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France

HRI FOOD SERVICE SECTOR

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Report Highlights:
Overall sales in the French hotel, restaurant and institution (HRI) food service sector have shown steady growth over the past five years, rising from $85.8 billion in 2004 to $119.2 billion in 2008. During calendar year 2008, the French HRI sector served approximately 10.2 billion meals valued at 81.1 billion Euros ($119.2 billion), an increase of eight percent over the period 2006-2008. The gain in HRI sales was supported by strong demand in the institutional catering and fast food section of the commercial catering sector. Lower sales by restaurants and hotel/resorts last year are not forecast to recover in 2009.

Best prospects for U.S. suppliers targeting the HRI sector are fish and seafood, hormone-free high quality beef, frozen foods including desserts, fruit juices and sodas, quality wines, salad dressings, sauces, spices, brown rice and dried peas, beans and lentils.

Post:
Paris

Author Defined:

Note: Exchange rates used in this report are as follows:

Calendar Year 2005: USD1 = 0.8038 Euros

Calendar Year 2006: USD1 = 0.796 Euros

Calendar Year 2007: USD1 = 0.7312 Euros

Calendar Year 2008: USD1 = 0.6803 Euros

(Source: Central Intelligence Agency Fact Book)

SECTION I. MARKET SUMMARY

1. France in Profile

With a total area of 551,000 square kilometers, excluding overseas departments and territories, France is the largest country in western European. In 2008, 64.3 million Frenchmen (French National Institute for Statistics (INSEE) had a per capita gross domestic product (GDP) of $44,544. While the number of households (25.7 million) has exhibited an overall growth trend since 1975, the size of the household population continues to decrease.

French households spent 10.4% of their budget on food and non-alcoholic beverages in 2008 versus 10.3% in 2007 and 2.2% in 2008 on alcoholic beverages and tobacco versus 0.1% in 2007 (INSEE). France ranks first in Europe, and third worldwide, in overall expenditures on food and related items behind the United States and Japan.

Recently, the demand for meals prepared outside the home had been on the rise, attributable to changing lifestyles, including the higher number of women working outside the home. In 2008, however, consumers spent less time at restaurant meals, spent less per meal and ate out less often, especially during the week, due to the economic downturn. This behavior benefited fast food demand, especially in sandwich and snack distribution outlets, which saw an 11 percent rise in sales compared to 2007. The institutional catering sector in 2008, in response to demands for more company-provided meals and contract catering for an aging population, continued its growth trend.

2. France's Food Service Sector

Overall sales in the French hotel, restaurant and institution (HRI) sector have shown steady growth over the past five years, rising from $85.8 billion in 2004 to $119.2 billion in 2008 (Trade source estimates). During calendar year 2008, the French HRI sector served approximately 10.2 billion meals valued at 81.1 billion Euros ($119.2 billion), an increase of eight percent over the period 2006-2008. 2008 gains in HRI sales were supported by strong sales in the institutional catering and fast food section of the commercial catering sector. Sales lost by restaurants and hotel /resorts last year are not forecast to recover in 2009 (Neo-Restauration Magazine, and trade estimates).

Best prospects for U.S. suppliers targeting the HRI sector are fish and seafood, hormone-free high quality beef, frozen foods including desserts, fruit juices and sodas, quality wines, salad dressings, sauces, spices, rice and dried vegetables.

The HRI sector consists of two sub-sectors:

- Commercial catering – 78% of the HRI sector, by sales - includes traditional restaurants, hotels and resorts, leisure parks, cafeterias, cafes, brasseries, and fast food outlets, including street vendors. In 2008, sales totaled 63.2 billion Euros ($92.9 billion) with 5.7 billion meals served. Sales by traditional restaurants represented 57% of the sector; sales by fast food, cafeteria, cafe and brasserie outlets represented 22% of sales.

- Institutional catering – 22% of the HRI sector, by sales - includes education, healthcare, business catering, schools, hospitals, factory restaurants, and air and sea catering. In 2008, sales totaled 17.9 billion Euros ($26.3 billion) with 4.5 billion meals served.

Commercial Catering:

Traditional and theme restaurants lost six percent of sales during the last six months of 2008, compared to 2007, attributable to consumer's reaction to the economic crisis. Experts warn that this shift may be temporary as consumers are expected to return to traditional/theme restaurants when economic factors improve. In addition, a recent law reducing the value added tax rate for restaurant food sales from 19.6 percent to 5.5 percent could impact consumer demand for restaurant meals.

