CBI MARKET SURVEY

The natural stone and stone products market in France

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Report summary
This CBI market survey discusses the following highlights for the natural stone and stone products market in France:
- In 2008, French consumption of natural stone and stone products was € 959 million and production was € 602 million. France is ranked 3rd in the EU based on consumption and production. Between 2004 and 2008 total consumption increased at an average rate of 2.7% per year. Over the same period French production decreased at an average rate of -0.3% per year.
- In 2008, France imported about € 471 million worth of natural stone and stone products making it the 4th biggest importer in the EU. French imports increased by 6.0% per year between 2004 and 2008.
- Developing countries (DC) are becoming more important as suppliers of low priced products. Between 2004 and 2008, the market share of DC increased from 16% to 22%. In 2008 China, India and Turkey were the most important DC supplying to Italy with a market share of 7.5%, 4.8% and 4.1% respectively.
- Growth of the French natural stone market in coming years is expected to decelerate. The main reason is the economic crisis affecting the construction sector and the consumer market. DC that are able to cater a niche market and respond to changes in demand swiftly, will find market openings easier.

This survey provides exporters of natural stone and stone products 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 stone and stone products 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

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:
- blocks & slabs
- landscape design
- monumental and funeral

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/Export section. For more explanation about the product groupings, refer to the Appendix A in the CBI survey 'The natural stone and stone products market in the EU'.

1 Market description: consumption and production

Consumption
France is inhabited by 64 million people making it the 2nd most populated country in Europe. In 2008, the French consumption of natural stone and stone products was around € 959 million of which € 810 consisted of finished stone products[1]. French consumption increased at an average rate of +2.7% annually from 2004 to 2008. France is ranked 3rd accounting for 12%

[1] Finished stone products are the sum of the product groups landscape design and monumental & funeral.

of total EU consumption of finished stone, below Spain (22%) and Italy (27%), and below the UK (10%).

Table 1.1 French consumption of natural stone and stone products per product group 2004 – 2008, € million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	194	1'239	149	1'134	37%
Landscape design	64	328	91	455	91	381	9.2%
Monumental & funeral	756	648	797	739	719	673	-1.2%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Similar to most other Western European countries, France saw its natural stone consumption decrease in 2008 (compared to 2006). This can be credited to a slow developing construction sector, the largest consumer of natural stone, and the start of the economic crisis at the end of 2008.

After the severe economic contraction recorded in the last quarter of 2008, activity seems to have slowed further in early 2009. The decline in economic activity due to the economic crisis is negatively impacting the growth of the French natural stone market. The situation is likely to recover in early 2010, but there is still great uncertainty about the strength and scope of the recovery. Moreover, the consumption per capita of 0.4 square meters is one of the highest in Europe and has risen at a considerable rate in the last few years.

The demand for blocks & slabs is despite some fluctuations slowly decreasing. This can be explained by the fact that processing of raw material is increasingly taking place in DC and therefore cheap imported natural stone and stone products is expanding rapidly in the French market. Therefore consumption of (semi-)finished stone products is increasing at the expense of intermediate stone products.

Natural stone consumption is linked to the construction industry which is the largest consumer of these products and the first one suffering the ups and downs of the economic cycles. The current economic crisis is having a clear impact on the French construction sector: lower investment rates are taking place, decreasing the building sector contribution to the French GDP growth (-0.7% drop in 2008). The building sector in France is seeing a decline in profitability, as well as an increase in the number of bankruptcies.

Therefore, in the short term, forecasts are negative for the demand for natural stone as the economic context is still uncertain and the real estate market is not likely to improve soon.

Market segmentation

The French natural stone market can be divided into the following segments of users of natural stone:

- Building industry; by far the biggest consumer of natural stone in France. The French construction industry is fragmented with many small- to medium-sized firms: 93% of them with less than 10 employees. It is dominated by two of the top five construction companies in the world, Vinci and Bouygues, and a number of large national players. French construction sector represents 6% of French GDP and employs approximately 1.8 million people. French construction firms operate basically across relatively small geographical areas: around half of the sector activity happens in the north of France where national construction companies take the lead. The largest cities in the north are Paris, Lille and Nantes. These companies have grown smaller subsidiaries to spread their regional presence and allow them to reach project construction values of (as low as) a couple of million Euros.
- Natural stone processing industry; still plays an important role in the domestic market because of the appreciation of craftsmanship by the French consumer.

