CBI MARKET SURVEY

THE VEGETABLE OILS AND FATS (INCLUDING OIL SEEDS) MARKET IN FRANCE

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Report summary
This CBI market survey discusses the following highlights for the vegetable oils and fats (including oil seeds) market in France:

- With a total of 816 thousand tonnes in 2005, France is the sixth leading EU consumer of vegetable oils and fats (excluding olive oil), accounting for 10% of total EU25 consumption. With respect to olive oil, France is the fourth largest consumer of olive oil in the EU25. However, it only accounts for 5% of total EU25 olive oil consumption since Italy, Spain and Greece are, by far, the leading EU consumers.
- With a total of 914 thousand tonnes in 2005, France is the second leading consumer of oil seeds in the EU, accounting for 22% of total EU25 consumption
- France is the second leading producer of vegetable oils and fats and the leading producer of oil seeds at 1.5 million tonnes in 2005. The main products which are produced in France are: sunflower oil and sunflower seed.
- With imports amounting to € 859 billion / 833 thousand tonnes in 2005, France is the fourth largest importer of vegetable oils and fats in the EU. In the same year, oil seed imports amounted to 38 thousand tonnes, representing a value of € 22 million. Total oil seeds imports were erratic between 2001 and 2005.
- Developing countries play an important role in the supply of vegetable oils & fats accounting for 43% of the import value respectively.

This survey provides exporters of vegetable oils & fats and oil seeds 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 vegetable oils and fats (including oil seeds) 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: consumption and production

Consumption

Vegetable oils and fats
France is the 6th largest EU consumer of vegetable oils and fats (excluding olive oil), accounting for 10% of total EU25 consumption. Between 2001 and 2005, French consumption of vegetable oils and fats showed a small average annual increase of 1%, amounting to 816 thousand tonnes in 2005.

Within the group of vegetable oils and fats (excluding olive oil), sunflower oil is the leading consumer product, accounting for 50% of total French consumption. Another relatively important product is palm oil, accounting for 37% of total French consumption. During the review period, consumption of most vegetable oils and fats showed annual decreases. Palm oil, however, showed a positive increase in consumption with an annual average growth rate of 6% between 2001 and 2005. Moreover, palm kernel oil, even though still consumed on a small scale in France, shows a dramatic increase in consumption during the review period, reaching 21 thousand tonnes in 2005.

France is the fourth largest consumer of olive oil in the EU25. However, it only accounts for 5% of total EU25 consumption, since Italy, Spain and Greece are, by far, the leading EU consumers. Olive oil consumption in France remained fairly stable between 2002 and 2006. The International Olive Oil Council does not expect any major changes in French olive oil consumption for 2007.

Trends influencing the EU market for vegetable oils and fats, including oil seeds, are health concerns (causing, among others, a shift away from fatty acids and hydrogenated fats towards more unsaturated fats), increasing demand for bio fuels and a growing interest in sustainably produced (like organic) vegetable oils and fats. All these factors are expected to further boost future demand for the products discussed. For more information on trends in vegetable oils & fats and oil seeds, please refer to the CBI survey covering the EU market.

Table 1.1 French consumption of vegetable oils and fats, including olive oil, 2001-2006, in 1,000 tonnes

	2001	2003	2005	Average annual % change
Total vegetable oils and fats	**783**	**875**	**816**	**1%**
Sunflower oil	437	444	408	-2%
Palm oil	243	259	305	6%
Coconut oil	57	72	46	-5%
Groundnut oil	40	56	36	-3%
Palmkernel oil	6	44	21	37%
	2002	**2004**	**2006**	**Average annual % change**
Olive oil*	95	94	100	1%

* Source for olive oil: International Olive Oil Council (2007)
Source: Fediol (2006)

Oil seeds

France is the second leading EU consumer of oil seeds, accounting for 22% of total EU25 consumption. Between 2001 and 2005, French consumption of oil seeds decreased by an annual average rate of 9%, amounting to 914 thousand tonnes in 2005. According to Fediol (2006), sunflower seed is the main oil seed consumed in France.

According to FAO data, French consumption of sesame seeds amounted to 8.4 thousand tonnes in 2005, representing an annual average decrease of 22% since 2001.