In 2008, the average expense per visit in commercial catering can be broken as follows:

Type of Restaurants	**Average Expense per Visit in dollars ($)**	**% change 2008/2007**
Theme restaurants	**22.78**	**-3.6**
Traditional restaurants (including cafes/brasseries)	**14.02**	**-7.0**
Fast food local specialties or ethnics	**9.61**	**-1.5**
Fast food, pizzas, take away or	**9.01**	**-3.6**

delivered		
Alternative distribution	**5.23**	**+10.2**
Sandwich, bakery	**5.19**	**+6.6**

Source: NPD Group for Neo-Restauration Magazine

Institutional catering:

In 2008, sales increased by 7.5 percent compared to 2007. Economic woes encouraged worker's to frequent company-provided cafeterias for low-cost meals. The requirements of feeding an aging population, either in institutions or through home-delivered meals, kept demand strong for institutional catering. This sector is expected to continue its growth trend. For 2009, operators remain confident despite a fiercely competitive environment with vigorous price negotiation. Education (schools, universities) and business catering sectors are growing more slowly than the healthcare and hospital sectors.

Advantages, Opportunities and Challenges Facing U.S. Products in France

Advantages/Opportunities	**Challenges**
The French HRI sector growth trend	Domestic and intra-EU products supply a high proportion of French food and beverages needs. Therefore, U.S. suppliers face stiff challenges
Growing demand for fast food mainly at lunch time; U.S. suppliers may find a niche (soups, fruit juices, sodas, etc.)	Rate of growth in fast food sector may be short-lived
High proportion of French household budget spent on food purchases	Reduced consumer budget due to economic downturn
Weakness of the U.S. dollar vis-a-vis the Euro benefits U.S. products	Price competition is fierce
Decreasing European and French fish/seafood catch	Fierce competition places enormous pressure on suppliers
France is Europe's leading meat consumer, primarily for natural and lean meat. Increased quota for non-hormone beef imports enlarges market opportunities	U.S. suppliers must comply with European and French regulations such as food safety, logistical constraints, labeling regulations and ban on beef produced with growth promoting hormones

French consumers demand quality, innovative, healthy products reasonably priced	U.S. suppliers must adapt products to French consumers' tastes and expectations at moderate prices
U.S. fast food chains, theme restaurants, and the food processing industry are raising demand for American food ingredients	Certain food ingredients are banned or restricted from the French market

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Commercial Catering

With 78 percent of the HRI market, commercial catering dominates this sector in France. Trade sources value the commercial catering sector at 63.2 billion Euros ($92.9 billion) in 2008, with about 5.7 billion meals served annually. This sector consists of:

- Traditional restaurants, including chains - This includes individual proprietor restaurants, multi-restaurant companies and large corporations, which represent about 57 percent of the commercial catering sector. A large number of restaurants in and around Paris, and in other major French cities, are medium/high end restaurants serving a wide range of traditional food, although an increasing number specialize in cuisine from Asia, Africa, India and America. Restaurant chains are growing at a faster rate than independent restaurants with sales increasing by over 5 percent in 2008, compared to the previous year, and approximately 105 new outlets opened in 2008.

- Hotels and resorts with restaurants – These establishments are operated by individual proprietors, companies or large corporations and account for 6 percent of the commercial catering market with over 17,500 restaurants. In general, the French do not frequent hotels for their restaurants, except for dinner when traveling, with the exception of a small number of luxury hotels with well-known restaurants, classified by famous guides such as "Michelin" or "Gault & Millau." These restaurants serve a wide range of traditional or ethnic foods.

- Leisure parks - France has about 50 leisure parks, three world-class (Disneyland Resorts Paris, Parc Asterix and Futuroscope). Disneyland Resorts Paris has about 15 million visitors annually with food sales estimated at $300 million. It is the leading leisure park in France serving approximately 35 million meals and snacks yearly. Disneyland Resorts Paris has its own central buying office, "Convergence Achats."

Asterix, a French history themed park, is the second largest leisure park in France and serves about two million meals yearly. Asterix serves only traditional and neo-traditional French food. The third largest is Futuroscope serving approximately one million meals per year.

