

CBI MARKET SURVEY

THE NATURAL COLOURS, FLAVOURS AND THICKENERS
MARKET IN FRANCE

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Report summary

This CBI market survey discusses, amongst others, the following highlights for the natural colours, flavours and thickeners market in France:

- France is a large market for natural colours, flavours and thickeners; industrial demand is high compared to other EU countries. This is for a great part due to the presence of several processing facilities of multinational food ingredient companies in France.
- France is a large producer of raw materials for natural colours, flavours and thickeners, primarily due to its favourable climatic conditions. Important products are raw materials for colours, essential oils, agar-agar and potato starch. France has an equally large processing industry in this sector.
- France is the second largest EU importer of natural colours, flavours and thickeners, accounting for 19% of total EU imports in 2008. Between 2004 and 2008, the value of imports increased by 6.7% annually on average, amounting to € 394 million in the latter year. Imports consisted mainly of essential oils and gum and seaweed thickeners (mainly gum Arabic, carrageenan and pectins).
- Developing countries have a share of 48% in France's imports of natural colours, flavours and thickeners, which is high compared to the EU average of 37%. Between 2004 and 2008, imports from developing countries increased by 6.8% annually on average. Leading suppliers are Sudan, India and Indonesia.

This survey provides exporters of natural colours, flavours and thickeners with sector-specific market information related to gaining access to France. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The natural colours, flavours and thickeners market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1. Market description: industrial demand and production**Industrial demand****Total market size**

France is a large market for natural colours, flavours and thickeners; industrial demand is strong compared to other EU countries. This is for a great part due to the presence of several production facilities of multinational food ingredient companies in France, such as Danisco, IFF and Cargill. Moreover, with a turnover of € 154 billion in 2007, the food and drink industry of France is the largest in the EU, having a share of 17%. This also indicates a strong industrial demand for colours, flavours and thickeners. It is expected that demand for natural colours, flavours and thickeners, as opposed to synthetic products, will increase in the near future, due to increased health awareness of French consumers and EU consumers, in general.

Between 2003 and 2007, the turnover of the French food industry increased by 1.9% annually on average. The meat and dairy sectors are relatively large in France, compared to other EU countries. When looking at subsector level, another large industry is bread and fresh pastry (9.4% of total industry turnover; falls under 'other food products'). Fast-growing sectors are confectionery and chocolate (4.7% annually between 2003 and 2007) and wine (5.6%). This

indicates that demand for colours, flavours and thickeners used in these industries is increasing.

Table 1.1 Manufacturing of food products, beverages and tobacco in France

Food and drink industry sectors	Share in EU food industry, 2006	Share in French food industry, 2007	Average annual change in French food industry, 2003-2007
Total	100%	100%	1.9%
Meat	*19.1%	21.4%	1.4%
Dairy	12.7%	15.9%	1.4%
Beverages	14.1%	13.9%	2.8%
Tobacco	7.1%	**8.0%	n.a.
Animal feeds	*5.5%	6.5%	1.6%
Fruit and vegetables	5.6%	4.9%	4.6%
Grain mill products and starch	3.5%	3.7%	4.7%
Fish	2.4%	2.1%	1.4%
Oils and fats	4.4%	**1.0%	n.a.
Other food products	24.7%	25.5%	4.3%

Source: Eurostat (2009)

* Data from 2005

** Data from 2003

Demand for many natural colours, flavours and thickeners slowed down during the first year of the economic crisis, as traders and users reduced their stocks and working capital, and shortened their contracts. Since the second half of 2009, however, trade has picked up again, as inventories ran low and had to be replenished.

Product groups

Colours

France is estimated to be the third largest EU market for colours, accounting for approximately 13% of the total EU market. Moreover, compared to other EU countries, France is estimated to have a relatively high demand for natural colours, as opposed to synthetic and nature-identical colours.

France has a particularly high demand for cochineal, which is the raw material for the carmine dye. The country is the world's second largest importer of cochineal after the USA (FAO's 'Natural colourants and dyestuffs', 1995; Biocomercio, 2009). Between 2002 and 2006, imports of cochineal from Peru, the world's dominant cochineal supplier, increased by 12% annually.

Flavours

France has an equally high demand for essential oils. France has historically been the centre of the fragrance industry, which is far larger than the flavour industry. Consequently, sourcing of fragrance ingredients is concentrated in France. As many fragrance ingredients are also applied in flavours, France also became an important market for essential oils for the food industry.

