

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

France is the third largest European economy and according to French customs imported \$1.28 billion of food and agricultural products from the United States in 2017. France offers many opportunities for U.S. suppliers with particularly strong opportunities for U.S. fish and seafood, dried fruits and nuts, fruit juices, wine and spirits, organic, health food products, as well as kosher.

Post:

Paris

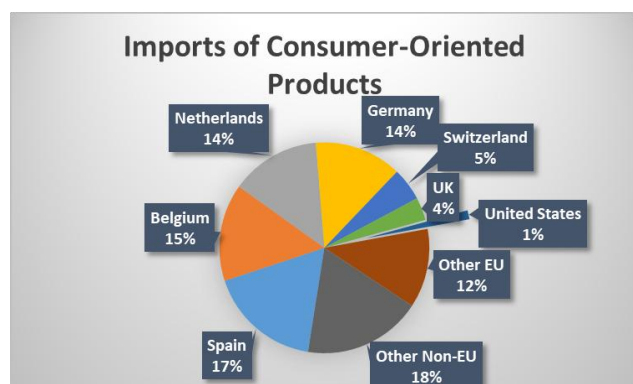
Market Fact Sheet: France

Executive Summary

With a gross domestic product (GDP) of approximately \$2.57 trillion in 2017, France is the world's sixth largest industrialized economy and the European Union's third largest economy after Germany and the United Kingdom. It has substantial agricultural resources and maintains a strong manufacturing sector. France's dynamic services sector accounts for an increasing share of economic activity and has been responsible for most job creation in recent years. France is a member of the G-8 and G-20, the European Union, the World Trade Organization, and the OECD.

Imports of Consumer-Oriented Products

From January-July 2017, France's trade surplus in agriculture and food products fell about 20 percent from 2016. Additional imports from outside the EU were oilseeds, fruits, and distilled alcohols from China and the United States. Imports from the EU were primarily dairy, meat, and tobacco products. In total, the trade surplus for agricultural and food products during the period Jan-July 2017, reached \$484 million.



Food Processing Industry

In 2017 France had over 17,600 food processing companies with sales of \$191 billion. The value of processed food imports increased by 5.6 percent last year. Exports in the food industry sector are ahead of other leading industrial sectors, which places France's food industry among the top three in the European Union. In 2017, the French food processing sector represented 1.7 percent of the gross domestic product (GDP).

Food Retail Industry

In 2017, sales within hyper/supermarket and discounters represented 75 percent of the country's retail food market. Different types of retailers have experienced growth and success over the last eighteen months. In 2017, the largest French retailers continued investing in smaller stores in city centers. The overall retail food sales in France were estimated to \$309 billion, and specialized food stores such as frozen food stores, organics and open-air markets had sales of \$26 billion.

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Quick Facts CY 2017

Imports of Consumer-Oriented Products (USD million)
40,499

List of Top 10 Growth Products in Host Country

- | | |
|----------------------|---------------------------|
| 1) Almonds | 2) Pet food |
| 3) Pistachios | 4) Grapefruit |
| 5) Wine | 6) Peanuts |
| 7) Food preparations | 8) Beer |
| 9) Sweet Potatoes | 10) Sauces and seasonings |

Food Industry by Channels (USD billion) 2017

Food Industry Output	191
Food Exports	41.8
Food Imports	40.5
Retail	309
Food Service	102

Food Industry Gross Sales (USD Billion) 2017

Food Industry Revenues
Food (Domestic market) USD 83.4

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): 67.2
GDP (billions USD): 2.57
GDP per capita (USD): 42,567

Sources: GTA, World Bank, Linéaires

Strengths/Weaknesses/Opportunities/Challenges

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

Data and Information Sources:

Global Trade Atlas (GTA), INSEE, Linéaires, French Customs

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I. MARKET SUMMARY

In 2017, with a GDP of approximately \$2.57 trillion, up 1.9 percent compared to 2016, France is the world's seventh-largest economy and the EU's third largest economy after Germany and the UK. It has substantial agricultural resources and maintains a strong manufacturing sector. France's dynamic services sector accounts for an increasingly large share of economic activity and is responsible for most job creation in recent years. France has started to benefit from higher growth in Europe, and job creation is growing. France's budget deficit dropped below the 3 percent limit to 2.6 percent of GDP in 2018, but it will probably rise 2.8 percent in 2019. France's public debt ratio of 97 percent of GDP remains one of the largest in the Euro-Zone.