- Cafeterias, Cafes and Brasseries - Operated by individual proprietors, companies or large corporations, they represent around 19 percent of the commercial catering sector. These outlets serve sandwiches or quick lunches at reasonable prices.

- Fast food outlets, including street vendors - Operated by companies and large corporations, these outlets represent 18 percent of the commercial catering. Food sales in U.S.-style fast food restaurants, led by McDonald's and followed by Quick, a distant second, continue to rise in France. Most U.S.-style fast food restaurants procure food inputs in France and Europe. For example, 95 percent of McDonald's food purchases for its French restaurants are made in Europe.

The number of French fast food outlets offering typically French food, such as baguette sandwiches, quiches and salads, has risen steadily since 2001. In 2008, this market segment increased an average of eleven percent, compared to 2007, and sold approximately 1.8 billion sandwiches in 10,000 outlets including bakery, gas-station and transportation locations, automatic distributors, cafes, bars, brasseries, retail food sector and exposition/leisure parks.

- Delivered catering, including ethnic (e.g. sushi) - A competitive sector operated by companies and large corporations, this growing segment of commercial catering is comprised generally of the meal delivery (mainly to companies) and pizza delivery (mainly to households).

1.1 Company Profiles

The table below provides information on leaders in the French commercial catering sector:

Leaders in the Commercial Catering Sector in France in Calendar Year 2008

Rank	Groups	2008 Sales (In Million $)	Sales % Change 2008/2007	Number of Outlets
1	McDonald's France	4,851	+10.74	1134
2	Financiere Quick SAS	1,077	+2.66	354
3	Agapes Restauration	977	+2.91	353
4	Elior	813	+1.65	722
5	Servair (Air Catering)	769	+12.55	N/A
7	Groupe Flo	753	+18.25	267
8	Buffalo Grill	707	+4.86	301
9	Groupe Le Duff	486	+2.67	438
10	Groupe Holder	461	+2.61	364
11	Yum Brands	441	+15.38	163

12	Casino Cafeteria	407	-8.64	203
13	EuroDisney SCA	386	+9.38_	68
14	Auto Grill	352	+3.50	524
15	Sesare SAS	408	+7.47	212
16	SSP Compass	284	+1.84	200
17	Sodexo Group	260	+5.48	N/A
18	Accor	228	+3.33	N/A
19	Bertrand OB Holding	216	+3.52	N/A
20	Bars & Co.	198	-8.78	150
21	La Mie Caline	181	+14.95	174
21	PJB Holding	181	- 1.37	32
22	Cora	169	+0.88	57

N/A: Not Available

Source: Neo-Restauration Magazine

Commercial Catering in France: Leading Groups and Brands in Calendar Year 2008

Groups	**Brands**
McDonald's France	McDonald's
France Quick SA	Quick
Agapes Restauration	Flunch, Pizza Pai, Amarine, Les 3 Brasseurs, Sogood cafe, Pizza Pai Express, Il Ristorante
Servair (air catering)	Servair
Elior	Arche, Boeuf Jardinier, Jules Verne, Drouant, Phileas, Pomme de Pain
Buffalo Grill SA	Buffalo Grill
Groupe Flo	Hippopotamus, Bistrot Romain, brasseries, concessions Flo, Tablapizza
Casino Cafeterias	Cafeterias Casino, Cœurs de ble, Bars, Saveurs d’Evenements
Groupe Le Duff	Brioche Doree, Pizza Del Arte, Fournil de Pierre
Accor	Lenotre, Wagons Lits
Groupe Holder	Paul, St Preux, Laduree
Autogrill	Autogrill Relais, Cote France, Spizzico, le Petit Cafe
Eurodisney SCA	Disneyland Resort Paris
Yum Brands	Pizza Hut, KFC
SSP Compass	Bonne Journee, Cafe Select, Scapucci, Upper Crust, Tarte Julie, Ritazza Cafe, Le Train Bleu
Group Bertrand OB Holding Toastissimo	Restaurants a themes, sandwicheries Bert’s, cafeterias Eris, Moisan
Bars & Co.	Au Bureau, Irish Coffee, Cafe Leffe
Serrare SAS	Courtepaille
Cora	Cafeterias Cora
PJB Holding	Brasseries and restaurants, Chez Clement, Casa del Campo