- Funeral industry; a large retail sector that sells funerary art like tombstones, gravestones and urns to the consumer. Natural stone for funeral art is very common in France especially tombstones. The increased popularity of cremation in France has however led to an increased demand for urns.
- Consumer market; other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in France please refer to chapter 2. For more information on market segmentation in the EU please refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

Consumption trends and developments

- ***High appreciation natural stone:*** French consumers highly value natural stones. These products are firstly recognised for their associated aesthetic aspects, then for their solid and durable qualities, thirdly for their authentic and environmental-friendly values and finally for their noble aspect. Those characteristics prevail over negative associations like old, rustic, expensive or cold.
- ***Widely used in and around the house:*** in contrast to the more northern European countries, the warm weather in France allows for natural stone to be used widely in and around the house. The natural stone tile, together with the ceramic tile, is a very popular flooring material.
- ***Alternatives:*** alternatives materials have been growing in popularity; such as composite materials like quartz for tiles and kitchen. The advantages of composite include a wider colour range, its durability and weight (lighter than natural stone). Although the price is often similar or even higher than natural stone quartz is becoming a serious competitor for natural stone. Composite is processed by the same machines as natural stone. Moreover, it often has the same trade channels in the EU as natural stone. Processors and exporters in DC can therefore decide to focus on both markets.
- ***More focus on bathrooms:*** the household penetration of bathrooms increased considerably in the last decade. So far, the resources addressed to this part of the house were not that high, but more and more spending is being assigned to this space, with a trend of higher quality and long lasting solutions. French consumers do tend to spend a lot of money on enhancing bathroom and kitchen areas and they have a strong preference for high end ones. Many homes, not necessarily luxury homes, have both a main and a second bathroom. If they are set in residential areas or small villas in panoramic areas, they will even have a third bathroom for guests. The natural stone and stone products market is hence benefiting from this trend, specially natural stone tiles for bathroom floors and walls.
- ***Granite is becoming more widespread:*** whereas granite in this country was previously almost exclusively a material for gravestones and civil engineering, this natural stone is now also increasingly used for the residential building sub-sector.
- ***Ageing population:*** France's population continues to age: 11 million people, almost 16%, now is over 65 years. The percentage of people over 65 will have increased to 21% in 2020 and to 25% by 2030. This population generally is substantially wealthy, which can have a positive influence on the consumption of natural stone in one form or another (interior design, art or gardens). Therefore, in the long term, there will be an increased demand for funerary art (i.e. tombstones and urns).
- ***Sustainability:*** Sustainable development, whether in renovation or in new constructions, is of increasing importance in the French market. Batimat, the leading international construction exhibition held in Paris, has dedicated its last editions to the sustainable topic, encouraged by the French government policy on ecological and sustainable development, Grenelle de l'Environnement (http://www.legrenelle-environnement.fr). The following points: energy saving, safety and security, renewable materials and environment preservation, not forgetting comfort demands. It is a popular trend, especially in a sector affected by the economic crisis and which tries to find differentiation through competitive niche markets such as the supply of sustainable solutions. Therefore, natural stone with high durability and good properties for heat preservation, makes the market of this product

more effectively in comparison to other alternatives. DC exporters can take a pro-active approach to might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. You can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in France.

Production
In 2008, the French production of natural stone was € 602 million, of which € 502 million consisted of finished stone products. France is a large producer who processes all of the natural stone product groups included in this survey. France is ranked 3rd based on the production of finished stone products, above the UK (5.0%) and below Italy (44%) and Spain (24%). It accounts for 7.1% of the total EU production.