Table 1.2 French consumption of oil seeds 2001-2005, in 1,000 tonnes

	2001	2003	2005	Average annual % change
Total oils seeds	**1,349**	**1,155**	**914**	**-9%**
Sunflower seeds	1,349	1,155	914	-9%
Sesame seeds*	22	22	8.4	-22%

*Source for sesame seed: FAOSTAT (2007)
Source: Fediol (2006)

Production

Vegetable oils and fats

France is the second leading producer of vegetable oils and fats (excluding olive oil), accounting for 23% of total EU25 production. Between 2001 and 2005, sunflower production in France showed an annual average decrease of 9%, amounting to 405 thousand tonnes in the latter year.

Within the group of vegetable oils and fats, sunflower oil is the main product produced in France. Compared to large producing EU member countries like Spain, Italy and Greece, olive oil production in France takes place on a relatively small scale. According to the International Olive Oil Council, production in 2006 amounted to 4.4 thousand tonnes, representing an average annual increase of 5% since 2002. Production is expected to increase to 4.7 thousand tonnes in 2007.

Oil seeds

Because of climatic conditions, production of the oil seeds included in this survey is very limited in France. According to Fediol, there is only a significant production of sunflower seeds in France.

France is the leading producer of sunflower seed, accounting for 25% of total EU25 production. In 2005, 1.5 million tonnes of sunflower seeds were produced in the France, representing an annual average decrease of 1% during the review period.

Opportunities and threats

- France is the sixth leading consumer of vegetable oils and fats in the EU. Consumption in France still shows an increase, even though it is small. Since production of vegetable oils and fats in France is decreasing significantly, it could be an interesting market for exporters in developing countries, also because a big part of the vegetable oils and fats in France is imported from developing countries.
- Although France is one of the leading EU markets for sunflower oil as well as sunflower seeds, most of the consumption of this oil is covered by domestic production. Hence, sunflower oil is not a particularly interesting product for developing country exporters of this product.
- Two vegetable oil products which are popular in France, although domestic production is too low or even non-existing to meet domestic demand, are palm oil and olive oil. However, only palm oil is interesting for developing country suppliers, since olive oil is almost completely supplied by other EU member countries.
- Other interesting opportunities could also lie in the supply of coconut oil and groundnut oil, which are both supplied mainly by developing countries.
- France is becoming a less attractive market for the selected oil seeds, as consumption of oil seeds – particularly of sunflower seeds – decreased by an average annual rate of 9% between 2001 and 2005.
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed so far provide opportunities or threats, depending on their specific situation.
- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

Useful sources

- The EU Oil and Protein-meal Industry (Fediol): http://www.fediol.be/
- The International Olive Oil Council (IOOC): http://www.internationaloliveoil.org/
- Interactive European Network for Industrial Crops and their Applications (IENICA): http://www.ienica.net/
- FAO's statistical database FAOSTAT: http://faostat.fao.org
- Oil World: http://www.oilworld.biz

2 Trade channels for market entry

Trade channels

The trade in vegetable oils and fats (including oil seeds) takes place on the international scene. Hence the trade structure for these goods in France does not differ from the structure as described in the CBI survey covering the EU market for vegetable oil and fats (including oil seeds). Please refer to the EU survey for a more comprehensive explanation of the main trade channels in the EU.

The Chicago Board of Trade is the central meeting-point for traders in vegetable oils and fats, and their raw materials like oil seeds. Developments there determine the markets for vegetable oils and fats as well as oil seeds world-wide.

Vegetable oils and their raw materials can be traded directly from the source to the European processing industry or through one or more traders (agents, exporters, importers etc.). Rotterdam is the main trading centre for the EU vegetable oils and fats trade and are an important supplier to France. From here goods are distributed by vessel, inland barge or truck to storage facilities and customers in France.

A producer of vegetable oils and oil seeds can choose from a number of distribution channel options available, depending on the requirements of the downstream companies. In general, large volumes go straight from producer to processor, while suppliers of smaller volumes may opt to use agents, brokers or importers.

Interesting companies in France are:
- Borges http://www.borges.es/english/borges/indice.php
- ADM http://www.adm.org/
- Aldivia http://www.aldivia.com/us/index_fr.asp

Price structure

The Chicago Board of Trade is the most important market for several vegetable oils and oil seeds. Prices established at this exchange largely determine prices for these and related products all over the world.