Source: Neo-Restauration Magazine

Major Fast Food Segment in France, including pizzas, in Calendar Year 2008

Groups	**Number of Restaurants**	**Sales in 2008 (In Million $)**	**% Sales Increase 2008/2007**
McDonald's France	1134	4.851	+10.74
France Quick	354	1,077	+ 2.66
KFC France	163	441	+15.38
Major French Fast Food including pizzas			
Flunch, Pizza Paii,, 3 Brasseurs, Amarine, Sogood Cafe, Il Ristorante (Agapes Restauration)	353	977	+ 2.91
Hippopotamus, Bistro Romain, brasseries concessions Flo, Tablapizza (Groupe Flo)	267	753	+18.25
Pizza Hut, KFC (Yum Brands)	163	441	+15.38
Paul, St Preux (Groupe Holder)	364	461	+ 2.61
La Station Sandwich, Pomme de Pain, Aubepain, Cafe Route, Phileas, Paul (Groupe Elior)	722	813	+ 1.65
Brioche Doree, Le Fournil de Pierre Caffe Del Arte, Pizza Del Arte (Groupe Le Duff)	438	486	+ 2.67
Bonne Journee, Cafe Ritazza, Upper Crust, Café Select (SSP)	200	284	+ 1.84
Sodexo Prestige, l'Affiche, les Bateaux Parisiens (Sodexo Groupe)	N/A	260	+ 5.48
La Mie Caline (La Mie Caline)	174	181	+14.95
Domino'z Pizza	146	129	+28.65
Speed Rabbit Pizza, Pizza Mania (Speed Rabbit Pizza)	170	74	+12.33
La Boite a Pizza (Socorest)	118	61	+23.51
Pizza Pino	7	51	+ 1.13
Ciao, Spizzico, Burger King, La Galleria, Cote France, Relais, Pain a la ligne …(Autogrill)	524	352	+ 3.50
Relais H Café (Relais H SNC)	192	143	+ 8.94
La Croissanterie (La Croissanterie SA)	148	105	+ 6.27

Source : Neo-Restauration Magazine

1.2 Entry Strategy

Most large restaurant businesses, including chains, offer local cuisine and use imported products only if local alternatives cannot be found. However, niche opportunities for U.S. suppliers exist for a range of diverse products such as fish/seafood, exotic meats, sauces (prepared sauces or dehydrated sauce bases) and salad dressings, a variety of food ingredients, wine, and frozen ethnic/regional food service meals in any outlet where the clientele is looking for "ethnic and/or regional" cuisine or non-traditional options.

U.S. exporters should consider the financial strength, number and location of outlets, menu diversification, and purchasing policy of the business when targeting major restaurants or chains. In addition, U.S. exporters should also consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, and carefully verify the acceptability of each product's ingredients and additives. For information on EU regulations, visit the following website: http://www.useu.be.
- Note that French consumers are not very receptive to GMOs. In addition, the allowable adventitious presence level for EU-approved varieties of GMO's is set at 0.9 percent. Above this level, all products must be labeled as containing biotech. Such products are generally not marketed at the retail level in France. The Fraud Control Office (DGCCRF) of the French Ministry of Economy, Finance and Industry is the French enforcing authority. For more details on EU regulations, see GAIN Reports E48078 and E48137, and on France's implementation, see Paris Annual Biotechnology report FR9003.
- Check EU and French food safety requirements.
- Verify the price competitiveness of the product compared to local and other imported products; check customs clearance requirements and any additional import charges based on sugar, milk, fat and starch content.
- Identify local agents/distributors that can promote and distribute U.S. products to restaurants that order small volumes on a regular basis.

1.3 Distribution Channels

Some restaurant chains have their own central buying offices, but most, including traditional restaurants, as well as hotels and resorts, buy through cash & carry channels or specialized wholesalers.

Cash & Carry wholesalers display a wide selection of food and non- food products in large stores. They sell to food retailers, food-service sector restaurants and restaurant chains. Cash & carry offers competitive prices, a variety of products, extended operating hours and immediate product availability. Major cash & carry groups are Metro (French subsidiary of Metro/Germany) and Promocash (a subsidiary of Carrefour) together representing 75 percent of total sales in the wholesale sector.

Specialized Distributors/Wholesalers have, as their main activity, distribution of food products. They have dry and cold storage facilities with refrigerated/freezer trucks for deliveries. They buy from processing companies, foreign exporters or importers. Their largest clients are in the catering sector.