A total of 53 companies in the flavour and fragrances sector of France have become member of Prodarom, the National Association of Producers of Aromatic Products. Among the members are leading multinational flavour manufacturers such as International Flavours and Fragrances (IFF) and Cargill, which have facilities in France for the processing of essential oils. Prodarom represents approximately 75% of the total flavour and fragrances sector and its members had a combined turnover of € 902 million in 2007. The estimate for the total sector amounts to € 1,200 million in 2008.

In 2008, an estimated 41% of sales of the members of Prodarom was realised in France. The French flavour and fragrance industry does not limit itself to the French market. Prodarom prides itself on the international playing field of the French fragrance and flavours industry.

Compounders are constantly looking for new formulations, including rare and exotic ingredients, which are not produced domestically. The sector also makes extensive use of biotechnology to improve its products. According to food industry sources, demand for essential oils used in foods is expected to increase, along with the expected increase for the food industry as a whole, between 3% and 5% annually.

Furthermore, France is a major market for liquorice. Although per capita consumption of liquorice confectionery is higher in North-European countries, France is a major market in absolute size. A leading producer of liquorice confectionery is Cadbury, which was taken over by Kraft foods in 2010.

Thickeners

France has a strong demand for thickeners as well. Within this product group, France has a particularly high usage of *Xanthomonas campestris*, the raw material for xanthan gum production. However, production chains of different Xanthan gum manufacturing companies in France are vertically integrated. It is expected that demand for xanthan gum will increase in the near future.

Compared to other EU countries, France also has a large demand for gum Arabic (also known as acacia gum), guar gum, locust bean gum and seaweeds for the production of carrageenan, because of the presence of large processing facilities for these products. Colloides Naturels International (CNI) is a particularly important processor of Arabic gum. CNI has been active in the market for over a century, sourcing its raw materials in more than fifteen countries, including Sudan, Chad, Nigeria, Cameroon, Somalia, Kenya and Tanzania. The company exports almost 90% of its production, has eight distribution subsidiaries, and a network of 45 agents.

The company Cargill processes brown seaweeds in France to produce alginates and also processes red seaweeds to produce carrageenans. Production amounts to almost 19 thousand tonnes per year, of which 75% is exported. Furthermore, Cargill processes guar gum and locust bean gum in France. Cargill also operates a pectins manufacturing plant in France. The company Selt Marine also processes carrageenan.

Market segmentation

France accommodates relatively large pharmaceutical and cosmetics industries. These industries account for a major part of the industrial demand for certain thickeners and essential oils, in particular. The essential oils are largely used in the fragrance industry. Fragrances accounted for 67% of the total turnover of the French flavour and fragrance manufacturers in 2008. The other 33% was realised in the food industry (Prodarom, 2009). Please refer to the CBI market surveys 'The market for natural ingredients for pharmaceuticals in France' and 'The market for natural ingredients for cosmetics in France' for more information on these markets.

France has a large organic retail market, worth € 1.9 billion in 2007, or 12% of the total EU organic market. The organic market is a growing market in France, having increased by 12% between 2006 and 2007. Per capita consumption amounted to € 30 in 2007, which is slightly higher than the EU average.

The organic market for flavours is also growing. An example is the interest of large flavour manufacturers in acquiring the relatively small French company Aromatech for its organic division. The organic division is of strategic importance for the entrance of the large companies to the organic market, since it is difficult for flavour companies to find sufficient organic sources for their materials. A considerable number of sources broadens a company's assortment offer, which attracts the interest of food manufacturers.

Trends in industrial demand

- There is an increasing demand for low-calorie, low-fat food in France. Hence, there is more demand for healthy, natural ingredients, such as pectin - substances which substitute fats and sugars and reduce blood cholesterol levels.
- French consumers attach a relatively high value to quality food. Hence, the good reputation of the French kitchen. Interest in molecular gastronomy is high. Molecular gastronomy takes the molecular reactions between ingredients into account. Colours, flavours and thickeners fit well in this type of food preparation. Some companies in the market for natural colours, flavours and thickeners, such as Kalys, are even targeting consumers and the food service industry directly, to profit from the interest in molecular gastronomy.
- Like in the EU in general, in France the market for convenience food products is also growing, and it is an important market for natural colours, flavours and thickeners.
- The interest of the French population in organic products is rising. Between 2006 and 2007, sales of organic products increased by 12%.

For more information on trends, please also refer to the CBI survey covering the EU market for natural colours, flavours and thickeners.

Production

The production described here focuses on the production of raw materials, since the processing into end-products has already been described in the previous section.