France Key Trade and Demographic Information For 2017

Ag. Imports from all Countries	\$54 billion
U.S. Market Share	1.24% with \$580 million
Consumer Food Imports from All Countries	\$40 billion
U.S. Market Share	0.73% with \$285 million
Edible Fishery Imports from All Countries	\$6 billion
U.S. Market Share	3%
Total Population/Annual Growth Rate	67.2 million – Growth rate annual: 0.3%
Urban Population	53 million
Number of Metropolitan Areas	4
Size of the Middle Class	48% of total population
Per Capita Gross Domestic Product	Between \$39,800 and \$44,900
Unemployment Rate, incl. Overseas territories	9.1%
Percent of Female Population Employed	65%

Statistics from the Global Trade Atlas and INSEE.

Bilateral Trends

Historically, the U.S.-French commercial and economic alliance is one of the United States' oldest and closest. Relations between the United States and France have remained active and friendly. The two countries share common values and have parallel policies on most political, economic, and security issues. The United States is the top destination for French investment and the United States is the largest foreign investor in France. The two countries have a bilateral convention on investment and a bilateral tax treaty addressing issues such as taxation of incomes and businesses. In 2017, France was the ninth largest global market for foreign direct investment (FDI) with an increase of 16 percent from 2016. In total there are more than 28,000 foreign-owned companies doing business in France. It is the home to 29 of the world's 500 largest companies. The United States is the seventh largest foreign investor in France. Around 4,600 U.S. companies based in France employ over 460,000 French citizens.

Trade and investment between the United States and France remain strong. Major U.S. exports to France include industrial chemicals, aircraft and engines, electronic components, telecommunications, computer software, computers and peripherals, analytical and scientific instrumentation, medical instruments and supplies, as well as broadcasting equipment.

According to the Department of Commerce's Census data, in 2017, the U.S. had a \$15 billion trade deficit with France. U.S. exports to France were \$34 billion in goods and \$19 billion in services. French exports to the United States were \$49 billion in goods and \$18 billion in services.

Following the election of French President Emmanuel Macron in May 2017, the Government implemented significant labor market and tax reforms. According to the 2017 American Chamber of Commerce in France – Bain Barometer Survey on the attitudes of U.S. investors in France, ninety percent of American investors surveyed said Macron's reforms improved France's investment prospects. Key issues to watch in coming months include: (1) whether President Macron is able to maintain the pace of reform in light of recent protests, and (2) opportunities and challenges resulting from Brexit.

French Agricultural Production and Consumption

In 2017 overall agricultural production increased by 3.2 percent compared to 2016. Production of vegetable and animal products increased by 1.9 percent in volume. However, grain production declined, causing a fall in agricultural exports.

The French National Institute for Statistics and Economic Studies (INSEE) said French households income increased by 1.3 percent in 2017 compared to 1.8 percent in 2016. Nevertheless, cost of food and living expenses outpaced income increases. Overall food consumption remained stable, but there was a decrease in sales of alcoholic beverages. In 2017, food expenses represented less than 20 percent of the total French households' budget. Most of French households buy their food in hyper/supermarkets and discounters although the volume sold continued to decline in 2017 to the advantage of city-center stores and the "drive-thru" concept.

Socio-economic and demographic changes have significantly altered food trends in France French consumers desire food products that offer better taste, health benefits and authentic products. The younger generation enjoys trying new and innovative products and they value products with an appealing image along with good taste. In France past food safety scares raised consumer concerns about sanitation and safety issues. These concerns have led to greater demand for natural and organic food products, natural fruit juices, and organic produce. In addition, there is increasing demand for fish and seafood products, vegan food, gluten free products, and food supplements. There is a strong demand in France for ethic meals, halal manufactured products and, to a lesser extent, kosher certified products.

The French market for food products is mature, sophisticated and well served by suppliers from around the world. France's transportation infrastructure benefits from advanced technology and high-level government's investment. The food industry is a major and stable sector of the economy.

U.S. firms must navigate complicated national and European regulations and standards to sell products in France. Another challenge for U.S. firms is dealing with highly concentrated retail distribution chains and networks. Many French global manufacturers and suppliers exercise strong control over these retail networks, with well-organized buying offices that have put in place very stringent selection processes for new suppliers, products and services. Allowance for high retail mark-ups combined with innovative

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and creative marketing approaches are prerequisites to enter the French retail market. Over the past few years, there has been a renewal of interest for American food products. Many restaurants offering American themed cuisine such as BBQ and Cajun have opened in the last three years, and their popularity and numbers are growing. In addition, the French food service industry is moving towards fresh consumer-ready products at the expense of frozen foods.