Major Specialized Distributors/Wholesalers for the Food Service Sector

Name of Wholesaler/Distributor	**Specialization**
Pomona (Privately Owned)	Fresh fruits and vegetables
Aldis (Group Metro)	All fresh and frozen foods, including seafood and meat
Prodirest (Group Carrefour)	Frozen food
Davigel (Subsidiary of Nestle)	Frozen food and seafood
Brake France (Subsidiary of Brake Bros, U.K.)	Frozen food and seafood
Demarne Freres (Privately Owned)	Fresh/chilled and frozen fish and seafood
PRF (Privately Owned)	Fresh/chilled and frozen fish and seafood
Francap	Buying office and wholesaler for small supermarkets and restaurants

Source: Neo-Restauration Magazine

Top Four Hotel & Resort Chains in France & Europe with Restaurant and Catering Services

Group Name	**Nationality**	**Hotel resort name**	**Purchasing Sources**
Accor	French	(Etap Hotel, Formule 1, Ibis, Mercure, Novotel, Sofitel, All Seasonsl)	Importers/wholesalers/direct or cash & carry
Envergure (Louvre Hotels)	French	(Campanile, Kyriad Prestige, Kyriad, Premiere Classe)	Importers/wholesalers/direct or cash & carry
The Intercontinental Hotels Group	U.K.	(Holiday Inn, Express Holiday Inn, IHG InterContinental)	Importers/wholesalers/direct or cash & carry
Choice Hotels	U.S.	(Clarion, Comfort, Quality)	Importers/wholesalers/direct or cash & carry

Source : La Revue HRC (hotel, restaurant, cafe)

2. Institutional Catering (including schools, universities, health & elderly care, company catering, air and sea catering, and others, including army and prison catering)

The institutional catering sector represents 22 percent of the HRI market. Trade sources value the institutional catering sector at 17.9 billion Euros ($26.3 billion) with approximately 4.5

billion meals served in 2008. Since 2000, this sector has grown at an annual rate of 5 percent, and increased 7.5 percent in 2008 compared to 2007. This sector includes:

- Contract Catering Businesses

This includes company restaurants, schools and universities, hospitals, nursing and retirement homes and is dominated by specialized companies such as Sodexho, Elior and Compass. The contract catering business increased 5.6 percent in 2008, compared to 2007, and is expected to continue growing. In 2008, the sector was severely hit by an increase in the price of raw materials and companies withdrew from non-profitable segments and began new strategies for segments offering more potential.

In 2008, about one-third of company restaurants served organic food and this figure is estimated to reach over 71 percent by 2012. In 2008, sales of organic foods by company restaurants amounted to 44 million euros ($64.7 million). The goal of the French Government is to reach 20 percent of organic foods sales in schools and universities by 2012.

- Concession Catering

Concession catering includes transportation catering (highways, railway stations and airports), as well as in-town and leisure catering (museums, exhibition and sport centers). According to industry analysts, this segment increased at an annual rate of 3.6 percent from 1996 to 2008 and is expected to grow at a rate of 4 percent annually through 2010.

The Sodexho group is the largest company in this segment, immediately followed by Elior group, the Compass group (mainly supplying airports), Autogrill (highways and railway stations) and Horeto (city sites and leisure sites).

- Air and Sea Catering

In France, the major supplier in this segment is Servair (subsidiary of Air France). Most of the food purchased by Servair is of French origin. Second, but far behind, is Catair, a subsidiary of Eurest (Compass Group).

The leader in France for sea catering is Cofrapex (subsidiary of Metro/Cash and Carry). The major competitor of Cofrapex is SHRM (Societe Hoteliere de Restauration Maritime), which was bought in 1998 by the Compass Group.

2.1 Company Profiles

The institutional catering sector in France has three major players (representing 82 percent market share), 12 medium-sized regional companies and 29 small companies. The tables below reflect the major groups and businesses in the institutional catering sector.