Total production

In addition to having a large processing industry for natural colours, flavours and thickeners, France is a large producer of raw materials for this sector. The production of raw materials primarily consists of a number of essential oils and some thickeners, for which the appropriate geographical conditions exist in France. The Mediterranean climate in the South of France and along its coastline offers opportunities for the production of selected products. Moreover, the increased demand for healthier, natural products in France is expected to stimulate the production of natural thickeners and essential oils.

Product groups

Natural colours

France produces a number of raw materials for natural colours, such as grapes, red beets and spinach. However, the production of exotic raw materials, such as cochineal, turmeric root, marigold, annatto, palm oil, micro algae (*Dunaliella salina*) and safflower is negligible.

Essential oils

In relation to essential oils, industry sources indicate that France is the 3rd largest producer of the raw materials for essential oils in the EU, after Spain and Italy. French production of essential oils has a long and prestigious past. Around 130 companies produce raw materials for flavours and fragrances, of which more than 50% is located around the city of Grasse (Prodarom, 2003). Lavender and lavandin, in particular, are produced in large quantities. However, these products are largely used in the fragrance industry.

Aromatic plants are cultivated on 2,200 hectares of land. Important species are thyme, dragon herb and basil. Other essential oils produced in France are anise, catnip, chamomile roman, coriander, dill, fennel, hyssop, jasmine, lovage, marjoram, oregano, parsley, peppermint, pine, rosemary, sage and verbena. Although production of the main essential oils is expected to increase in the near future, it remains difficult to give a reliable forecast, due to the strong dependence on weather conditions.

Table 1.2 Indication of cultivated area of selected plants in France, 2004, in hectares

Scientific name	Common name	Conventional Area(ha)
<i>Anethum graveolens</i>	Dill	59
<i>Artemisia dracunculus</i>	Tarragon	215
<i>Foeniculum vulgare</i>	Fennel	51
<i>Ocimum basilicum</i>	Basil	166
<i>Origanum marjorana</i>	Marjoram	9
<i>Origanum vulgare vulgare</i>	Wild oregano	62
<i>Petroselinum</i>	Parsley	422
<i>Rosmarinus officinalis</i>	Rosemary	89
<i>Salvia officinalis</i>	Sage	24
<i>Thymus vulgaris</i>	Common thyme	263
<i>Trigonella foenum-graecum</i>	Fenugreek	10

Source: EHGA (2005)

Thickeners

With respect to the production of the raw material for agar-agar and other thickeners, industry sources indicate that France can be considered to be the third largest producer of agar-agar in the EU, after Spain and Portugal. The raw material is found along the French coastline, which explains the high production level compared to other EU countries. Production of agar-agar was rather stable over recent years and is not expected to increase in the near future. France also produces carrageenan from domestically grown *Chondrus* seaweed. France does not produce significant amounts of locust beans or gum Arabic.

Potato starch is a product which competes with developing country exporters of manioc starch. However, the production quotas determined by the EU limit the production of potato starch in EU member states. France has a production quota of 265 thousand tonnes per marketing year.

Reliable information on French production of other raw materials for natural colours, flavours and thickeners was not found. We are inclined to assume that the absence of data means either that registered production of those products is negligible or that France plays only a minor role in this product group, in relation to other EU countries.

Major players

- Golgemma - <http://www.golgemma.com> - producer of essential oils. Also produces essential oils in Madagascar, Tunisia, Morocco, Egypt, Paraguay, Canada, Spain and Portugal.
- Orgasynth - <http://www.orgasynth.com> - producer and distributor of essential oils and natural flavours.
- SOBIGEL - <http://www.sobigel.com> - only major producer of agar-agar in France.
- Cargill - <http://www.cargill.com> - After acquiring Cerestar (leading French starch producer) in 2002, Cargill became the largest starch producer in Europe. Cargill Starches & Sweeteners Europe has corn and wheat starch production facilities in France, Germany, Italy, The Netherlands, Poland, Spain, and the UK.
- Roquette - <http://www.roquette.com> - The second largest starch producer in Europe (after Cargill), producing starch from wheat, maize and potato. The company also has production facilities in other EU countries.
- Syral - <http://www.syral.com> - The third largest starch producer in Europe since 2007, when it acquired five production facilities of Tate & Lyle in France, Spain, Belgium, UK, and Italy. Syral is owned by Tereos.

Trends in production

- New developments in the production of agar-agar and QSA (Quick Soluble Agar) and carrageenan have considerably extended their fields of applications across the whole food industry, replacing gelatine and meeting Halal and kosher norms (Wellness Foods Europe, 2005).