The margins charged by the different intermediaries in the vegetable oil and oil seed trade are influenced by many different factors like the type of goods, current and expected prices, cost of refining, availability, processing possibilities, etc. All these factors make it extremely difficult to provide information on typical margins in the trade of vegetable oils and fats and oil seeds.

Regarding organic vegetable oils / oil seeds, there is a price mark-up attached to the product, which is also paid to the exporter. As the organically certified vegetable oils and oil seeds may be traded in relatively smaller quantities, there can be an additional cost incurred by the importer.

Selecting a suitable trading partner

Finding a trade partner in France should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other through existing contacts. If the exporter can not rely on existing contacts, new contacts need to be made. Contact details can be found at http://www.pagesjaunes.fr or through the French Chamber of Commerce.

Establishing contact through export directories, or directly through contacting interesting companies you encounter, can also be useful. Traders also fulfil an important function in market linking, while websites offer another opportunity to find trade partners.

On-line company databases for finding companies working in the vegetable oils and fats (including oil seeds) market are:

- FEDHUIL (National Federation of Metropolitan Oil Mills and Derived Industries): tel:+33 (0)1406 94898
- Huileries de France, Tel : +33 146 372 206, e-mail : huileries@fncg.fr
- Agence Bio http://annuaire.agencebio.org/default.asp
- Food world: http://www.thefoodworld.com (an extensive online food business directory, with full EU coverage. Please look under the categories: 'Oilseeds, Oilseed Products,' 'Vegetable Oils and Fats,' and 'Olives, Olive Oil')
- Europages: http://www.europages.com (online business directory, with full EU coverage. 'Oils and fats, edible' are a separate product group, falling under the category of 'Food & related products.)

Business-to-business sources include the following;
- Agronetwork.com (http://www.agronetwork.com/global/)
- Organic Trade Services (http://www.organicts.com/ (also offering organic industry news)
- The site http://www.ingridnet.com is a marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

Another way to get in touch with the appropriate contacts is trade fairs. The BioFach trade fair is of special importance for organic vegetable oils and fats, whereas Anuga (http://www.anuga.com/), SIAL (http://www.sial.fr/) and FI Europe (http://europe2007.fi-events.com/) are of principal importance for conventional products. Participating or visiting trade fairs is also very useful for price benchmarking, establishing quality requirements and looking at what 'extras' your competitors offer.

3 Trade: imports and exports

Imports

Total imports

Vegetable oils and fats
France is the fourth largest importer of vegetable oils and fats, accounting for 11% of total EU25 imports. Between 2001 and 2005, French imports of vegetable oils and fats increased by an annual average growth rate of 10%, amounting to € 859 million / 833 thousand tonnes in 2005. In the same year, total volume imports of vegetable oils and fats amounted to 833 thousand tonnes, representing an average annual increase of 6% between 2001 and 2005.

Other EU member countries like Spain, Italy and The Netherlands are the leading suppliers of vegetable oils and fats to France, accounting for 29%, 10% and 9% respectively of total import value in 2005. Furthermore, Argentina, Malaysia and Indonesia are the main suppliers among developing countries, representing market shares of 8%, 8% and 7% respectively. Imports from these last three countries increased strongly between 2001 and 2005. In the latter year, developing countries together supplied 44% of all French value imports, representing an annual average increase of 20% since 2001.

Oil seeds
France is a medium-sized importer of oil seeds, accounting for 3% of total EU25 imports. Total French oil seeds imports were erratic between 2001 and 2005, showing a strong increase in terms of value and volume between 2001 and 2003, but an even sharper decrease between 2003 and 2005. In the review period, total French imports decreased by an annual average rate of 11% in terms of value and 25% in terms of volume, amounting to € 22 million / 38 thousand tonnes in 2005.

Oil seeds supplied by developing countries also decreased sharply both in relative and absolute terms between 2003 and 2005, in favour of supplies from European countries like Spain and

Germany. In 2005, the share in French oil seeds imports (in value) supplied by developing countries amounted to 23%.

Other EU member countries like (the newly entered) Romania, The Netherlands and Germany are the leading suppliers of oil seeds to France, accounting for 18%, 18% and 16% respectively of total import value in 2005. India is the leading supplier of oil seeds from developing countries, accounting for 8% of total French imports. Imports from India increased strongly between 2001 and 2005.