Table 1.2 French production of natural stone and stone products per product group between 2004 – 2008, € million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	153	1'112	100	848	n.a.
Landscape design	30	98	36	100	44	85	10%
Monumental & funeral	578	265	567	253	458	221	-5.7%
Total	**n.a.**	**n.a.**	**756**	**1'465**	**602**	**1'154**	**n.a.**

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Since 2004, the French production companies suffer not only from the shortage of foreign market openings, but also and to an even larger extent, from the fierce competition of cheaper imported products. As a consequence of these factors and together with the negative impact from the global economic slowdown, production of the natural stone has been severely affected.

In order to reverse this trend, the French producing sector of natural stones will have to heavily invest, innovate and adapt. The renewal applies to the development of new market openings and the restructuring of a fragmented sector (most producing companies are small businesses with about 20 employees). In total the natural stone industry is made up of 900 companies which employ around 9,000 workers.

The production of monumental & funeral products did drop annually by -5.7% over the period 2004-2008. Despite the traditionally strong position of French producers in the funeral industry, DC exporters are increasingly finding their way to the French market. The production of the landscape design product group had the best performance with an average 10% annual growth, much higher than the consumption growth, explaining the increasing importance of international buyers regarding this product group. The volume of blocks and slabs did drop -19% per year (from 2006 onwards) as a result of greater demand for finished products.

With the global slow-down of economic growth and the construction industry, it is not looking good for the French production industry. Foreign suppliers are gaining ground on the French market at the expense of French producers. Moreover, the global economic slow-down does not favour the French production industry which is heavily reliant on exports.

Alternatives
If you offer natural stone that is similar to local stone you might be able to compete with local suppliers on price. Therefore it good to be well informed before approaching buyers. For more information about the natural stone types extracted in France visit the website of Graniteland (www.graniteland.com).

Production trends and developments

- ***Strong local funerary sector:*** the French funerary industry represents a specific case within the EU. In France this sector is stronger than in other European countries which have imported cheaper raw material heavily in the 70's and 80's from DC in order to process them locally. These countries, for example Germany, now directly import finished funeral & other art products. France has instead preserved its market from imports and therefore strengthened its national producers and processors. Moreover standards in terms of design (every cemetery has its exact standards and demands different dimensions and other shapes) and the fact that the industry remains very conservative, make it difficult for non-local producers to penetrate the market. For more information on the funerary art sector please visit the website of the French Funerary Association (http://www.afif.asso.fr).
- ***Sustainable production:*** following the trend consumption producers are increasingly incorporating materials from sustainable sources and implementing environmental management systems in their production process. UNICEM (http://www.unicem.fr), the sector organisation for natural stones extraction and processing industry, has developed environmental criteria for French extraction sites. This is a sign of more and more awareness from consumers of the sustainability issues that are affecting the natural stones sector.
- ***Computer numerical control (CNC)***: French processing companies are increasingly working with slates of natural stone that have been calibrated in such a way that they are ready to be processed by CNC machines. CNC machines can do labour-intensive work more accurate and faster and thereby open up new markets. DC exporters should therefore look into the possibilities of supplying calibrated slates and/or in invest CNC machines to compete with their EU counterparts.

Listed below are some interesting players on the French market active in the production of natural stone:

- Rocamat - http://www.rocamat.com/home.php - this company ranks amongst important producers of calcareous stones worldwide and exports its production widely
- Carrières de Nuits Saint Georges - http://www.pierresenbourgogne.com/societe.php?lang=en&type=societe – extractor and processor of French limestone for exterior and interior design purposes
- Pierres de Bourgogne – http://www.pierresdebourgogne.com - producer and manufacturer of natural stone specialised in urban development projects
- Vèze - http://www.carrieres-veze.com – natural stone quarry for facades, interiors and urban development

Opportunities and threats

\+ The size of its market makes France an attractive target country in the EU.
\+ Foreign suppliers are more and more gaining ground on the French market.
\+ The growth of consumer awareness has led to an increased interest in products from sustainable sources. DC manufacturers who take a pro-active approach to environmental and social production norms will have a competitor-advantage.
\+ In recent years the demand for finished stone products is increasing at the expense of intermediate stone products. This trend is expected to extend into the future.
\+ Landscape design products represent a secure market for importer since its growth is not directly coupled with the conjuncture of the construction industry and its growth rate in consumption is higher than the growth rate of the French production.
± DC exporters that calibrate slabs in such a way that they can be processed by CNC machines have better chances of supplying the French processing industry. This is however a costly endeavour but one that may be undertaken by a coalition in order to share costs.

