does not include U.S. products exported to France transshipped through other EU countries.
Sources: TDM, World Bank, Linéaires

Strengths	Weaknesses
France is one of the largest consumer markets in Europe.	U.S. exporters face competition from EU FTA partners who benefit from tariff-free market access.
Opportunities	**Challenges**
A large food-processing industry seeking a wide range of ingredients.	Non-tariff barriers including can complicate the process for exporting to France.

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I. MARKET SUMMARY

Overall Market Summary – COVID 19 and War in Ukraine

According to the National Institute of Statistical and Economic Information (INSEE), the average price of raw food materials increased by more than 41 percent in 2021. Energy and transportation costs also increased 18.5 percent and 11.8 percent, respectively. With the successive waves of the COVID-19, long delays in freight transportation and warehousing often disrupted supply chains. Nevertheless, the agri-food industry remained resilient in maintaining production. Over the last 8 years, intense competition in the food retail sector has triggered deep discounts that favor budget-conscious consumers. At the same time, basic commodity prices have steadily increased. The increasing cost of energy has further added to inflationary pressures. After chemicals and metallurgy, the French food industry is the third largest consumer of energy, accounting for about 15.2 percent of total energy consumption. Since the beginning of 2022, energy costs have only increased especially with the ongoing conflict between Russia and Ukraine. While inflationary pressures are global, the French food processing industry is particularly vulnerable because of its focus on high-end and high-quality products that are increasingly more expensive to produce.

While the price of individual raw ingredients only has a marginal effect on overall inflation the food industry is nevertheless facing a lot of pressure to contain costs. At the same time, the industry is also adjusting to new environmental regulations that prioritize high value, high quality food that is produced and marketed more sustainably. New packaging laws are phasing out single-use plastics in favor of more recyclable materials. Food nationalism is growing since the crisis began with messages of Buy French popular among government officials and the media. 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, France will have a difficult time limiting imports while continuing to promote their exports.

Market Summary

France's retail distribution network is diverse and sophisticated. The food retail sector is generally comprised of six types of establishments: 1) hypermarkets, 2) supermarkets, 3) hard discounters, 4) convenience stores, 5) gourmet centers in department stores, and 6) traditional outlets including neighborhood stores - bakeries and butcheries, 7) gas marts, as well as open-air markets and internet sales. In 2021, sales within the first four categories represented 75 percent of the country's retail food market. Different types of retailers have experienced growth and success in 2020, mainly boosted by the e-drive as a result of COVID 19 crisis and the expansion of the organic food sector in retail outlets. Over the last ten years, the largest French retailers invested in smaller stores in city centers. In 2021, food expenditures represented about 20 percent of the overall budget, compared to 35 percent in 1960. The household food basket is now primarily composed of processed and ready-to-eat foods while the demand for meat, fruits and vegetables, bread and alcoholic beverages has decreased. The increase of household purchasing power, fluctuation in food prices, and changing lifestyles have contributed to the changes in food habits. In 2021, the overall retail food sales in France were estimated to $390 billion. Hyper/supermarkets and hard discounters sell about $240 billion; neighborhood stores, including traditional grocers, $115 billion; and specialized food stores such as frozen food stores, organics and open-air markets, $35 billion.

Generally, hyper/supermarkets remain the most popular stores, but specialized food stores, frozen food stores, and hard discounters have increased their retail sector market share in recent years. Other trends of note are that French consumers are diversifying their purchases through several stores, for example buying some products locally and others from discount stores that may be farther from their residence. In addition, consumers are more price sensitive and demanding of high-quality products. Since several years, the large retailers' emerging "drive-thru" service was on the rise, but this year with the sanitary crisis and the nationwide lockdown this service represented about eight percent of total retailer's food sales in 2021, or a volume increase of about 40 percent compared to 2019. In addition, large retailers are expanding their private labels offered, as well as continue investing in smaller stores.

Key market drivers and consumption trends;

- More time spent working and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts, and baking mixes.
- The growing population and increased health consciousness of consumers is fueling the demand for health and wellness products, as well as functional food products.
- Fair trade and organic products are becoming increasingly popular. France is second largest organic market in Europe.
- Ethnic foods, health and super foods, and free from products (e.g., gluten or lactose free), and locally grown are further trends that are attracting more and more French consumers.
- Increasing share of consumers who view their purchasing decision as a political or life-style statements such as no GMOs, free-range eggs, and vegetarian or vegan diet foods.
- Consumers increasingly require traceability and information about production methods.