Imports by product group

Vegetable oils and fats
Within the group of vegetable oils and fats, olive oil and cocoa butter are the leading import products, representing market shares of 34% and 24% respectively. Furthermore, together with sunflower and safflower oil, cocoa butter imports showed the largest average annual increase of 15% during the survey period. These increases were realised mostly to the benefit of developing country suppliers.

Representing market shares between 80% and 82%, cocoa butter and groundnut oil are the most important product groups supplied by developing countries. Two other relatively important products for developing country suppliers are sunflower seed-, and safflower oil and coconut oil, since developing countries supply more than 60% of these products.

Olive oil, on the other hand, although it is the biggest import product, is not particularly interesting for developing country suppliers, since it is almost entirely supplied by other EU member countries like Spain and Italy.

Oil seeds
Within the group of oil seeds, sunflower seed is the leading import product, representing a market share of 55%. Imports of sunflower seeds show an average annual decrease of 19% in the review period, with a considerable decline between 2003 and 2005, amounting to € 12 million / 29 thousand tonnes in 2005. However, although it is the biggest import product, it is not particularly interesting for developing country suppliers, since less than 5% of these imports originate in developing countries.

Another leading import product within the group of oil seeds is sesame seed, representing a market share of 41% of total French imports. Between 2001 and 2005, imports of sesame seeds increased by an annual average rate of 11%. This increase was realised partly to the benefit of developing country suppliers.

Within the group of oil seeds, sesame seed is the only relevant product for developing country suppliers. They supply almost 50% of this product.

Table 3.1 Imports by and leading suppliers to France 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total vegetable oils and fats	401	398	477	Intra - EU: Spain (28%), Italy (10%), The Netherlands (9%), Belgium (5%), Germany (1%)	56%
	4	16	7	Extra - EU ex. DC*: -	1%
	182	360	375	DC*: Argentina (8%), Malysia (7%), Indonesia (7%), Cote d'Ivore (5%), Ukraine (4%), Ecuador (2%), Senegal (3%), Philippines (2%), India (2%), Peru (1%), Ghana (1%)	44%
Olive oil	196	238	290	Intra - EU: Spain (73%), Italy (25%)	99.6%
	0.05	0.01	0.07	Extra - EU ex. DC*: -	0%

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
	0.6	0.4	1.2	DC*: -	0.4%
Cocoa butter, fat and oil	29	29	41	Intra - EU: The Netherlands (10%), Spain (5%), United Kingdom (3%), Belgium (2%)	20%
	0	0.5	0	Extra - EU ex. DC*: -	0%
	91	142	165	DC*: Cote d'Ivoire (18%), Malysia (15%), Indonesia (15%), Ecuador (9%), Peru (4%), Ghana (4%), Niger (4%), Thailand (3%), Brazil (2%), Dominican Republic (2%), China (1%)	80%
Sunflower–seed and safflower oil	64	45	42	Intra - EU: The Netherlands (13%), Belgium (7%), Spain (7%), Italy (2%)	30%
	0.1	0.1	6.6	Extra - EU ex. DC*: Russia (5%)	5%
	14	44	89	DC*: Argentina (42%), Ukraine (22%)	65%
Palm oil	79	29	78	Intra - EU: The Netherlands (23%), Belgium (12%), Spain (9%), Italy (7%), Germany (3%)	59%
	0.02	0.04	0	Extra - EU ex. DC*: -	0%
	29	46	55	DC*: Malysia (24%), Indonesia (15%), Cote d' Ivoire (1%)	41%
Groundnut oil	15	13	9	Intra - EU: Belgium (17%), Spain (1%)	19%
	2.0	15	0	Extra - EU ex. DC*: -	0%
	32	43.7	40	DC*: Senegal (35%), India (25%), Argentina (20%), Brazil (2%)	82%
Coconut oil	16	30	16	Intra - EU: The Netherlands (24%), Germany (9.5%), Spain (3.2%)	40%
	1.5	0.6	0	Extra - EU ex. DC*: -	0.1%
	15	30	24	DC*: Philippines (32%), Indonesia (20%), Malysia (5%), Cote d'Ivoire (2%)	60%
Sesame oil	1.4	0.9	0.9	Intra - EU: The Netherlands (34%), Germany (8%), United Kingdom (5%), Belgium (2%)	49%
	0.6	0.6	0.6	Extra - EU ex. DC*: Singapore (28%)	30%
	0.3	0.4	0.4	DC*: China (9%), India (4%), Mexico (3%), Malysia (1%), Thailand (1%)	21%
Total oil seeds	7.5	8.0	12.0	Intra - EU: The Netherlands (18%), Germany (16%), Spain (7%), Belgium (4%), United Kingdom (4%)	55%
	5.8	31	4.7	Extra - EU ex. DC*: Romania (18%), USA (4%)	22%
	21	38	4.9	DC*: India (8%), Guatemala (4%), China (3%), Turkey (2%), Mali (1%), Uganda (1%), Burkina Faso (1%)	23%
Sunflower seeds	3.9	4.1	6.8	Intra - EU: The Netherlands (17%), Germany (16%), Spain (10%), Belgium (5%), Hungary (4%)	57%
	5.3	31	4.7	Extra - EU ex. DC*: Romania (32%), USA (7%)	39%
	18	36	0.5	DC*: China (4.2%)	5%
Sesame seeds	3.2	3.6	4.6	Intra - EU: The Netherlands (18%), Germany (16%), United Kingdom (7%), Denmark (5%), Belgium (4%)	51.4%
	0	0.01	0.06	Extra - EU ex. DC*: -	0.7%
	2.7	2.4	4.3	DC*: India (20%), Guatemala (9%), Turkey (5%), Mali (3%), Uganda (3%), Burkina Faso (2%), Egypt (2%), China (1%)	48%
Safflower	0.08	0.2	0.3	Intra EU: The Netherlands (30%),	64%