- Because of the strong and traditional position of the funeral industry in France, it is hard for an exporter from another country to penetrate this market.
- Producers are increasingly working together aiming to achieve high quality products through strict quality marks ('Pierre Naturelle'). This fact represents a market barrier for DC wishing to access the French market.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Le Centre de Promotion de la Pierre et ses Métiers - http://www.decofinder.com/df/fr/exposants/38797/Centre-De-Promotion-De-La-Pierre-Et-De-Ses-Metiers-C-P-P-M.html - organisation that coordinates the promotion and communication activities of the natural stone sector in France
- Pierre actual - http://www.pierreactual.com - site that provides technical and market information on the French natural stone industry, with a specific section related to funeral stones
- Association Française d'Information Funéraire - http://www.afif.asso.fr - independent association presenting a range of funeral art and the type of natural stones use in this industry
- Confederation of the Craft industry and the Small Companies of the Building Industry – http://www.capeb.fr

2 Trade channels for market entry

Trade channels

Wholesaler and importers buy their natural stone directly from supplying countries. Importers are becoming more important in the French market as the share of imports is steadily increasing. Below some large importers active on the French market are listed:

- Solfrini - http://www.solfrini.com/01/0101.php - wholesaler of intermediate and finished natural stones products
- Costa - http://www.marbres-costa.com/index.htm - group of companies which import and sell intermediate and finished natural stone products. Their providers come from Europe (Italy, Spain, Greece, Portugal) and DC (mainly Turkey, Brazil, India and South Africa)
- Lardit - http://www.lardit.fr - company that imports blocks & slabs and processes them into finished products
- Scadaccini - www.spadaccini.fr - wholesaler in intermediate products

Travelling importers

There are natural stone importers in France that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in France. Therefore setting up warehouses and investing heavily in establishing yourself in France is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The processing industry processes raw material and/or semi-finished products and supplies the retail market. The natural stone processing companies in France buy from wholesalers/importers, quarry their own stones or, depending on the size of the company, buy directly from supplying countries. Because the processing industry is still important in France, it is often an important link between importer and retailer. In recent years however France is importing more semi-finished products instead of processing raw material locally. Some specialized processing companies are given below:

- Gauthier Charente - http://www.gauthier-charente.com - processor of construction and decoration stone products
- La Pierre et le Marbre - http://www.pierre-marbre.com – specialised manufacturer of interior and landscape design natural stone

Processing partners
French processors should not only be looked upon as competition. Large processors will often import directly without the use of an importer. They will seek for partners abroad that are able to offer a large and continuous supply of natural stone. These demands will be harder to meet for smaller suppliers in DC.

Retailers like DIY stores and tiles specialists buy mainly from wholesalers/importers, although the larger DIY are also known for buying from exporters directly. Retailers mainly focus on the consumer market but installers and contractors also get their material from retailers.

The French DIY market remains less developed than its German and British counterparts. However, the market is increasing as a result of the increase in leisure time but also by product innovations. With the development of the market and the increasing expertise of DIY stores, the market for products for DIY projects is expanding fast. The development of assistance provided by most of the large DIY retailers has served to convince the French to enhance their home themselves. However, the primary driver of the market remains the consumers' willingness to save money on home improvements by carrying it out themselves rather than by contracting a professional. In recent years, DIY sector has become more important as a trade channel at the expense of other trade channels, like multiple grocers and small independent stores. Leroy Merlin and Castorama dominate the market totalling almost half of total sales.

As in the other trade channels the DIY market is increasingly focusing on sustainable development. Mr. Bricolage has recently made changes in its policy to reconcile economic, social and environmental aspects. For example, it now includes information on the environmental impact on the labels of the products sold in the store. For more information go to http://mr-bricolage.com/fr/6/Developpement_Durable.html.