Table 1: Advantages and Challenges

Advantages	Challenges
A significant portion of French households can afford imported food products.	Lack of brand and variety awareness of U.S. food products by consumers.
The French food retail industry is looking for new imported food products.	Although of interest, introducing new-to-market brands and products is not easy.
American food and food products are increasingly popular in France.	Complying with European and French regulations.
Efficient domestic distribution systems.	Domestic and intra-EU imports dominate the supply chain.
French consumers demand quality, innovative, healthy products.	Adapting products to French consumers' tastes and expectations.
Changing lifestyles, demographic changes and the economic crisis fuel growth in the retail sector.	Adapting U.S. products to French consumer needs regarding price, practicality, variety, quality and packaging.

II. Road Map for Market Entry

U.S. exporters can gain market entry to the retail service sectors in several ways including representation by an importer, having their products placed in a central purchasing office catalog and by selling to cash and carry outlets. Food buyers use central buying offices, importers and cash and carry dealers to procure their products. The most common method of market entry is by using an experienced importer to place your product in the French market. The importer will verify that your product meets EU import requirements, such as labeling and ingredient regulations and will verify your financial reliability. If interested, the importer will engage in price negotiations. Both supplier and importer need to discuss logistical requirements and the length of the contract. FAS Paris maintains a list of importers, please email agparis@usda.gov and designate your company, state of production and sector of interest for more information. Importers often place your product with retail stores and with central purchasing offices. In France, it is common for large retailers to participate in a central purchasing office to share the costs of purchase and distributors. The central purchasing office buys products directly as well as from importers and distributors and provides them to the retail outlets. You will find additional labeling rules on food allergens and nutritional products, packaging, container, food additives regulations and trade barriers at http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports/

Table 2: Major Food Related Trade Shows in France

Trade Show	Description	Location
SIAL (every two years) USDA endorsed October 15-19, 2022, erich@imexmanagement.com	Leading food fair for retail trade, food service, and catering market	Paris
SIRHA January 19-23, 2022 https://www.sirha.com/en/	World's largest trade show for food service	Lyon
Sandwich and Snack Show April 12-13, 2023, **Error! Hyperlink reference not valid.**	Trade show for snacks products	Paris
Wine Paris - Vinexpo February 13-15, 2023 https://www.vinexposium.com/en/wineparis-vinexpo/	International trade show for wine and spirits	Paris

U.S. suppliers may also contact the following organizations for additional support:

State Regional Trade Groups (SRTG) are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by USDA/FAS and the private industry. They carry out promotional activities to increase exports of U.S. high-value food and agricultural products. For more information, contact the state regional trade group responsible for your state: https://www.fas.usda.gov/state-regional-trade-groups

The **U.S. Agricultural Export Development Council** is composed of U.S. commodity trade associations and other organizations, in addition to the SRTGs, with an interest in promoting U.S. agricultural exports. For an overview and additional information on the various Commodity Groups, you can go to www.usaedc.org. The Commodity Cooperator Groups regularly organize (reverse) trade missions, often organized around trade shows or other events. They also are excellent platforms for U.S. suppliers of food ingredients to meet with foreign buyers.

Table 3: Profiles of Top Food Retailers

Retailer Name and Outlet Type	Ownership	World Sales in 2021	Location	No. of Outlets (world)	Purchasing Agent Type

		(billion USD)			
Carrefour (Hyper/Supermarkets, convenience stores)	French	90.6	France and foreign countries	12,225	Importers
E. Leclerc (Hyper/supermarkets, convenience stores)	French	56.9	France and Europe	3,345	Central Buying office
Inrermarche/Les Mousquetaires (Supermarkets, hard discounter, and convenience stores)	French	52.7	France and foreign countries	4,000	Central Buying Office
Systeme U (Hyper/supermarkets and convenience stores)	French	30.0	France	2,398	Direct
Groupe Casino (Hyper/supermarkets, hard discount + convenience stores)	French	35.7	France and foreign countries	11,100	Central Buying Office
Groupe Auchan (hyper/supermarkets, + convenience stores)	French	51.8	France and foreign countries	1,446	Direct
Lidl (Hard discounter)	German	13.1 (France)	France and Europe	10,500	Central Buying Office
Cora (Groupe Louis Delhaize) (Hyper/supermarkets)	French and Belgian	9.2	France and Europe	103	Importers
Aldi (Hard discounter)	German	4.4 (France)	France and foreign countries	8,078	Central Buying Office

Source: Lineaires/Panorama Trade Dimensions 2020

Major Retailers:

1. **Carrefour**: After having been the world second largest retailer after Walmart, and the largest in Europe for several years, since 2016 the French group now ranks seventh. Created in 1959 in southeast France, Carrefour grew rapidly into international markets with stores in 30 countries (Europe, Asia, South America, and North Africa.
2. **E. Leclerc**: Since 2016, the company has remained the top retailer in France. Most of its stores are hypermarkets. Leclerc is present in Europe and sources food products through its central buying office.
3. **Intermarché**: This is a group of independents retailers with stores in Europe and foreign countries. Most of Intermarché's outlets are supermarkets; there are a few city center stores and only 94 hypermarkets.
4. **Groupe Auchan**: This is a family company owned by the Mulliez family and the Schiever Group. Auchan is present in 12 countries.
5. **Systeme U:** This is the fourth largest retailer in France in terms of sales and the sixth largest retailer in terms of stores. U brand private label expansion is a priority for the products such as wine, fruit juices, frozen ready-to-eat foods, ethnic foods and seafood.
6. **Casino Group**: is present in France, and in South America. Casino has Monoprix, Franprix, Petit Casino, Casino Shop, Vival, Spar, and Chez Jean.

7. **Cora**: The retailer is part of the Belgium group Louis Delhaize and has hypermarket/supermarket stores in France and Europe.
8. **Grand Frais**: this is a network of 244 small to medium stores. Created in the 1990s to offer consumers the best quality at moderate prices for fruits and vegetables, fish, world food groceries, butcher-delicatessen and dairy products. Grand Frais works directly with importers.
9. **Costco:** In June 2017, the U.S. retailer inaugurated the first warehouse club in France, in Paris' suburb; a membership-fee discount concept was new to France. Given the success of this first French store that opened near Paris, a second store opened West of Paris mid-November 2021.

Convenience Stores:
They fall under the category of small supermarkets (superettes), are generally located in small cities, and frequently opened every day (including Sunday). Within ten years, proxy/convenience stores increased by 40 percent, and in 2021, there were approximately 8,500 outlets affiliated with large retailers such as Carrefour, Casino and Intermarché. Their number is expected to continue rising in coming years with more new concept stores.

Other Type of Retailers:
The number of smaller and independent stores has slightly increased since 2002. Most of them are specialized food outlets (bakeries, butchers and fish shops, groceries), and they are located both in urban and rural areas. While neighborhood stores in rural areas tended to decrease in number, they have increased in urban areas. INSEE most recent census indicated 78,000 stores. Their sales represent about 20 percent of the French food sales and their products are sourced from wholesalers and wholesale markets. Customers of neighborhood stores are generally medium to high-class consumers. Traditional grocers include gourmet sores, such as Fauchon, La Grande Epicerie, and Galerie Gourmande, which carry a wide range of imported products. They are located in large and medium-sized cities and attract high-income consumers. The approximately 200 outlets in France offer U.S. exporters easier market entry for products; their drawback is a tendency to purchase smaller quantities and they work directly with importers.

- Picard Surgeles is the leading frozen food retailer in France for home consumption, with a 30 percent market share, 1100 outlets throughout France and sales in 2021 valued at $1.8 billion. Picard sells high-end frozen products and offers opportunities for U.S. suppliers of fish and seafood, frozen fruits and vegetables, fruit juices, and prepared specialty meals for their private label. Picard works directly with importers.
- Toupargel was the second largest frozen food retailer in France after Picard and the leader for frozen food home deliveries. In 2021, Toupargel sales of frozen foods amounted to $230 million, and offers opportunities primarily for U.S. suppliers of fish and seafood

III. Competition

Most exporters within the EU conduct market promotion activities in France. Products such as fresh or preserved fruits and vegetables, wine, beer, fish and meat are commonly promoted in trade shows, advertisements and supermarkets. Third countries promoting food products in France include Norway, Israel, Morocco, South Africa, Argentina, Brazil and Canada.

