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Report Highlights:

In 2022, the French food processing sector encompasses approximately 17,300 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 450,000 people, generating $211 billion in sales. While market demand is strong, the French food processing industry continues to face significant challenges with rising energy and commodity prices following COVID related supply chain disruptions and the ongoing Russia - Ukraine war.

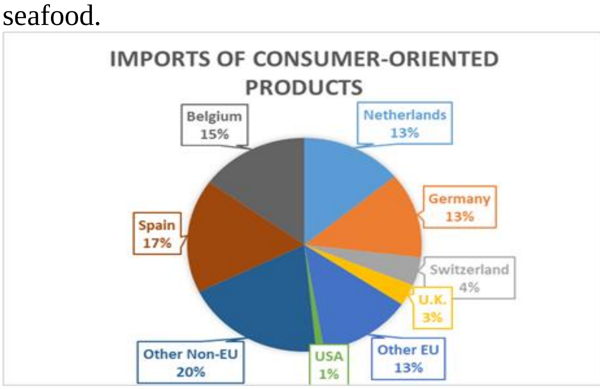
Market Fact Sheet: France

EXECUTIVE SUMMARY

In 2021, the Covid-19 pandemic weighed heavily on the French economy. Gross domestic product (GDP) increased by 12 percent from 2020 to $2.957 trillion. 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 $16.6 billion in 2022. French imports from the United States reached $1.3 billion in 2022, led by tree nuts, alcoholic beverages, and seafood.



FOOD PROCESSING INDUSTRY

France's food processing sector encompasses approximately 17,300 companies with total annual sales exceeding $211 billion. Small and medium sized enterprises (SMEs) account for almost 98 percent of the industry. It is the leading sector of the French economy with a strong reputation for quality and innovation.

FOOD RETAIL INDUSTRY

In 2022, circa 65 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 15 percent compared to 2021, and now represent around 14 percent of total retailer food sales.

Quick Facts CY 2022

Imports of Consumer-Oriented Products *(USD billion)* 52.8**

List of Top 10 Growth Products in Host Country

Almonds, pet food, pistachios, grapefruit, wine, peanuts, food preparations, beer, sweet potatoes, sauces, and whiskey.

Food Industry by Channels (USD billion)

Food Industry Output	211
Food and Ag. Exports	88.9
Food and Ag. Imports	72.3
Retail	394
Food Service	62

Top 10 Host Country Retailers

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

GDP/Population

Population *(millions)*: 67.8
GDP *(trillions USD)*: 3.0
GDP per capita *(USD)*: 38,045

**This figure does not include U.S. products exported to France transshipped through other EU countries. This would double the figure.

Sources: TDM, ANIA

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 – War in Ukraine and Rise of Energy Costs

The War in Ukraine and Rising Energy Costs

Following the significant injection of financial support during the COVID 19 crisis, the French Government is now working to reduce spending and curb inflation. However, thousands of producers, processors, and distributors across the entire food and consumer products value chain are asking the Government to take swift action to address rising costs before they go out of business. A report published by the Association Nationale des Industries Alimentaires (ANIA), the French food processing industry association, notes that the average prices of gas and electricity and gas in 2022 increased three-fold from the previous year (and five-fold from 2021). Energy prices for professional enterprises are generally negotiated for a period of three years. The inflexibility in these contracts has direct repercussions on inflation and on employment.

The food processing sector fears production stoppages that could force plant closures and rising unemployment. France, like under European Member States, is also under pressure to save domestic producers from foreign competition. As production costs increase, French consumers are adopting new habits:

- Buying less: lower income households are reducing consumption in certain food categories.
- Buying cheaper: looking for promotions, avoiding premium brands in favor of more generic alternatives.
- Buying differently: diversifying purchase locations and formats.

In 2022, lowest income households bought 5 percent fewer consumer-oriented products compared to the previous year. Purchases of fresh products, notably meat products and seafood declined by 14.5 percent 12.4 percent, respectively.