For more information on trends, please also refer to the CBI survey covering the EU market for natural colours, flavours and thickeners.

Opportunities and threats

- + France is a large market for natural colours, flavours and thickeners, which is for a great part due to the presence of several production facilities of multinational food ingredient companies in the country.
- + The French food industry is the largest in the EU, and moreover grew by 1.9% annually on average between 2003 and 2007, indicating that demand for food ingredients is also growing.
- + Relatively large sectors in France are meat, dairy, and bread and fresh pastry. Fast-growing sectors are confectionery and chocolate, and wine. This indicates opportunities to export natural colours, flavours and thickeners which are used in these products.
- France is a large producer of natural colours, flavours and thickeners in the EU, especially regarding essential oils, agar-agar and potato starch.
- + The health trend, convenience trend and the molecular gastronomy trend stimulate demand for natural colours, flavours and thickeners.
- + In addition, new applications for a variety of natural thickeners as substitutes for synthetic ingredients are expected to increase the demand for these products in the coming years.
- + France has a large organic retail market, worth € 1.9 billion in 2007, or 12% of the total EU organic market. The organic market is a growing market in France; it increased by 12% between 2006 and 2007.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The market for natural colours, flavours and thickeners in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- ONNIPAM - <http://www.onippam.fr> - National Organisation for the Perfume, Aromatic and Medicinal Plants Industry.
- PRODAROM - <http://www.prodarom.fr> - National Syndicate for Manufacturers of Aromatic Products.
- CES - <http://www.ces.fr> - French Advisory Institute for Economic and Social Issues.
- FiBL - <http://www.fibl.org> - Research Institute for Organic Agriculture

2. Trade channels for market entry

Trade channels

The French market for natural colours, flavours and thickeners is dominated by multinational companies. The multinationals mostly regard the EU as one single market. Therefore, the French trade structure has to be reviewed in conjunction with EU trade structure as described in the CBI survey on 'The natural colours, flavours and thickeners market in the EU'.

Compounders

The market for colours and flavours is dominated by compounders, which supply the largest food manufacturers. These multinational compounders are often vertically integrated including import, production/processing, marketing and sales. Moreover, they are often integrated horizontally as well, to include different products within the group of food additives (i.e. colours and flavours).

Although production facilities are located in just one or a few locations, sales offices of compounders are spread out more widely. They are located in many different countries in order to cover specific countries or regions. International Flavours and Fragrances Inc. (IFF), for example, has sales offices in 11 EU countries. Whereas smaller markets are often covered by sales offices located in other countries, larger markets such as France are generally covered by one office, dedicated solely to that market. By having offices in many different countries, compounders are able to increase their market coverage and their knowledge of customer requirements. In this manner, they can also reach more buyers and gather more information about national, regional and company specific requirements. This enables them to compete more successfully with other suppliers.

Distributors

The multinationals sometimes use a separate distributor. There are two main reasons for the existence of distribution intermediaries in the market for ready-to-use natural colours, flavours and thickeners: the need for readily available customer service and for just-in-time delivery. Distributors enable exporters to enter a foreign market without specific operational knowledge or experience in this market, and to provide customers with a consistent, quality supply of raw materials.

Traders and agents

Smaller food manufacturers in France are, in many cases, supplied by independent traders and agents. Similar to compounders, some traders have set up local offices in different countries from where they sell their products. Local sales offices sometimes have their own purchasing department. They basically operate independently, but under the same flag as the mother trading company.

The EU-wide scope of the multinational compounders, traders and agents requires that developing country exporters carefully assess the channels through which country and company products reach end-users. The location of end-users is often different from where the products are actually imported. Products sold by the sales office of IFF in France, for example, might come from one of the production facilities in The Netherlands, Sweden or the UK. This means that products from a developing country exporter, aiming to supply large food manufacturers in France might first have to go to The Netherlands, Sweden or the UK.