Find below some retailers active in the French market:
- Leroy-Merlin - www.leroymerlin.com/en - DIY store active in France and throughout Europe
- Mr. Bricolage - http://www.mr-bricolage.fr – DIY French store present in three continents
- Stone-consult - http://www.stone-consult.com - this company imports and sells natural stones for architecture and decoration projects
- Menarvor - http://www.menarvor.com/en/news/default.asp - retailer of granite (imported or locally produced) for the flooring & cladding, and landscape design purposes
- Sofranit - http://www.sofranit.com - retailer in stones for funeral art
- Vienne Crarelage - http://www.vienne-carrelage.com - retailer in finished products for the residential sector

Independent buyers in France are major companies (e.g. construction companies) or governmental organisations often buying directly from supplying countries for large building projects. Find below some examples of large independent buyers:
- French Government Building Agency - http://www.btp.equipement.gouv.fr
- Bouygues construction - http://www.bouygues-construction.com - large French company specialised in building, civil works and electrical contracting/maintenance
- Vinci - http://www.vinci.com – largest company in construction and related services worldwide

Price structure
Throughout the various trade channels, different prices and margins apply. Pricing is highly dependent on the quality of the material, possible limited availability and/or higher production costs, making some type or colours of stone more expensive. Therefore, only a direct approach

of importers and wholesalers will give exporters a precise indication of the value of its products.

The overall margin for the French importers and distributors of natural stone and stone products is estimated between 25 and 30%, and of 40% at DIY large stores (Source: Ministère de l'Économie, de l'Industrie et de l'Emploi, 2008). Smaller importers with few financial reserves are more likely to lower their margins, while large distributors are in a better position when it comes to negotiate and re-calculate their margins as they might be able to wait for better times. Moreover, the current surplus of unsold stone means that products are increasingly being offered for a lower price, therefore affecting the trade profitability of the different trade channel participants.

For more information about price structure please refer to chapter 3 of the CBI survey 'The natural stone and stone products market in the EU'.

Selecting a suitable trading partner
Deciding what kind of partner you want is important. If you want be represented on the Spanish market you can appoint a distributor. A distributorship arrangement might prove hard to arrange but the French associate will purchase the product which is to be sold, thus sharing the marketing risk. Please note however that under French law it can be difficult and costly to terminate the arrangement. A distribution partner usually adds 30 to 50% to cover commissions, credit risks, after-sales service and the cost of carrying local inventory to meet small orders. French distributors also often require exclusive contracts. If termination occurs prior to the contract expiration, the usual termination fee equals the value of the distributor's expected profit margin over a two-year period.
Furthermore, the distributor representing you controls the product's marketing and image. The distributor is also not obliged to share market research information with you. It is therefore important to find a distributor who has the same objectives as you.

Larger importing parties might be interested in investing in a long-term relationship but will demand exclusive rights to sell the stone. The focus will be on more efficient extraction methods and quality improvement by investing in technology and know-how.

There are various ways to come into contact with importers and other possible trading partners in the French market. Attending trade fairs is one of the most important ways to get exposure. Visiting trade fairs in related markets is also a way to get into contact with French companies. You can either choose between specific trade fairs for natural stone products or more general fairs (e.g. construction, home decoration).

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivery time is an important issue for French buyers. Delivering according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

DC exporters are often constrained by long delivery times (often 12 weeks) which might cause problems (i.e. liquidity) for their French buyers, especially French-buying new comers. In order to avoid problems later, it might be useful to know as much about the company as possible before sending off products. The local Chamber of Commerce (http://www.uccife.org/index.php?id=uccife&lng=1) is able to provide general information about the company as well as annual reports. There are also commercial companies specialized in company information on their credit and debtor management.

