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Report Highlights:

The French food processing sector encompasses approximately 15,500 companies ranging from small family-owned businesses to some of the world's largest multinationals. Widely regarded for global leadership in innovative technology, quality and marketing, French food processing companies provide employment to more than 433,000 people, generating $53 billion in export sales. In 2021, the French food processing industry faced significant challenges with COVID related supply disruptions. While market demand has remained strong, rising energy and commodity prices, together with the ongoing Russia - Ukraine crisis, cast a shadow on the short-term outlook

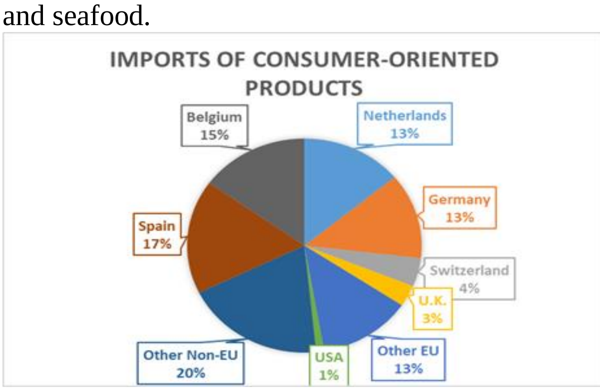
Market Fact Sheet: France

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 2020

Imports of Consumer-Oriented Products *(USD million)* 42**

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	70.6
Food and Ag. Imports	63.4
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)*: 67.4
GDP *(billions USD)*: 2.28
GDP per capita *(USD)*: 33,804

**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
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 pandemic, long delays in freight transportation and warehousing often disrupted supply chains. During the first quarter of 2021, the cost of maritime transport increased 16.1 percent, while air transport increased 11.9 percent. Nevertheless, the agri-food industry remained resilient in maintaining production.

As one of the leading industrial sectors in France, the food industry continues to demonstrate a strong capacity to produce. The sector mobilizes more than 15,500 companies, of which nearly 98 percent are small and medium sized enterprises (SMEs). The sector generates $216 billion in annual revenue, and it directly employs more than 433,000 people and indirectly contributes to nearly 2 million jobs in France. Needless to say, the French agri-food industry has tremendous political and economic influence. Yet, the sector faces significant challenges even as the risk of the COVID pandemic recedes. 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. INSEE data indicate that, in 2021, the average price of raw food materials increased by 41 percent. Price increases were especially pronounced for tropical foodstuffs (61.4 percent), meat (44.5 percent), seafood (39.5 percent) and oilseeds (24.8 percent). Wheat and corn prices increased by 31.3 percent and 41.1 percent, respectively. Dairy increased 17.4 percent, while EU sugar prices were 11.3 percent higher than the previous year.

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. In 2021, the cost of electricity and natural gas increased by 3.3 percent and 24.1 percent respectively, with a marked acceleration at the end of the year. Since the beginning of 2022, energy costs have only increased especially with the ongoing conflict between Russia and Ukraine. France is very dependent on Russian petroleum products. In 2021, Russia supplied more than 42 percent of France's total imports of coke and refined petroleum products for a customs value of just over 4.2 billion dollars.

The price of industrial materials for facilities and equipment also increased by 20.7 percent in 2021. 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.

In France, the average household devotes an estimated 11.1 percent of their total budget to food. While the price of individual raw ingredients only has a marginal effect on overall inflation (i.e., labor, rent, transportation, marketing etc. play larger role in determining retail food prices), the food industry is nevertheless facing a lot of pressure to contain costs. French retailers have been very reluctant to transmit food price increases to budget-conscious consumers. 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. In the words of Ms. Christiane Lambert, President of the Fédération Nationale des Syndicats d'Exploitants Agricoles, "Plus vert c'est plus cher" (greener is more expensive). The question facing French food processors is not only whether French consumers will be willing to pay the higher prices, but what will be the response of international customers outside the European Union?

Table 1: FRENCH FOOD INPUT AND PRODUCT TRADE
Calendar 2020 and 2021 (In Million Dollars)

Products	Imports		Exports		Trade Balance 2020	Trade Balance 2021
	2020	2021	2020	2021		
European Union						
• Raw Products	710	700	1,126	1,028	416	328
• Processed Products	2,662	2,581	2,115	2,037	-547	-543
TOTAL	**3,372**	**3,281**	**3,241**	**3,066**	**-131**	**-214**
Non EU Countries						
• Raw Products	643	582	573	522	-70	-60
• Processed Products	1,017	944	1,801	1,869	783	924
TOTAL	1,660	1,526	2,374	2,391	**714**	**864**
World						
• Raw Products	1,290	1,220	1,599	1,459	309	240
• Processed Products	3,441	3,294	3,727	3,724	286	430
TOTAL FOOD PRODUCTS	**4,731**	**4,514**	**5,326**	**5,183**	**595**	**669**

Source: Agreste/French Customs

In February 2021, France's balance of trade in raw agricultural products remained in surplus (+$252 million). However, this level marks a decrease of 75 million dollars compared to February 2020 due to a decline in the trade with other EU member states.