Major compounders, traders and agents active in the French market for colours, flavours and thickeners are listed below. Many of the major players are multinational companies which are mentioned in the survey covering the EU market. For each company, an indication is given of the location of the headquarters, production facilities or sales offices. Only offices and facilities active in this market are shown:

- Givaudan - <http://www.givaudan.com> - manufacturer of flavours. Has a production facility, 2 creative offices and 2 sales offices in France.
- Firmenich - <http://www.firmenich.com> - third largest flavour company in the world, headquarters in Switzerland. Has an office and a production facility in France.
- International Flavour & Fragrances S.A.S. - <http://www.iff.com> - supplier of flavours. Has a manufacturing plant, 2 creative offices and 2 sales offices in France.
- Danisco Seillans S.A. & Danisco Grasse S.A. - <http://www.danisco.com> - supplier of value-added ingredients such as colours, emulsifiers, essential oils, hydrocolloids, etc. Recently purchased Rhodia Food Ingredients. Headquarters in Denmark. Danisco has production facilities and sales offices in nearly every EU country.
- Cargill - <http://www.cargill.com> - supplier of natural colours, flavours and thickeners.
- Robertet - <http://www.robertet.com> - French manufacturer of flavours.
- Mane - <http://www.mane.com> - French manufacturer of flavours.
- Nactis - <http://www.nactis.fr/> - Manufacturer of colours and flavours. Acquired Sofral in 2007.
- Charabot - <http://www.charabot.com/> - Manufacturer of flavours and fragrances.

- Aromatech - <http://www.aromatech.fr> - small flavour manufacturer, has one of the largest organic ranges in the EU.
- Colloïdes Naturels International (CNI) - <http://www.cniworld.com> - processor of gum Arabic, guar gum, xanthan gum and carrageenan.
- Kalys - <http://www.kalys.com> - Trader in gums.
- Fytosan - <http://www.fytosan.com> - Trader in organic and conventional essential oils.
- Herbier du Diois - <http://www.herbier-du-diois.com> - Trader in organic essential oils.
- Sirius - <http://www.sirius-trade.com> - Trader in organic and conventional essential oils.
- Ecopol - <http://www.ecopol.fr> - supplier of agar-agar, carrageenan, locust bean gum and natural colours.
- Univar Food Ingredients - <http://www.univareurope.com> - Distributor of colours, flavours and thickeners.

Other companies active in the French market for natural colours, flavours and thickeners are: Symrise, Payan Bertrand, ADL, Biolandes, Bioprocess Fragrances Aromes, Sensient Food Colors Europe (3 sales offices), Döhler, CP Kelco, Euringus, Braillion, Aromatica, Aromax, Argeville, Barosyl, Fruitaflo, Moraflor and Axxence Aromatic, Sovimpex, Caragum, Bell Flavors & Fragrances, Cosmos, Frutarom.

Trends

- The consolidation of the market for natural colours, flavours and thickeners at the EU level is also visible in France. The acquisition of the French company Rhodia Food Ingredients by Danisco (Danish company) in 2004 is a clear example of the consolidation in the French market.
- The production scale of manufacturers of natural colours, flavours and thickeners in France is increasing strongly. The scale increases lead to economies of scale and are also necessary to supply the large food manufacturers.

For more information on trends, please also refer to the CBI survey covering the EU market for natural colours, flavours and thickeners.

Price structure

The margins charged by different intermediaries in the trade of natural colours, flavours and thickeners are influenced by many different factors. These include the product type, the current and expected future harvest situation, the availability or number of sources for the particular product, the level of demand and the trend in prices.

Importers and traders generally take a margin of 10-25%, while agents take a margin of 5-10% in any market. However, since the sector often requires very specific expertise, the margins for these trade channels might be higher when compared to other sectors. Moreover, the margins differ widely between the different product groups. In general, margins at processing level for flavours and colours are larger than for thickeners.

Finding a suitable trading partner

Finding a trade partner in France does not deviate from the general EU method as described in the CBI survey on 'The natural colours, flavours and thickeners market in the EU'. French importers look for new suppliers in developing countries on the internet, by visiting the country of interest, through recommendations or at trade fairs. The most common ways for developing country exporters to approach French customers are through direct (e-)mail, personal visits as follow-up, inviting potential French customers to visit them, building a network and visiting international trade fairs.

After obtaining contacts, evaluating potential trade partners should be done according to criteria such as information quality, geographic coverage; the kind of trade relation the partner is interested in, the position of the partner and the financial status and credibility.

The following websites can be of use when finding a trading partner in France:

- For more suppliers of colours, flavours and thickeners - http://www.prodarom.com/anglais/prodarom/index_prodarom.php?page=adherents.php
- Syndicat des Importateurs-Exportateurs de Matières Premières Aromatiques (SIEMPA) merged with the Syndicat National des Industries Aromatiques Alimentaires (SNIAA) into SNIAA-MPA - <http://www.sniaa.org>
- National Association of Food Industries / Association Nationale des Industries Alimentaires (ANIA) - <http://www.ania.net>
- Salon International de l'Alimentation (SIAL) - <http://www.sial.fr> – Largest food fair in the EU.
- For more suppliers of colours, flavours and thickeners - <http://www.thomasglobal.com>

3. Trade: imports and exports

Imports

Total imports

France is the second largest EU importer of natural colours, flavours and thickeners, accounting for 19% of total EU imports in 2008. Between 2004 and 2008, imports increased by 6.7% annually on average, amounting to € 394 million / 81 thousand tonnes in the latter year. This is in line with the growth of the industries around colours, flavours and thickeners.