Listed below are websites where you can find possible trading partners:
- Institut supérieur de recherche et de formation aux métiers de la pierre – http://www.institrn.alias.domicile.fr/index.php3 - this site provides a list of actors of the French natural stones ➔ go to 'Personne et Entreprise' and register to access the list

- Annuaire de la Pierre - http://www.annuaire-de-la-pierre.com - a directory of French agents, importers, wholesalers, traders and retailers can be consulted on this site ➔ search for “agent d’usine, distributeur, importateur, négociant” in the category “activité”
- Euro pages - http://energy-raw-materials.europages.net/en ➔ go to ‘Energy & Raw Materials’ and select ‘Marble and natural stones’ ➔ search can also be done through company name, product or business sector
- Marble in The World - http://www.marbleintheworld.com ➔ go to ‘Stone companies’ and fill in your search criteria
- French Kompass pages - http://entreprises.kompass.fr/produits-en-pierre-taille-de-la-pierre_s213.html - search of stone products can be done based on region, brand or sub-sector

3 Trade: imports and exports

Imports

Total imports

France imported € 471 million worth of natural stone and stone products in 2008 or approximately 1.3 million tonnes of natural stone. French imports of stone have increased by an annual average of 6.0% between 2004 and 2008. In comparison, EU imports increased slightly less (+4.7% per year). France is the 4th largest importer in the EU, above Belgium (8.5%) and below the UK (13%), accounting for 13% of total EU imports.

Table 3.1 French imports of natural stone and stone products between 2004 – 2008, € million / 1’000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
372	995	444	1’247	471	1’301	6.0%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

There is an increasing trend of acquiring finished products on overseas markets where costs are more competitive compared with the local industry. When comparing figures it becomes clear that the increase in the consumption of finished stone products (+1.1%) between 2004 and 2008 benefited imports (+6.3%) at the expense of French production (+2.2%). This supports the assumption that France is becoming more reliant on imported natural stone at the expense of French producers.

75% of the total value of French imports originates in EU countries. This comes down to around € 354 million with a volume of 939 thousand tonnes. The most important intra-EU suppliers in value are: Spain (42%), Italy (12%) and Belgium (9.0%). The market share of intra-EU countries has gone down by 5.0% between 2004 and 2008.

Imports by product group

Please find below a table with imports of natural stone and stone products divided into different product groups:

Table 3.2 Imports by leading suppliers to France, 2004 - 2008, share in % of value

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers to France in 2008 Share in %	Share (%)
Total natural stone and stone products	298	332	354	Intra EU: Spain (42%); Italy (12%); Belgium (9.0%); Germany (6.4%); Portugal (4.1%)	75%
	14	12	13	Extra EU ex. DC*: Canada (1.5%); Norway (0.6%); Switzerland (0.3%); Israel (0.2%); USA (0.04%)	3.0%

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers to France in 2008 Share in %	Share (%)
	60	100	104	DC*: China (7.5%); India (4.8%); Turkey (4.1%); Brazil (1.9%); Indonesia (0.8%); South Africa (0.8%); Egypt (0.7%); Croatia (0.4%); Tunisia (0.4%); Vietnam (0.1%)	22%
Flooring & cladding	173	193	207	Intra EU: Spain (68%); Germany (7.1%); Italy (6.5%); Belgium (2.7); Portugal (0.7%)	86%
	7.6	6.9	8.3	Extra EU ex. DC*: Canada (2.8%); Israel (0.2%); Switzerland (0.3%); Hong Kong (0.02%); USA (0.02%)	3.0%
	7.2	18	27	DC*: Turkey (4.6%); China (2.6%); India (1.0%); Egypt (0.8%); Indonesia (0.6%); Brazil (0.6%); Tunisia (0.3%); Gaza + Jericho (0.1%); Peru (0.1%); Vietnam (0.1%)	11%
Funeral & other art	54	64	58	Intra EU: Italy (24%); Spain (16%); Belgium (10%); Portugal (4.4%); Germany (1.7%)	59%
	0.9	1.2	1.1	Extra EU ex. DC*: Switzerland (0.6%); Israel (0.2%); USA (0.1%); Canada (0.1%); Taiwan (0.04%);	1.0%
	23	33	40	DC*: China (18%); India (11%); Turkey (6.0%); Indonesia (2.2%); Egypt (0.8%); Croatia (0.8); Tunisia (0.8%); Brazil (0.2%); Vietnam (0.2%); Syria (0.1%)	40%
Blocks & slabs	42	43	54	Intra EU: Belgium (20%); Spain (18%); Italy (17%); Portugal (10%); Germany (4.7%)	74%
	5.4	3.8	3.5	Extra EU ex. DC*: Norway (4.1%); Canada (0.3%); Switzerland (0.2%); Israel (0.2%); Hong Kong (0.1%)	5.0%
	18	18	15	DC*: Brazil (7.0%); South Africa (4.8%); India (4.7%); China (1.5%); Egypt (0.7%); Turkey (0.6%); Tunisia (0.4%); Zimbabwe (0.3%); Morocco (0.2%); Mozambique (0.1%)	21%
Landscape design	29	32	35	Intra EU: Belgium (20%); Germany (13%); Portugal (10%); Italy (6.7%); Spain (5.6%)	61%
	0.2	0.1	0.1	Extra EU ex. DC*: Switzerland (0.1%); Israel (0.1%); Iceland (0.03%); Canada (0.02%); USA (0.01%)	0.2%
	12	31	23	DC*: China (18%); India (10%); Brazil (4.2%); Turkey (3.3%); Croatia (1.6%); Vietnam (0.5%); Argentina (0.3%); Indonesia (0.3%); Egypt (0.3%); Morocco (0.2%);	39%