Table 4: Overall Competitive Situation facing U.S. Suppliers, Calendar Year 2021

Product Category and Imports from the United States	Main Suppliers in Percentage	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
HS08. Fruit and Nuts, 35,102 tons $ 223.5 million	Spain (32%) Netherlands (14%) Belgium (10%) USA -- (4% share)	Spain, Netherlands and Belgium are EU countries and price competitive as well as geographically close. Italy mainly supplies grapes, while Spain has a wider range of fruits to offer including citrus. Turkey and Israel also supply citrus to France. U.S. exports to France increased 21 percent over last year.	There is marginal local production at nuts and citrus and no tropical fruits. France does produce walnut primarily for domestic production. France is an attractive market for U.S. dried fruits and nuts, but the competition is tough for citrus products.
HS03. Fish and Seafood 49,486 tons $203.7 million	Norway (18 %) Sweden (15%) U.K. (13%) Spain (8%) USA – (4% share)	Norway and Sweden dominate the market. But export share is shrinking. U.K. is becoming a major player. The U.S. ranks fourth and exports increased by 42% in volume over previous year.	Local resources for fish and seafood do not satisfy increasing demand. The United States is a major supplier to France, especially for frozen pollock, cod and salmon, live lobsters, frozen rays, dogfish and scallops.
HS20. Preparations of fruits, vegetables, nuts, including jams, fruit purees and fruit juices. 5,303 tons $30 million	Belgium (19%) Netherlands (16%) Spain (15%) USA – (0.7%) market share	Belgium & Netherlands dominates the market with preparation of vegetables and other than tomatoes. Spain supplies France with prepared fruits, fruit juices, and nuts. Spain and Brazil also export fruit juices to France.	There are approximately 1,100 local companies in the sector of canned fruits and vegetables, including a few major groups and regional canners. France is not a producer of fruit juices except for a few home-products.
HS21. Prepared foods 5,751 tons $53.2 million	Germany (17%) Belgium (12%) Italy (12%) USA – (2% share)	Germany, Belgium and Italy dominate the market with sauces/condiments/seasonings and mustards. Italy supplies soups, and ice creams. Most of the imports from the United States are food preparations, sauces, dressings and ice cream.	Demand for interesting natural or exotic flavors as well as health and wellness products should provide opportunities for U.S. suppliers of sauces/ condiments/seasonings.
HS10. Cereals 5,152 tons $17.1 million	Italy (16%) Germany (8.5%) Spain (8%) USA – (2% share)	Italy dominates the market with rice, followed by Germany and Spain. Belgium and Netherlands reshipping corn and rice. The United States ranks sixteenth among cereal suppliers to France.	U.S. exports are mainly corn and rice.
HS22. Beverages, including wines, spirits and alcohols 58.5 ML $203.7 million	Belgium (18%) U.K. (15%) Italy (13%) USA – 4.5% share)	Belgium, the UK and Italy dominate the market with beer, branded spirits, and wine respectively. U.S. sales of bourbon and wine dropped, impacted by the retaliatory tariffs.	France is world's largest whiskey consumer and also wine producer with Italy. However, a niche market exists in France for third country wines.
HS07. Edible vegetables, Pulses 21,864 tons	Spain (36%) Morocco (17%) Belgium (12%)	China supplies with all varieties of pulses, while Canada supplies mainly beans and lentils. The United States	France's production of pulses represents 25% of total domestic need.

$34.6 million	USA - (1% share)	supplies mainly beans and lentils.	
HS12. Oilseeds and Oleaginous Fruits 200,153 Tons $164.2 million	Canada (25%) Netherlands (13%) Germany (8%) Ukraine (5%) USA – (7.5% share)	Canada sales in value increased by 110% over a year thanks to the new trade agreement while US soybeans and seeds sales increased 34% in volume.	France is a net soybean importer. The United States has traditionally been one of its major suppliers but CETA, the new EU/Canada trade agreement is challenging for US sales.

Source: Global Trade Atlas /French Customs

IV. Best Product Prospects

Products identified as opportunities for U.S. Suppliers

- Fish and seafood: salmon, cod, lobster, scallops. Please see report for more information
- Citrus fruits and Nuts: grapefruit, almonds, pistachios, and other nuts
- Salted and sweet snacks, confectionary products
- Spices, sauces, seasoning
- Wine and other alcoholic beverages
- Carbonated drinks, juices
- Pulses
- Canned fruit/vegetables, marmalade

.

Products not present in significant quantities but that have good sales potential

- Energy drinks, 14 percent estimated annual growth and market estimated at USD 281 million
- Organic foods, 13 percent growth and market valued at USD 13.6 billion
- Kosher foods, 14 percent estimated annual growth and market estimated at USD 0.6 billion
- Halal foods, 6 percent estimated annual growth and market estimated at USD 8.5 million

Products not present because they face significant trade barriers

- Vitamin-enriched flour
- Meat products with hormones and poultry products
- Biotech-derived products that are not approved in the EU

For more information on product trade restrictions within the European Union, please refer to U.S./EU Mission Food and Agricultural Import Regulation and Standards Report (FAIRS).

V. Post Contact and Further Information

If you have any questions or comments regarding this report, need assistance exporting to France or desire French buyers contact lists, please get in touch with the U.S. Agricultural Affairs Office in Paris:

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Attachments:

No Attachments