France sources its natural colours, flavours and thickeners in many different countries. The major suppliers, according to their shares in French imports, include Italy (7.9%), Germany (7.1%), Sudan (6.3%), India (5.9%), USA (5.5%) and Indonesia (5.4%). Italy and Spain are major producers and exporters of essential oils, while Germany is a major re-exporter of many thickeners and also produces many essential oils and colours.

Developing countries have a share of 48% in France's imports of natural colours, flavours and thickeners, which is high compared to the EU average of 37%. Between 2004 and 2008, imports from developing countries increased by 6.8% annually on average. Sudan, India and Indonesia all show an increase in their supplies to France, of 5.6%, 10% and 18% respectively during the review period.

Imports by product group

The largest product group imported by France is essential oils, accounting for 53% of the imports in 2008. Furthermore, 35% of total imports consisted of gum and seaweed thickeners. In terms of value, imports of all product groups increased, although manioc starch showed by far the strongest growth, of 26% annually on average between 2004 and 2008.

Table 3.1 Imports by and leading suppliers to France 2004 - 2008, share in % of value

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total market sector	126	140	155	Intra-EU: Italy (7.9), Germany (7.1), Ireland (5.0), UK (3.6), Spain (3.9) United Kingdom (3.2)	39
	33	34	50	Extra-EU ex. DC*: USA (5.5), Switzerland (5.1), Japan (0.6), South Korea (0.3%), Canada (0.3)	13
	145	150	189	DC*: Sudan (6.3), India (5.9), Indonesia (5.4), Morocco (4.2), China (4.0), Chad (2.8), Turkey (2.2), Haiti (1.8%), Egypt (1.6), Tunisia (1.5)	48
Natural food colours	13	15	17	Intra-EU: Germany (13), The Netherlands (12), Denmark (11), UK (7.4) Spain (5.3),	59
	8.4	6.4	7.4	Extra-EU ex. DC*: USA (26%)	26
	4.1	4.2	4.4	DC*: Peru (7.1), China (5.0), India (2.4), Malaysia (0.4), Egypt (0.1), South Africa (0.1)	15

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Menthol, liquorice and locust beans	6.2	7.5	5.8	Intra-EU: Germany (12), Spain (8.1), The Netherlands (7.8), UK (7.0), Belgium (4.2)	41
	0.5	2.3	2.0	Extra-EU ex. DC*: USA (11), Japan (2.1), Israel (0.3), Singapore (0.2%)	14
	4.5	5.9	6.4	DC*: India (20), Iran (10), China (7.2), Turkmenistan (5.5), Pakistan (2.0), Syria (0.1)	45
Essential oils	58	64	67	Intra-EU: Ireland (9.3), Italy (6.9), Spain (3.7), Germany (2.9), UK (2.7)	32
	20	21	34	Extra-EU ex. DC*: Switzerland (9.4), USA (4.9)	16
	80	86	108	DC*: India (7.7), Indonesia (6.6), China (5.9), Morocco (5.5), Turkey (4.1), Haiti (3.3), Egypt (3.0), Comoros (2.8), Tunisia (2.7), Madagascar (2.5)	52
Manioc starch	0.5	0.9	2.6	Intra-EU: The Netherlands (22), Belgium (21), Germany (13), Italy (1.1%), Spain (0.2)	57
	0	0	0	Extra-EU ex. DC*: -	0
	1.3	1.1	2.0	DC*: Thailand (42%), Cameroon (0.5), Cambodia (0.4), Benin (0.1), Togo (0.1)	44
Natural gums and seaweed thickeners	48	53	63	Intra-EU: Italy (12), Germany (11), Denmark (4.6), Belgium (4.5), Spain (3.4)	46
	3.8	5.0	6.4	Extra-EU ex. DC*: USA (1.9), Japan (1.4), South Korea (0.9)	4.7
	55	53	68	DC*: Sudan (18), Chad (8.1), Indonesia (5.3), Morocco (3.6), Philippines (3.5), India (2.5), Nigeria (1.7), Senegal (1.2), China (0.8), Iran (0.6)	50

Source: Eurostat (2010)

*Developing Countries

Natural food colours

France is a large importer of natural colours, accounting for 12% of total EU imports. Between 2004 and 2008, French imports of natural colours increased by 3.3% annually to € 29 million / 2.5 thousand tonnes.