Major Groups & Businesses in the Institutional Catering Sector During Calendar Year 2008

Rank	Group/Firm	Total Sales in 2008 (In Million $)	Sales % Change 2008/2007	Number of Restaurants	Meals Served in 2008 (In Million)	% Change Meals Served 2008/2007
1	Group Sodexho France (*)	3,213	+21.9	6,192	363	+11.2
2	Group Elior (**)	2,161	+6.6	4,098	294	+4.2
3	Compass Group France (***)	1,624	+3.9	2,431	190	+0.4
4	Group API	316	+19.0	1,232	69	+15.1
5	Groupe Ansamble	190	+7.8	543	34	+3.1
6	Groupe Dupont Restauration	179	+7.9	434	32	+5.3
7	Resteco Houlé	78	+10.1	150	16	--
8	Multi Restauration Services	69	+10.5	--	--	--
9	R2C (Casino Cafeteria)	56	+15.7	69	6	+24.2
10	Apetito France	54	+10.0	132	6	+10.3

Sources: Trade and Neo-Restauration April 2009: page 40.

-- = Not Available

(*) Includes Sodexho, Sogeres, Group Score, RGC, La Normande, Siges.

(**) Includes Avenance, LRP, and Vivae

(***) Includes Eurest, Medirest, Scolarest, Regiself and Sorema

Major Companies in the Health and Elderly Care Segment

Sodexho leads this sector with increased sales of 9.5 percent and 100 million meals served in

2008, an increase of 3.6 percent compared to 2007. Experts forecast that steady growth in this segment will continue due to institutional demands for caring for an aging population. According to the French Institute for Statistics (INSEE), France should have 14 million people over 60 years old in 2010, and 17 million in 2020. Opportunities exist for U.S. suppliers of frozen foods, semi-prepared foods or sides, and prepared meals.

Rank	***Group/Firm***	***Sales in 2008 (In Million $)***	***Sales % Change 2008/2007***	***Total Meals served (In Million)***	***% Changed Meals Served 2008/2007***
1	Sodexho France	832	+9.5	100	+3.6
2	Avenance (Elior Group)	N/A	--	59	+1.9
3	Nedirest (Group Compass)	N/A	--	49	+1.2
4	Group Api	147	+21.2	32	+18
5	Sogeres *Group Sodexho France)	119	+16.4	15	+7.9
6	Dupont Restauration (D.R. Group)	64	+7.2	9	+3.4
7	Ansamble Group	51	-9.0	8	+3.6

Source: Trade – Neo Restauration_April 2009
N/A: Not Available

Top Companies in the Education (School and University) Segment

This segment showed overall growth of about 4 percent in 2008. Few opportunities exist for U.S. suppliers due to low per-meal costs.

Rank	**Group/Firm**	**Total Sales in 2008 (In Million $)**	**% Change Sales 2008/2007**	**Meals Served in 2008 (In Million)**	**% Change Meals Served 2008/2007**
1	Avenance (Elior Group)	N/A	--	134	+3.6
2	Sodexho France	411	+4.6	80	+1.0
3	Scolarest (Compass Group France)	N/A	--	61	-0.7
4	Sogeres (Sodexho)	173	+1.0	30	+0.3
5	Group API	98	+12.0	28	+9.9
6	Ansamble	70	+16.5	17	+2.6
7	Dupont Restauration	56	+12.8	11	+10.0

Sources: Trade and Neo-Restauration April 2009
N/A: Not Available

Top Groups/Firms in the Company Catering Segment

During 2008, the sector showed overall growth in number of meals served and offers opportunities for U.S. suppliers of sophisticated, innovative and quality semi-prepared meals, including meat, fish and seafood.

Rank	Group/Firm	Total Sales in 2008 (In Million $)	% Change Sales 2008/2007	Total Meals Served in 2008 (In Million)	% Changed Meals served 2008/2007
1	Avenance (Group Elior)	N/A	--	101	+6.4
2	Eurest (Compass Group France)	N/A	--	80	+0.7
3	Sodexho France	797	-0.9	74	-2.8
4	Sogeres (Sodexho)	278	+5.0	21	+0.9
5	Group API	71	+25.0	9	+22.0
6	Group Ansamble	69	+14.8	8	+1.8
7	R2C (Group Casino Restauration)	56	+15.7	6	+24.5