Advantages and Challenges in the Market Facing U.S. Exporters

Advantages	Challenges
The fact that more than 75 percent of the population lives in urban areas boosts demand for international food.	Some French consumers have irrational food fears and choose food products based on perceived rather than real food safety.
French per capita income is near that of the United States.	French consumers are exacting when it comes to quality and innovation.
The tourism industry increases demand for hotel and restaurant products.	Price competition is fierce.
U.S. fast food chains, theme restaurants, and the food processing industry occasionally demand American food ingredients.	Certain food ingredients are banned or restricted in the French market.
Domestic distribution systems are efficient.	Marketing costs to increase consumer awareness are high.
American food and food products remain quite popular.	Mandatory customs duties, sanitary inspections and labelling requirements can be onerous.
US-EU organics equivalency agreement in place since 2012 has supposedly increased the organic trade.	The EU biotech-labelling requirement of 0.9 percent excludes many U.S. processed products.

II. EXPORTER BUSINESS TIPS

Multilateral Agreements & Business Customs

France as an EU member state, benefits from EU customs union agreements with Turkey and Andorra. The European Union has preferential trade agreements with Norway, Iceland, Switzerland, Liechtenstein, Israel, the Palestinian Authority, Tunisia, Morocco, Jordan, Egypt, Lebanon, Syria, Algeria, Mexico and South Africa. The EU provides African, Caribbean and Pacific developing countries (ACP) with non-reciprocal preferential access to its markets under the Cotonou Agreement, and gives other developing countries preferential access under the Generalized System of Preferences (GSP). The new trade agreement with Canada (CETA) entered into force in September 2017. The EU also finalized a free trade agreement with Japan. These trade agreements have a strong impact on U.S. exports to the EU and France.

Market Strategy

To enter into France a U.S. exporter should consider market access restrictions and food laws, consumer characteristics, seasonal promotions and unique U.S. products characteristics. High-quality and regional focused products are popular such as Florida grapefruit, California wine, Tex-Mex or Cajun style, Alaskan and New England seafood, should also be considered by the U.S. company to target France. The product image, such as packaging, as well as participation in trade shows and in-store promotions are also a good approach.

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Note that most processed products are subject to additional import charges based on sugar, milk, fat, milk protein, and starch content. French regulations can limit market access U.S. agricultural products including but not limited to enriched flour, bovine genetics, exotic meat (alligator), bird meat (ratite) live crayfish, beef and bison meat, certain fruits and vegetables, pet foods and products derived from biotechnology.

When released from customs, the foodstuffs are subject to ad valorem customs duties levied under the Common External Tariff. Duties differ according to product. In addition, in addition to customs duties, foodstuffs imported into France are subject to a Value-Added Tax (VAT). Currently, the VAT is generally charged at one of the following rates:

- Standard rate of 20 percent applies to alcoholic beverages, some chocolates and candies;
- Reduced rate of 5.5 percent applies mostly to agricultural and food products.

For additional information on product trade restrictions, food standards and regulations please refer to the [EU](#) and [FAS/Paris Food and Agricultural Import Regulations and Standards Reports \(FAIRS\)](#).

U.S. suppliers may also contact the following organizations to obtain complementary 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.

III. IMPORT FOOD STANDARD AND REGULATIONS/IMPORT PROCEDURES

Import and export transactions exceeding 12,500 euros (approximately \$14,000) in value must be handled through an approved banking intermediary. Goods must be imported or exported no later than six months after all financial and customs arrangements have been completed. For products originating in countries other than EU member states or participants in the WTO, and for a limited number of products considered sensitive, a specific import/export license may be required by product or by category of products. Otherwise, the following shipping documents in French are required:

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Commercial invoice, bill of lading or airway bill, certificate of origin, sanitary/health certificate for specific products. U.S. exporters must make sure their products comply with French regulations and must verify customs clearance requirements with local authorities through their contacts before shipping the products to France. For additional information, please consult the [Country Commercial Guide](#) prepared by the U.S. Department of Commerce.

Labeling/Packaging Requirements:

Labels should be written in French and include the following information: Product definition; shelf life; precautionary information or usage instructions; statement of contents (ingredients, weights, volumes, etc. in metric units. All additives preservatives and color agents must be noted on the label with their specific group name or their 'E' number; product's country of origin and name of importer or vendor within the EU; manufacturer's lot or batch number.

Mandatory Labeling of Genetically Engineered (GE) Products:

Under the Regulations [\(EC\) 1829/2003](#) and [\(EC\) 1830/2003](#) on biotech traceability and labelling, the European policy sets standards for positive (sourced from biotech), but not for negative labelling (not sourced from biotech). However, Each Member State can put in place specific national requirements for biotech-free labelling. France implemented the 1829/2003 and 1830/2003 Regulations in April 2004.

The Fraud Control Office of the Ministry of Economy, Finance and Industry (DGCCRF) is the authority enforcing compliance with the regulation. An explanation on biotech labelling regulation is available [on their website \(in French\)](#).