Exports (which reached almost $1.5 billion) fell by 150 million dollars (a 9 percent decrease compared to February 2020). In particular, the value of cereal shipments fell by 11 percent (89 million dollars) compared to the previous year. Sales of common wheat and barley appear to be the main contributors of this trend with the decline in exports (-0.7 million tons) to Algeria, Morocco, and the Netherlands. Sales of fruit and vegetables also decreased significantly in the past year (declining by 15 and 18 percent respectively), mainly due to lower sales of potatoes and tropical fruits. Imports (1.3 billion dollars) fell by 75 million dollars (a 5 percent decline from February 2020). Fruits and vegetables (tomatoes, bananas, and avocados) were particularly affected, with purchases decreasing by 32 and 36 million compared to the previous year.

Table 2: FRENCH FOOD PROCESSING INDUSTRIES
Calendar Year 2021

Industries	Number of Companies	Turnover ($ Million)
Meat and Meat Products	4,750	37,643
Fish and Seafood	333	4,823
Fruits and Vegetables	1,593	9,010
Fats and Oils	242	8,913
Dairy Products	1,255	41,305
Grain Industry	385	8,981
Bakery Industry	37,654	28,355
Miscellaneous Food Products	4,242	32,280
Animal Feed	307	9,367
Beverages	4,138	31,503
Total Food Processing Industries	**54,899**	**212,181**

Source: French Ministry of Agriculture

Over the past decade, demand for food ingredients has steadily increased as developments in food technology continue to fuel exports. Growing demand for convenient, healthy, organic and low-fat products is driving the food processing industry to develop new products with high nutritional value. Since December 2016, EU Regulation requires detailed nutritional information on product labels. French consumers are generally very sensitive to food safety and quality. The food processing industry has accordingly been very proactive in replacing ingredients even if they are only perceived to be unhealthy. French food companies can generally import food ingredients without too many problems, provided they strictly conform with French and EU sanitary and phytosanitary regulations. When additives are not on the official EU list of approved additives, they are subject to special authorization. For more information on tariffs and other export requirements, please refer to the latest Post FAIRS reports available at the following website, and the FAS U.S. Mission to the European Union website.

Key Market Drivers

Key market drivers for the French food processing sector:

- Lower production costs while maintaining quality standards to remain competitive in the global market.
- Increased interest in health and functional foods with an emphasis on aging consumers.
- Increased emphasis on convenience, ready-to-eat, and value-priced foods.
- Constant development and expansion of French food options.
- Focus on young urban consumers.
- Address environmental and food safety concerns among consumers and retailers.

U.S. Involvement in the Industry
To support the growth of its food processing sector, France has become a net importer of food ingredients. The EU remains France's most important trading partner with Belgium, the Netherlands, Spain, Germany, and Italy as the top suppliers. Outside of the EU, the United States is France's seventh largest supplier after the United Kingdom, Switzerland, Morocco, Norway, Brazil, and China. U.S. exports to France represented less than 1 percent of the value of imports in 2021, a decrease of 8.73 percent compared to the previous year. Major products imported from the United States include fish and seafood, dried fruits and nuts, spirits, wine, grains and petfood.

Table 3: MAJOR FOOD EXPORTERS TO FRANCE
France (Customs) Import Statistics
Commodity Agricultural & Related Total
Year to Date: January-December 2021

Partner Country	USD (Millions)		% Share		% Change
	2020	2021	2020	2021	2021/2020
World	70,557	N. A	***100.00***	***100.00***	N. A
Belgium	11,060	12,891	15.68	15.69	16.3
Netherlands	10,314	12,544	14.62	15,27	22.73
Spain	10,171	11,835	14.42	14.85	16.35
Germany	8,395	9,383	11.9	11.7	11.77
Italy	6.370	7,135	9.03	8.69	12.84
United Kingdom	2,781	3,430	3.94	4.3	23.33
Poland	2,590	3,170	3.67	3.98	22.49
Switzerland	1,230	1,405	1.74	1.76	14.22
Ireland	1,289	1,395	1.83	1.75	8.23
Morocco	1,159	1,169	1.64	1.47	0.89
United States	**788**	**720**	**1.12**	**0.9**	**-8.73**

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

Key Advantages and Challenges facing U.S. Products in France
Throughout the COVID pandemic, the French hotel, restaurant, and institutional catering (HRI) sector has suffered significantly. Restaurant closures and the decline in tourism disrupted many traditional food distribution channels. HRI is a particularly important outlet for young urban consumers who are typically more inclined to consume American style foods. As restaurants reopen and the economy recovers, interest in U.S. food products is likely to increase. Key advantages and challenges for U.S. food products are:

Advantages	Challenges
Consumers demand for innovative, low fat, healthy, and organic products favor introduction of new products.	French and EU food safety, sanitary and phytosanitary regulations often affect the import of fresh produce and certain food ingredients
Demand for quality ingredients is growing as France is a major producer and exporter of	Certain food ingredients (such as enriched flour) are banned or restricted from the French market

finished processed food products	
Food technology and marketing innovations are driving demand for food ingredients	The U.S. faces strong competition from German, British and French manufacturers.
Growing popularity of specialty and regional theme restaurants, including Cajun and U.S. barbeque is increasing demand for U.S. food ingredients	Government policies tend to discourage imports to favor French domestic food suppliers.

II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

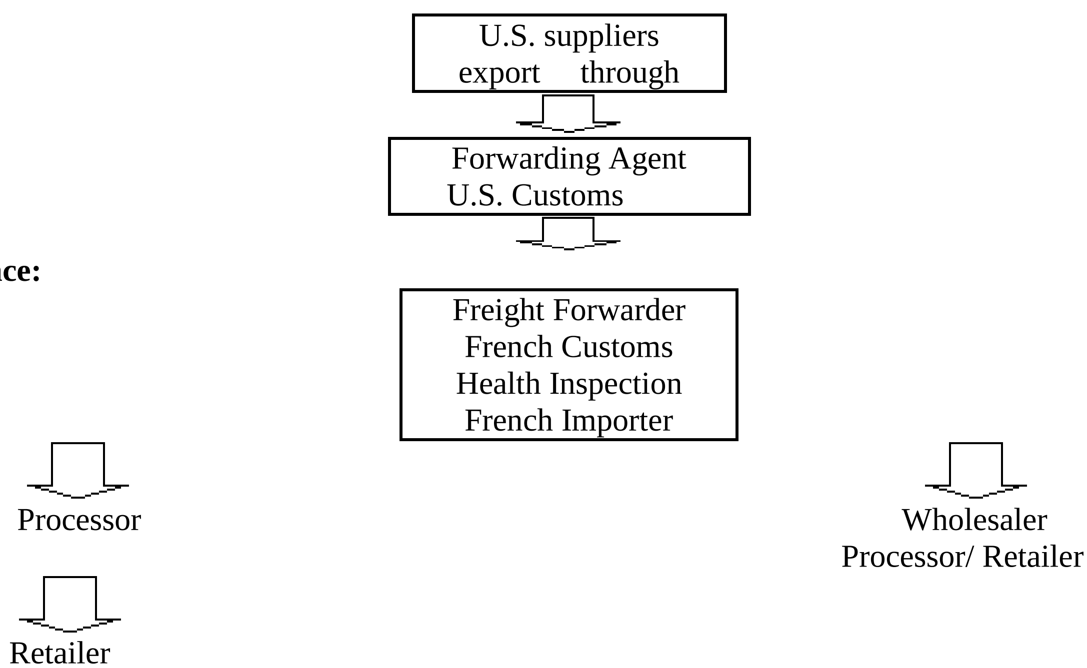
U.S. suppliers are strongly encouraged to work with French partners to develop a strategy for market entry. Local representatives can provide a useful perspective on the market in and offer guidance on business practices and trade law. In general, French food processing companies attend regional and international food ingredient trade shows. The European Food Ingredient Show is held every other year. The next Paris edition will be December 6-8, 2022.

Market Structure

Most French food processors buy their ingredients through brokers and local wholesalers. Some larger companies have direct relationships with 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 U.S. SMEs is to work directly with a local wholesaler or broker, or indirectly through an export agent or consolidator. The following is a basic flowchart describing how U.S. products enter and move through the French distribution system:

In the United States:

In France:



Company Profile
In 2022, there were more than **15,500** food processing companies in France. Processed product categories include meat, fish, fruit and vegetables, canned foods, bakery and cereals, dairy, confectionery, animal feed, ingredients, and beverages. Table 4 below is a list of food processing companies that have investments in France and the United States.