Source: Eurostat (2009)
*Developing Countries

The most imported intermediate stone products in 2007 were siliceous blocks & slabs (9.6%) and calcareous blocks & slabs (3.1%). Imports of finished stone products mostly consisted of slate monumental building stones (40%), setts, curbstones and flagstones (12%) and siliceous funeral art (10%).

The total imported value increased by 6.0% per year between 2004 and 2008. The imports of the product groups within the finished stone category grew significantly: landscape design (+9.0% per year), flooring & cladding (+6.6%) and funeral and other art (+6.0%). The import of blocks & slabs grew however at a much less speed (+2.4%). Blocks & slabs now account for only 15% of total French imports. The reason behind this is that DC are supplying the EU market with finished stone products at the expense of French producers and processors.

Import from DC

In 2008, more € 104 million (24%) originated in DC with a volume exceeding 340 thousand tonnes (31%). This means that DC are exporting natural stone products with a slightly higher proportion of volume in comparison with its value. The overall market share of DC has grown from 16% to 22% over the period from 2004 to 2008. China, India and Turkey are the most important DC suppliers to the French market with a market share of 7.5%, 4.8% and 4.1% respectively. Most of the important DC supplying to France have increased their imports substantially between 2004 and 2008: Egypt (+46% per year), Turkey (+34%), Indonesia (+31%) and Vietnam (+19%). Table 3.2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:

- Flooring & cladding (+39% per year)
- Landscape design (+17%)
- Funeral and other art (+15%)
- Blocks & slabs (-4.3%)

The future for imports from DC is unclear. On one hand its market share has increased over the years, but DC still do not play a major role within the French natural stone and stone products imports. In the short term a dropping demand is likely to influence the level of DC imports, but still positive growth is expected.

Exports

In 2008, France exported a total of 268 thousand tonnes of natural stone products which represented a value of € 114 million. This makes France the 7th largest exporter in the EU with a market share of 2.9%. France ranks under Greece (3.2%) and above Finland (2.1%).

Table 3.3 French export of natural stone and stone products between 2004 – 2008 € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
119	269	119	279	114	268	-1.0%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

From 2004 to 2008, French exports decreased at a rate of -1.0% per year. The future growth will depend on the development of foreign markets. Furthermore, since 60% of the French exports go to other EU countries, expectations are that exports will probably go down.

Opportunities and threats

\+ France is now the 4th largest importer of natural stone and stone products in the EU.
\+ Like other European countries, France imports progressively more finished products from developing countries which can produce good quality at lower cost.
\- Historically, DC are not important partners of French natural stone dealers, making the entry to this market potentially more difficult than other EU countries.
\- The increased pressure on price is heavily affecting the French stone market.
\- Even strong exporters from DC, particularly China and India, are not performing as well as in other EU countries, stressing the difficultly to enter the French market.
\- The DC market share of imported blocks & slabs has gone down. Most suppliers are located in other EU countries.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- French industrial statistic site - http://www.industrie.gouv.fr/portail/chiffres/index_som.html ➔ search: 'construction', Go to 'Fournisseurs de la construction'.