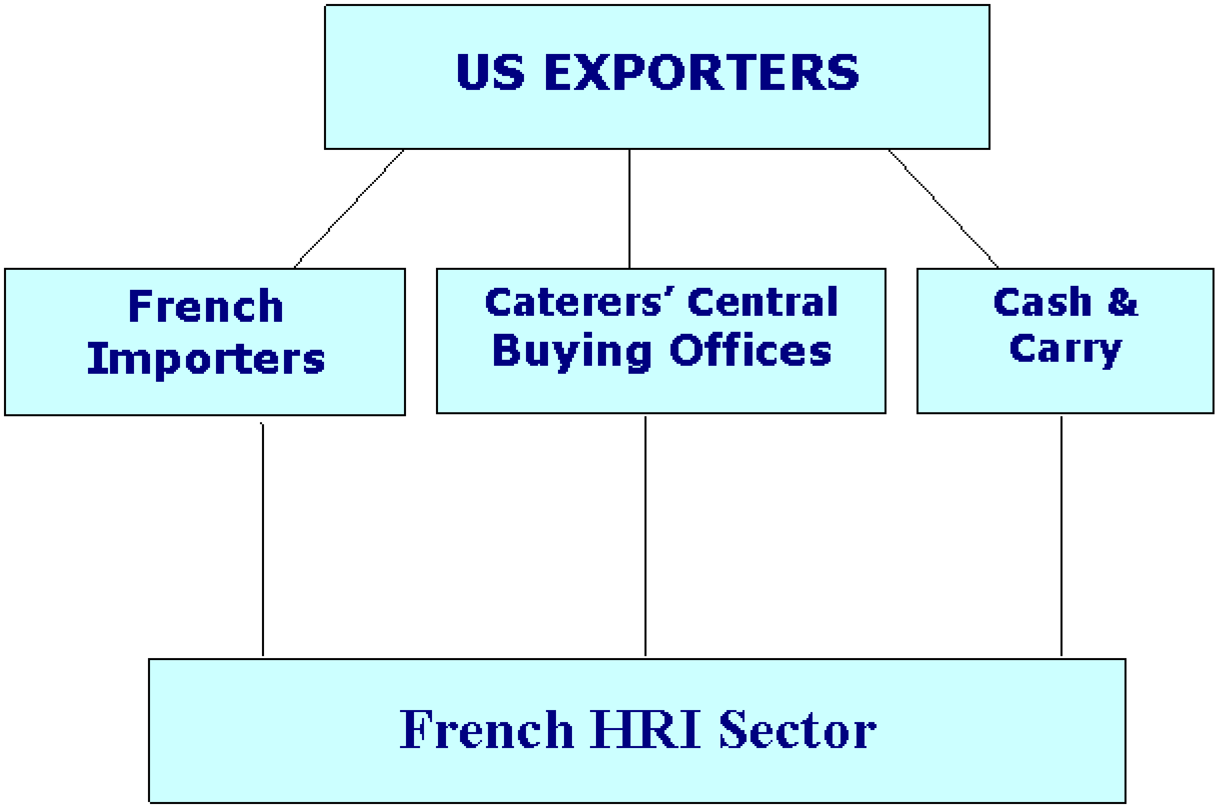
Source: Neo-Restauration April 2009
N/A: Not Available

Other Institutional Catering Sector: Army and Prisons

Sales in army and prison institution catering were rather insignificant and represented only one percent of the institutional market sector. Lack of available data makes it difficult to project annual growth. Opportunities for U.S. suppliers in this segment are limited.

2.2 Entry Strategy

The diagram below indicates product flow in this market segment.



Major operators from the institutional catering sector often buy through central buying offices to ensure that all sanitary and health requirements are met. These central buying offices negotiate with potential suppliers based on specific requirements. Suppliers are selected primarily on the basis of price and quality.

3. Competition in the Commercial and Institutional Sectors

Domestic food and beverage products dominate the French HRI sector. 75 percent of imports originate from EU member countries which have several advantages in terms of reduced tariffs and transportation costs relative to third country imported products. The table below shows the major supply sources of imported food and beverages.