Table 4: FRANCE'S MAJOR FOOD PROCESSING COMPANIES, 2020

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)	28,363	102,401	Retail and HRI	France & Europe North America Asia/Middle East & Africa	Importers; Direct
Lactalis (dairy products)	22,421	80,000	Retail and HRI	France, Europe, North, Central and South America, Asia, Africa	Importers; Direct, Distributors
Pernod Ricard (manufacturing and distrib bution of wines and spirits)	9,471	18,914	Retail and HRI	France & Europe And USA	Importers; Distributors; Direct
Soufflet Group (grain processor)	5,527	6,851	Industry and Retail	France, Europe, Asia And South America	Direct; Importers
Terrena (distribution, agricultural supply, animal and plant production)	5,446	13,838	Retail, HRI (own plant production supply chain)	France & Europe	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
Tereos (sugar manufacturer, process raw materials in sugar, alcohol and starch)	5,045	9,100	Food and non-food industry and retail	France and Europe South Amrica Africa Asia	Importers; Direct
Vivescia Group (producer, grain and vegetable processor)	3,587	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)	6,839	22,000	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	5,613	19,888	Retail and HRI	France, Subsidiaries in	Direct;

(formerly Bongrain SA) (milk processor)				Europe, North and South America	Importers
Bigard (meat processor)	5,077	14,000	Retail, HRI	France	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)	1,892	500	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)	2,242	8,500	Industry, Retail and HRI	France Brazil, Poland, Austria, Uruguay, Paraguay, Mexico, Ukraine, Egypt	Direct; Importers
LDC (poultry producer and processor)	4,933	22,700	Retail and HRI	France, Poland and Spain	Direct Importers
Fromageries Bel (cheeses baked or half-cooked)	3,815	13,000	Retail and HRI	France, Europe, Americas, Asia, Africa, Middle East	Direct
Unilever France (hygiene, personal care and nutrition)	2,467	869	Retail and HRI	U.K. – The Netherlands	Direct Importers
Coca-Cola Enterprise (soft drinks)	2,541	2,000	Retail and HRI	USA – France	Direct; Importers

N/A = Not Available

Source: RIA Magazine

Sector Trends

France is a global exporter of processed foods. In 2020, French exports of processed foods totalled $53.08 billion, a decrease of 2.5 percent from 2019. To reduce costs and retain competitiveness, French food processors are increasingly looking to global suppliers to import quality food ingredients.
For example, Danone, the world's leading dairy processor and second largest producer of packaged water and baby food, maintains more than140 facilities around the world. Danone's ingredients are sourced globally. Sodiaal, another French leader in the dairy sector is managing joint ventures in Switzerland and China. Several French companies are investing in Asia to produce dairy, sugar products, beverages, and grains. Companies like Moët Hennessy and Pernod Ricard have developed a substantial presence outside of France.

French companies continue to invest significantly in research and development. As French consumers are increase demand for healthy and quality food, the French food processing industry is expanding product development in organic and healthy functional food product categories. Environment and sustainable development, including recyclable packaging, reduced food waste and energy efficiency, are important selling points. Even as household purchasing power remains stagnant, consumer's demand for quality, innovative, and healthy products is increasing. The question on everyone's mind is whether less affluent consumers will be able to maintain purchase levels as prices increase.

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.

Even though French consumers recognize that U.S. dried fruit and nuts have a superior quality, countries across north Africa, along with Iran and Turkey generally have a competitive advantage that enables them to supply at lower prices. Norway, the United Kingdom and China are major competitors for fish and seafood products. The new trade agreement with Canada (CETA), which entered into force in 2017 and has had an adverse impact on U.S. exports to the EU and to France in particular. For many processed products including confectionery, sauces and dressings, and soft drinks, U.S. products remain in demand. For more information on competition, please refer to the Retail Food Report.

IV. BEST PRODUCT PROSPECTS

While U.S. soybean exports to France fell by 63 percent in 202, the United States is still the second largest supplier after Brazil. Most of U.S. soybeans exported to France are enter as soybean meal for animal feed use. Tables 5 and 6 provide details of products that have strong sales potential in the market.

Table 5: PRODUCTS IN THE MARKET WITH STRONGSALES POTENTIAL

Product Category	2021 Total Imports (in million dollars)	Average Percentage Import Change (2020-2019)	Key Constraints over Market Development	Market Attractiveness for USA
Fish and Seafood	$5,012	-5.9%	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 primarily for frozen Alaska Pollock fillets, fresh and frozen scallops, frozen surimi base, live lobster and frozen salmon.
Citrus fruits and nuts	$6,273	8.7%	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	$3,427	3.3%	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	$724	0.03%	Competition from key established	U.S. suppliers to provide new exotic and natural flavors and attractive

and seasonings			multinational suppliers. Products to be GMOs free.	packaging.
Salted and sweet snacks	$444	5.7%	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 considered for private labels.
Sugar, chocolate, and confectionery	$963	1.05%	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	$108	4.8%	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

Table 6: PRODUCTS WITH WITH OPPORTUNITIES FOR SIGNIFICANT GROWTH

Product Category	2020 Total Imports (in Million Dollars)	Average Percentage Import (2020/2019)	Key Constraints Over Market Development	Market Attractiveness for USA
Tropical fruits	$1,580	10.7%	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	$53	-3.6%	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
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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