- Exports Helpdesk for Developing Countries - http://exporthelp.europa.eu ➔ go to 'Trade statistics'
- Eurostat - http://epp.eurostat.ec.europa.eu - official statistical office of the EU ➔ go to 'Statistics Database' on the left side of the home page ➔ go to 'Statistics A-Z' and select 'External trade' ➔ go to 'Data - Database' on the left column ➔ go to 'External trade - External trade detailed data'
- Understanding Eurostat - Quick guide to easy Comext http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Import figures show that the average price of natural stone and stone products decreased by 0.8% per year between 2004 and 2008. Prices in the EU went down above average: -1.5% per year. French prices increased in the following product groups: landscape design (+1.9% per year), funeral & other art (+1.0%) and flooring & cladding (+0.7%). Prices only showed a negative growth in the blocks & slabs prices (-6.0% per year). In general prices of natural stone imported outside the EU have increased steadily over the mentioned period: +3.3% per year for DC and +3.0% for extra-EU countries.

Despite an increase of the prices of stone imported from DC prices are under pressure from by increased competition at a global level. In recent years technology and know-how have slowly been transferred to low-wage countries. Some manufacturers of raw material in important supplying countries like China and India are now able to produce according to the quality demands of the French market. These countries are also in the comfortable position of having the first pick of raw material giving them an important competitor advantage. As a result France will increasingly import cheap but quality stone.

Find listed below some websites for price information:

- Marmotheque - http://www.marmotheque.com/indexen.html ➔ go to 'Stone Shopping' to get a complete natural stone products' price list
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select France for an overview of several French natural stone companies that display their prices online
- Stone source –http://www.stonesource.com ➔ go to 'Stone Search' ➔ make a selection per material, price range or other criteria
- Find Stone - http://www.findstone.com/pricelists.htm ➔ make a selection per material ➔ choose Italy for an overview of some Italian natural stone companies displaying their price lists online

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 your market sector and France in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Tariffs and quota

In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.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.

Trade promotion
Agents, importers and wholesalers promote the products of their clientele at trade shows. Producers can also participate in these trade shows, however often indirectly through a French player. Advertising in magazines is another resource used to get your product/company noticed.

Surrounding markets
The French market is related to several surrounding markets. Therefore, displaying products at Belgian, German, Spanish and Italian trade shows might also help to establish a relationship with players in the French market.

Other ways to promote your company is to build and invest in relationships. Companies are often approached with offers and this can be a successful approach when done professionally. Very important is to take a personal approach and select the partners that are suitable for you. Some large companies (e.g. importers and wholesalers) often organise open days, promote events (onsite and online) or set up visits to their showrooms. Therefore approaching strategic buyers locally is a good way to get in contact with potential buyers. DC exporters can also team up with suppliers of complementary products and combine their marketing activities.

Trade associations
- Syndicat National des Industries de Roches Ornementales et de Construction - e-mail: snroc@unicem.fr - this sector organisation represents French professionals working in the natural stones extraction and processing industry.
- French Funerary Association - http://www.afif.asso.fr – information about the French funerary art sector
- Union Nationale des Industries de Carrières et Matériaux de Construction (UNICEM) - http://www.unicem.fr – association of French quarries and construction materials' industries

Trade fairs
- Salon Funéraire - www.salon-funeraire.com - French funeral art trade fair held every two years in Paris: next meeting November 2011
- Batimat – http://www.batimat.com – world's leading construction exhibition held every two years in Paris: next fair 7-12 November 2011
- Stone Expo - http://www.stone-expo.be - large biennially trade show held in Ghent, Belgium; next meeting: January 2012
- Technipierre - http://www.technipierre.be – natural stone expo for the Benelux market held biennially in Liège, Belgium: next fair 31 March to 3 April 2011

- Stone Tec - http://www.stone-tec.com – largest European trade fair held biennially in Nuremberg, Germany: next expo 22-25 June 2011

Trade press
- Batiforum - http://www.batiforum.com - sends out frequent newsletters about the French construction sector
- Pierre Actual – http://www.pierreactual.com – monthly natural stone magazine from Belgium

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