Product	Import Market Size, 2008 (in Billion $)	Major Suppliers in 2008	Market Summary
Fish and seafood	4.4	U.K., Norway, Spain, Denmark, Netherlands, USA	U.K. and Norway are both very price competitive and able to supply the fish and seafood varieties demanded by local consumers.
Sauces, salad dressings and seasonings	1.2	EU countries USA	Price competitive and no custom duties. However, the US is able to supply a variety of ethnic/regional sauces.
Canned fruits and vegetables	1.8	West and Eastern Europe and Morocco	Price competitive. No duties for EU imports.
Bison meat	N/A	Canada USA	Although France is beginning to produce bison meat, Canada remains the major supplier. US bison meat is less price competitive than the Canadian meat.
Wine	0.8	Italy, Spain, Portugal and New World wines, including USA.	Price competitive since no duties inside the EU. However, "exoticism" and quality create opportunities for US wines.
Fruit juices	1.2	Brazil, Spain, USA	Lower prices from Brazil and Spain. However, Florida juices have a good reputation.
Ethnic Foods	N/A	China, Japan, India, Africa, USA	Rising sales of Tex-Mex products. Opportunities exist for other US/regional cuisines, such as cajun.
Ready-to-eat meals	1.2	EU countries. China, Japan, India, Africa	France is a large manufacturer of ready-to-eat meals. Imports from other countries offer competitive prices.
Dried fruits and nuts	0.8	USA, Turkey, Israel, Iran	Lower prices from key supply countries. However, US products dominate in almonds and pistachios.
Fresh fruits (including grapefruits & exotic fruits	6.6	Spain, Italy, Morocco, Israel, South Africa and USA.	Preference is given to EU suppliers and neighborhood countries having special tariff rates. However, Florida grapefruit is a market favorite.
Rice	0.5	Thailand, China,	Thailand, China and India offer quality and

		India, USA	low price products. The US mostly exports brown rice. Biotech testing is a constraint.
Dry legumes (peas, lentils and beans)	0.2	China, Canada, Turkey, Argentina, USA	France grows lentils but imports most all other dry legumes (beans, and peas). US competitors offer lower prices. The US advantage is quality and variety.

4. Best Product Prospects

Food purchases for the HRI sector increased by 17 percent between 2001 and 2008. During the same period, sales in the frozen foods sector alone grew by 26 percent. This is a result of quality improvement in frozen foods along with a price policy making frozen foods more attractive compared to fresh products.

Best opportunities for U.S. frozen foods in the HRI sector are for fish and seafood, meat, fruits and vegetables, frozen deserts (such as cakes and ice creams), ready-to-eat meals and ethnic/regional sides.

Other opportunities for U.S. suppliers include: fruit juices and soft drinks (including flavored spring waters), dried fruits and nuts, fresh fruits including grapefruits and exotic fruits, vegetables, frozen foods (ready-to-eat meals and specialty products), snack foods, tree nuts, ethnic products, seafood, soups, breakfast cereals, bison meat, and pulses. There is also a demand for salad dressings, tomato sauces and spices.

5. Key Contacts and Further Information

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

U.S. Mission to the European Union http://useu.usmission.gov/agri/usda.html
FAS/Washington www.fas.usda.gov
European Importer Directory www.american-foods.org
FAS/Paris http://usda-france.fr
Web site for Professional Trade Shows and Events http://www.salons-online.com

If you have any questions or comments regarding this report, or need assistance exporting to France, please contact the U.S. Agricultural Affairs Office in Paris at:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America

2, avenue Gabriel
75382 Paris, Cedex 08, France
Phone: (33-1).43.12.2264
Fax: (33-1).43.12.2662
Email: agparis@fas.usda.gov <mailto:agparis@usda.gov>
Home page: <http://www.usda-france.fr

Please view our Home Page for more information on exporting U.S. food and beverage products to France, including market and product "briefs" available on specific topics of interest to U.S. exporters.

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products.

Recent reports of interests to U.S. exporters interested in the French market include:

Report Number	**Name**	**Hot link**
FR7018	Retail Food Sector	http://www.fas.usda.gov/gainfiles/200801/146293433.pdf
FR7023	Food Agricultural & Import Regulations (FAIRS)	http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
FR7041	U.S. Opportunities in France Ready-to-Eat & Snack Market	http://www.fas.usda.gov/gainfiles/200712/146293360.pdf
FR8018	Exporter Guide	http://www.fas.usda.gov/gainfiles/200810/146296124.pdf
FR8019	Nuts	http://www.fas.usda.gov/gainfiles/200812/146306812.pdf
FR8027	Sweet & Savoury Snacks in France	http://www.fas.usda.gov/gainfiles/200812/146306952.pdf
FR8028	Dried Fruit	http://www.fas.usda.gov/gainfiles/200812/146306964.pdf
FR8029	Non-Alcoholic Beverages	http://www.fas.usda.gov/gainfiles/200812/146306963.pdf
FR8030	Sauces, Condiments and Dressings	http://www.fas.usda.gov/gainfiles/200812/146306965.pdf

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