At the same time, the French food industry continues to demonstrate a strong capacity to produce. The sector mobilizes more than 17,300 companies, of which nearly 98 percent are small and medium sized enterprises (SMEs). The sector generates $211 billion in annual revenue, and it directly employs more than 450,000 people and indirectly contributes to nearly 2 million jobs in France. The French agri-food industry has tremendous political and economic influence.

Table 1: FRENCH FOOD INPUT AND PRODUCT TRADE
Calendar 2021 and 2022 (In Million Dollars)

Products	Imports		Exports		Trade Balance 2021	Trade Balance 2022
	2021	2022	2021	2022		
European Union						
• Raw Products	8,378	8,850	11,804	15,470	3,427	6,620
• Processed Products	34,499	41,227	28,813	33,695	-5,686	-7,532
TOTAL	42,877	50,077	40,617	49,165	-2,260	-913
Non-EU Countries						

• Raw Products	8,426	10,002	5,833	8439	-2,593	-1,562
• Processed Products	14,923	18,234	28,544	31,778	13,622	13,543
TOTAL	23,350	28,236	34377	40,217	11,029	11,981
World						
• Raw Products	16,820	18,869	17,661	23,940	840	5,070
• Processed Products	49,490	59,543	59,558	65,540	7,924	5,996
TOTAL FOOD PRODUCTS	**66,310**	**78,412**	**75,075**	**89,480**	**8,764**	**11,066**

Source: Agreste/French Customs

In 2022, the French trade surplus for food products reached $11 billion, an increase of 26 percent from 2021. This level is the highest since 2013, nearly $3.75 billion more than the average for 2017-2021. The increase in trade surplus is mainly driven by raw products like cereal exports that have benefitted from a rise in world prices. Trade in finished processed products however has decreased 24 percent to $6 billion in 2022 due to a significant increase in imports, mainly meat.

French processed food exports increased by 17 percent to reach almost $65.5 billion in 2022, driven by increased sales of wines and spirits to the United States. Exports of raw commodities contribute to approximately 45 percent total sales. Wheat exports ($2.2 billion), especially to North Africa remains an important contributor to overall trade. French imports of processed food increased 21 percent in 2022, reaching $59.5 billion. Fish products from Norway, meat from the United Kingdom and soy meal from Brazil accounted for most of this growth.

Table 2: FRENCH FOOD PROCESSING INDUSTRIES
Calendar Year 2022

Industries	**Turnover ($ billion)**
Meat and Meat Products	28,53
Fish and Seafood	4,823
Fruits and Vegetables	9,010
Fats and Oils	8,913
Dairy Products	41,305
Grain Industry	8,981
Bakery Industry	28,355
Miscellaneous Food Products	32,280
Animal Feed	9,367
Beverages	31,503
Total Food Processing Industries	**212,181**

Source: French Ministry of Agriculture

Over the past decade, demand for food ingredients has steadily increased, keeping pace with new developments in food technologies that 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 French food processing industry has accordingly been very proactive in selecting healthy ingredients, even if when health characteristics are only based on very general perceptions. French food companies can generally import food ingredients without too many problems, provided they 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 include:

- Lower production costs while maintaining quality standards to remain competitive in global markets.
- Increased interest in health and functional foods with a strong focus 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 that preoccupy 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, Morocco, Switzerland, Brazil, Norway, and China. U.S. exports to France represented less than 1 percent of the total value of imports over the last two years. However, the U.S. market share increased 2.63 percent in 2022. 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 2022

Partner Country	USD (Millions)		% Share		% Change
	2021	2022	2021	2022	2022/2021
World	N. A	N. A	***100.00***	***100.00***	N. A
Belgium	13,380		15.63		
Netherlands	12,736		15.19		
Spain	11,835	12,120	14.12	14.09	2.41
Germany	9,569	9,494	11.4	11.03	-0.78
Italy	7,147	7,445	8.53	8.65	4.17
United Kingdom	3,440	3,636	4.1	4.23	5.69
Poland	3,199		1.67	1.74	7.32
Ireland	1,395	1,498	1.67	1.74	7.32
Morocco	1,169	1,353	1.4	1.57	15.77

Switzerland	1,404	1,336	1.68	1.55	-4.83
United States	**718**	**737**	**0.86**	**0.86**	**2.63**

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

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

Since 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 finished processed food products	Certain food ingredients (such as enriched flour) are banned or restricted from the French market
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 2024.