The USA is the leading supplier of natural colours to France, although between 2004 and 2008, imports from the USA fluctuated and overall decreased slightly. Imports from Germany and The Netherlands showed a stable annual increase of 19% and 29% respectively. Peru is the largest DC exporter, its exports largely consisting of cochineal. Amongst the developing country suppliers, China and India performed particularly well. Between 2004 and 2008, imports from China and India increased by annual rates of 24% and 64% respectively.

Menthol, liquorice and locust beans

France is a large importer of menthol, liquorice and locust beans, accounting for 10% of total EU imports. In 2008, imports by France amounted to € 14 million. Between 2004 and 2008, imports increased by 5.8% annually in value, but decreased by 5.7% annually in volume.

India and Iran are the leading DC suppliers, with India showing an average annual increase of 19% and Iran a decrease of 8.2%. The increase in the imports from India is a result of increasing menthol prices. China is an emerging supplier, showing an annual increase of 14% in the review period. Turkmenistan started supplying the EU from 2006 onwards and is still showing a strong development.

Essential oils

France is the largest EU importer of essential oils, accounting for 26% of total EU imports. France has a very large flavour and fragrances industry, which has a strong demand for

essential oils. Between 2004 and 2008, French imports of essential oils increased by 7.2% annually to € 2.9 million / 8.0 thousand tonnes.

France's flavour and fragrance industry uses raw materials from many different sources. Switzerland is the largest supplier to France, showing an impressive annual increase of 85% per year during the review period. Two leading flavour manufacturers, Givaudan and Firmenich, are located in Switzerland and estimated to account for most of the Swiss supplies to France. According to Eurostat data, Ireland is France's second largest supplier. Imports from Ireland, the second largest supplier, consisted almost entirely of oleoresins. However, Ireland is only a small producer of oleoresins. Although it is possible that Ireland re-exports significant amounts of oleoresins, export data for Ireland give reason to believe that the data on trade between Ireland and France are not accurate.

Developing countries accounted for 52% of the imports, which was a large share, compared to the EU average of 41%. The largest DC suppliers of essential oils to France were India, Indonesia, China and Morocco. Imports from these countries increased by 8.1%, 14%, 8.0% and 1.3% annually respectively during the review period.

Manioc starch

France is a leading importer of manioc starch, accounting for 22% of total EU imports. Between 2004 and 2008, imports by France increased by 26% annually to € 4.5 million / 8.9 thousand tonnes.

Thailand supplied 42% of the manioc starch to France, whereas, The Netherlands, Germany, and Belgium re-export significant amounts of manioc starch to France. Notable is that direct imports from Thailand, into France increased by 11% annually in the period 2004-2008, while supplies through the re-exporting countries increased even more strongly.

Natural gum and seaweed thickeners

France is a large importer of gum and seaweed thickeners, accounting for 16% of total EU imports. Between 2004 and 2008, imports increased by 6.4% annually to € 138 million / 57 thousand tonnes.

France is a particularly large importer of gum Arabic, which is mainly supplied directly by Sudan, Chad, Nigeria and Senegal. Imports of gum Arabic increased by 8.7% annually on average between 2004 and 2008. However, Sudan showed a considerable decrease between 2004 and 2006, which may be attributed to the turbulent political situation resulting from the Darfur conflict. In 2008, supplies recovered again.

France is also a major importer of carrageenan and alginates, which are included in the product group 'other thickeners'. The Philippines played a major role in France's imports of this product group. However, imports from the Philippines decreased by 22% annually in the period 2004-2008. In 2008, Indonesia became the leading supplier. Furthermore, imports from The Netherlands and Belgium, which re-export these products, increased at annual rates of 49% and 54% respectively in the period under review.

Exports

France is the largest exporter of natural colours, flavours and thickeners in the EU, accounting for 23% of total EU exports of these products. In 2008, France exported € 355 million or 47 thousand tonnes of natural colours, flavours and thickeners, signifying an annual increase of 2.8% compared to 2004. France is a particularly important supplier of essential oils, which account for 54% of France's exports of these products. The exports consist largely of domestically produced essential oils, but also of re-exports of many spice and herb oils.

France's role in the trade of other flavours, colours and thickeners mainly concerns re-exports. However, many products are first processed, before being re-exported. The main destination countries for France's exports are the USA and Germany.