Voluntary "GMO free" Labelling Systems:

In France, the government has implemented a national voluntary "GMO free" labelling system. It only applies to food produced in France. Imported products are not concerned. It states that:

- Plant products can be labelled as "GMO free" if they contain less than 0.1 percent GE plants.
- For animal products, two thresholds are set and must be indicated on the label: 1) under 0.1 percent is labelled as "fed without GMO plants (0.1 percent)," and 2) under 0.9 percent as "fed without GMO plants (0.9 percent)."
- Processed animal products, milk and eggs can be labelled as "sourced from animals fed without GMO plants (0.1 or 0.9 percent)."
- For apiculture products, biotech plants should be no closer than three kilometres to an apiary.

These "GMO free" labels are mainly found on animal products (meat, dairy products, and eggs), canned sweet corn and soybean products. It is forbidden to state that the products have a better nutritional, health or environmental value because they are GE free.

Transport of goods to and from France

France's transportation infrastructure is among the most sophisticated in the world. It benefits from advanced technology and a high-level government's investment. The three main entry points for airfreight are Orly and Charles de Gaulle airports (close to Paris) and Saint-Exupery airport (in Lyon). France has twelve major seaports many equipped for container ships. There is an extensive highway and river-transport system and a state-owned rail network that is among the most comprehensive and technologically advanced in the world. Communications infrastructure is similarly advanced.

IV. MARKET SECTOR STRUCTURE AND TRENDS

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Business practices in France are very similar to those in the United States. Business tends to be direct and straightforward. The United States and France produce many of the same goods and services and export them to each other. Therefore, marketing products and services in France can bear some resemblance to marketing in the United States. French business representatives are sophisticated and knowledgeable about their respective markets. At the same time, American firms must consider certain business practices, cultural factors, and legal requirements in order to do business effectively in France. For detailed information on the distribution systems and the best market entry approach for new-to-market exporters for the retail food sector, see Post [Retail Food Sector Report](#). The Hotel/Restaurant Institutional (HRI) sector in France uses the services of wholesalers or processed food buyers, and the well-developed distribution channels of the wholesalers/importers are often the key to getting a new food product into that sector. Please check our [HRI report](#).

It is important for a U.S. exporter to France to have a successful export planning for its products and conduct basic market research. We highly recommended working with an agent, distributor, or importer. They know the market and are in a position to determine the best promotional strategy; they identify the best distribution channel for the product, as well as assist with custom requirements and food labelling. The U.S. exporter should also be prepared to invest in the market promotion through trade shows, in-store promotions or advertising campaigns, to gain maximum exposure and make valuable market contacts.

V. BEST CONSUMER ORIENTED PRODUCT PROSPECTS

The best prospects for U.S. food exports to France are: seafood (particularly salmon, cod, scallops and lobsters); fruit juices and soft drinks (including flavored spring waters); dried fruits and nuts; fresh fruits and vegetables (particularly tropical); frozen foods (both ready-to-eat meals and specialty products); snack foods, tree nuts; “ethnic” products; innovative dietetic and health products; organic products; soups; breakfast cereals; and pet foods. Also, niche markets exist for candies, chocolate bars, wild rice, kosher and halal foods. Market opportunities for U.S. exporters also exist for oilseeds, protein meals, and other feeds, as well as for wood products and grains.

France’s Consumer Oriented Best Prospects

Products	Imports from the U.S. in 2017 (US \$ Million)	Description	Type of Outlets
Fish and Seafood	247.1	Frozen pollock, cod and salmon, live and frozen lobsters, frozen rays, dogfish and scallops	Retail and Food Service
Alcoholic beverages	91.8	Wine and spirits and beer	Retail and Food Service
Non-alcoholic beverages	22.5	Sodas and innovative beverages	Retail and Food Service

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Fresh and dried fruits including nuts	229.9	Almonds, pistachios, macadamia, cashews, pecans, and walnuts. For fresh fruits mainly grapefruits and off-season and extended season sales such as for apples and pears. Niche market also for berries, Medjool dates, dried prunes and other fresh citrus.	Food Retail and Food Service
Fresh and dried vegetables	47.7	U.S. great Northern beans, dried beans, peas and lentils, sweet potatoes	Retail and Food Service
Meat and Offal	11.9	Limited opportunities due to the import quota on hormone-free meat and stringent EU regulations	Food Service
Food preparations including sauces	67.7	Frozen ready-to-eat meals and sauces	Retail and Food Service

SECTION VI. TRADE ASSISTANCE FOR EXPORTERS

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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Please view our [Home Page](#) for more information on exporting U.S. food and beverage and to find list of French market sector/briefs and other detailed reports.