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:

U.S. suppliers export

through

Forwarding Agent
U.S. Customs

In France:

Freight Forwarder
French Customs
Health Inspection
French Importer

Processor

Retailer

Wholesaler
Processor/ Retailer

Company Profile

In 2022, there were more than **17,300** 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, 2022

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)	25,776	102,401	Retail and HRI	France & Europe North America Asia/Middle East & Africa	Importers; Direct
Lactalis (dairy products)	23,355	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)	9,367	18,914	Retail and HRI	France & Europe USA	Importers; Distributors; Direct
Groupe Avril	7,276				
Agrial (food and agricultural cooperative group)	6,601	22,000	Retail and HRI	France	Importers: Direct
Moet-Hennessy (luxury industry, wine, spirits)	6,342	999	Retail and HRI	France, Switzerland, USA	Direct
Savencia Fromage & Dairy (formerly Bongrain SA) (milk processor)	5,955	19,888	Retail and HRI	France, Subsidiaries in Europe, North and South America	Direct; Importers
Tereos	5,399	9,100	Food and non-	France and Europe	Importers;

(sugar manufacturer, process raw materials in sugar, alcohol and starch)			food industry and retail	South America Africa Asia	Direct
LDC (poultry producer and processor)	5,381	22,700	Retail and HRI	France, Poland and Spain	Direct Importers
Terrena (distribution, agricultural supply, animal and plant production)	5,198	13,838	Retail, HRI (own plant production supply chain)	France & Europe	Importers ; Direct
Bigard (meat processor)	4,989	14,000	Retail, HRI	France	Direct
Sodiaal	4,953	16,900	Cooperative	France	Direct
Soufflet Group (grain processor)	4,907	6,851	Industry and Retail	France, Europe, Asia and South America	Direct; Importers
Agro Mousquetaires (French retailer)	4,503	11,000	Retail	France	Direct
Nestle France (products and beverages for human consumption and animal feed)	3,240	13,000	Retail and HRI	France and all over the world	Importers; Direct

N/A = Not Available

Source: RIA Magazine

Sector Trends

France is a global exporter of processed foods. In 2022, French exports of processed foods totalled $57.4 billion, virtually unchanged from 2021, after the 18 percent increase from 2020. 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 also developed a substantial presence outside of France.

French companies continue to invest significantly in research and development. As French consumers are increasing 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 placed U.S. exports to the EU and to France in particular at a disadvantage. 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

Tables 5 and 6 provide details of products that have strong sales potential in the market.

Table 5: PRODUCTS IN THE MARKET WITH STRONG SALES POTENTIAL

Product Category	2022 Total Imports (in million dollars)	Average Percentage Market Share Change (2022-2021)	Key Constraints over Market Development	Market Attractiveness for USA
HS 03. Fish and Seafood	$125,6	9.93%	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.
HS 08. Fruits and nuts	$100,7	1.84%	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 and pistachios. Most sales from the US are bulk and for the processing industry.
Whiskies	$67,794	-12.37%	Competition from local production and imports from European countries. High Tariffs on hard alcohol.	U.S. whisky and bourbon are considered as quality products, opportunities exist but high tariff have a negative impact on sales.
Reptile Skins	$51,578	48.23%		
Wine	$31,041	19.32%	Competition from domestic production and imports from European countries	The market remains a niche for US suppliers, but opportunities exist to compete with other countries origin present in the market for quality wine.

Source: TDM – Trade Data Monitor

Table 6: PRODUCTS WITH OPPORTUNITIES FOR SIGNIFICANT GROWTH

Product Category	2022 Total Imports (in Million Dollars)	Average Percentage Import (2022/2021)	Key Constraints Over Market Development	Market Attractiveness for USA
Vanilla	1	1,439%		
Wood pellets	2.455	1,142%		

Peas	3,284	1,046%		
Organic foods	0.09	-23%	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. Organic carrots, lettuce and lime are the bulks of the exports.
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.

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:

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

Attachments:

No Attachments