Opportunities and threats

- + France is a very large importer of natural colours, flavours and thickeners and sources a large part of these products directly in developing countries.
- + The French market offers many opportunities for suppliers of raw materials for colours, flavours and thickeners, as France is a major processor and plays a central role in EU trade as a re-exporter.
- France is a competitor to some exporters of essential oils. Refer to the section on production for the products concerned.
- Suppliers of gum and seaweed thickeners are threatened by a shift by French companies in sourcing directly from developing countries to developed countries.

Exporters should take into account that the same trend can be an opportunity for one exporter and a threat to another. Please, review these opportunities and threats according to your own situation. Chapter 7 of the CBI market survey 'The natural colours, flavours and thickeners market in the EU' presents an example of an analysis of whether a trend/development is an opportunity or a threat.

Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu>
 - go to: trade statistics
- Eurostat - <http://epp.eurostat.ec.europa.eu> - official statistical office of the EU
 - go to 'themes' on the left side of the home page
 - go to 'external trade'
 - go to 'data - full view'
 - go to 'external trade - detailed data'
- Understanding Eurostat: Quick guide to easy comext - http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4. Price developments

Please refer to the CBI survey on 'The natural colours, flavours and thickeners market in the EU' for prices regarding this sector. The price indications given there are the best reference point for prices in France. If any price differences exist, they are the result of differences in transport costs and individual buyer preferences for product origin, quality, packaging, etc. These differences are considerable, both between countries and within countries. Nonetheless, global market prices as mentioned in the CBI market survey 'The natural colours, flavours and thickeners market in the EU' are the basis for price calculations in every country. Actual prices are dependent on negotiation with partner companies.

Useful sources

- The Public Ledger (<http://www.public-ledger.com>): Prices for selected colours, flavours and thickeners
- MCX India (<http://www.mcxindia.com>): Prices for menthol and guar
- Organic Trade Services (<http://www.organictrades.com>): Prices for organic products

5. Market access requirements

As a manufacturer in a developing country preparing to access France, you should be aware of the market access requirements of your trading partners and the French government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select 'food ingredients' and France in the category search, click on the search button and click on market access requirements.

Packaging requirements are different for each type of product that you export, so please refer to the CBI market survey covering the EU market for more information on this. Additional information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packit.htm>

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>

6. Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

In Chapter 2, the importance of networks, trade fairs and company visits was expressed in terms of promoting your company and finding trade partners. Trade fairs also offer useful information on trends, potential competitors and the products and services they offer. Trade press should not be underestimated, both as a source of information (e.g. trends and companies) and as a means of promoting your company and your products.

Trade associations

- National Association of Food Industries / Association Nationale des Industries Alimentaires (ANIA) - <http://www.ania.net>
- PRODAROM - <http://www.prodarom.fr> - National Syndicate for Manufacturers of Aromatic Products.
- National Association of Spice, Vanilla and Aroma processors / Syndicat National des Transformateurs de Poivres, Epices, Aromates et Vanille - <mailto:snpe@wanadoo.fr>
- French Association of Chemists - <http://www.sfc.fr/>
- National Association of the Food Flavour Industry (SNIAA) - <mailto:sniaa@wanadoo.fr>
- French Federation of Aroma Associations (FEDAROM)
- Organic Agency / Agencebio - <http://www.agencebio.com/default.asp>
- The French National Inter-professional Office for medicinal and aromatic plants (ONIPPAM) - <http://www.onippam.fr>

Trade press

- Arômes Additifs Ingrédients - <http://www.aromesingrédientsadditifs.fr>
- Info Chimie Magazine - <http://www.france-chimie.com>
- Marchés Tropicaux - <http://www.marches-tropicaux.com>
- Frenchfoods.com - <http://www.journaldunet.com/0010/001020frenchfoods.shtml>
- Lineaires – Food Trade and Distribution - <http://www.lineaires.com>
- Food Industry Suppliers Forum (CFIA) - <http://www.cfiaexpo.com> - forum to exchange information between suppliers and manufacturers in the food industry
- Actif's magazine - <http://www.actifs-magazine.fr> - magazines on food additives

Trade fairs

- Salon International de l'Alimentation (SIAL) - <http://www.sial.fr> – Largest food fair in the EU. The fair is held every other year, and the next one will be held 17-21 October 2010.
- Natexpo - <http://www.comexposium.com/index.php?id=10&L=3> - Organic products, health food and food supplements, natural cosmetics and ecological products. The fair is held every other year, and the most recent one was held in October 2009.

This survey was compiled for CBI by ProFound – Advisers In Development

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