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
seeds				Germany (26%), Belgium (9%)	
	0.5	0.2	0.02	Extra - EU ex. DC*: Australia (4%)	4%
	0	0	0.1	DC*: Argentina (31%)	31%
Palm nuts and kernels	0.2	0.2	0.3	Intra - EU: Austria (36%), Spain (35%), The Netherlands (15%), Germany (12%), Belgium (1%)	100%
	0	0	0	Extra - EU ex. DC*: -	0%
	0	0	0	DC*: -	0%
Copra	0.02	0	0.05	Intra - EU: Belgium (84%), Spain (10%), The Netherlands (6%), Germany (1%)	100%
	0	0	0	Extra - EU ex. DC*: -	0%
	0	0	0	DC*: -	0%

Source: Eurostat (2006)
*Developing Countries
Note: In 2005, Bulgaria and Romania were not yet part of the European Union and are, therefore, listed under 'Extra EU excl. DC'

Exports

Vegetable oils and fats

France is the fourth largest exporter of vegetable oils and fats in the EU25. Nevertheless, France 'only' accounts for 7% of total EU25 exports as these are dominated by Spain, The Netherlands and Italy. During the review period, exports increased by 4% in terms of value and decreased by 3% in terms of volume. In 2005, total exports amounted to € 418 million / 332 thousand tonnes. Exports are mainly directed to EU countries, especially Belgium, and, to a lesser extent to the UK, The Netherlands and Germany.

Oil seeds

France is the leading exporter of oil seeds (consisting almost entirely of sunflower seeds) in the EU, accounting for 34% of total EU25 exports. During the review period, exports increased by 1% in terms of value and 2% in terms of volume. In 2005, total exports of oil seeds amounted to € 137 million / 610 thousand tonnes. Exports are mainly directed to EU countries, especially Spain and, to a lesser extent, to Portugal and The Netherlands.

Opportunities and threats

- France is one of the more interesting EU markets for exporters in developing countries, as imports of vegetable oils and oil seeds are sizeable and a large proportion (44%) is imported directly from developing countries.
- Specific vegetable oil products which are interesting for developing country suppliers are cocoa butter oil & fat and groundnut oil, for both of which about 80% of the import value is supplied by developing countries. With a market share between 60% and 65% of the import supplied directly by developing countries, coconut oil and sunflower oil are also interesting for developing country exporters to France.
- With respect to oil seeds, developing countries play a relatively small role, making France a less interesting market for developing country exporters.
- Sesame seeds is the most interesting oil seed, since almost half of the imported value is directly supplied by developing countries.
- According to industry sources, the high standards in the European Union with respect to product quality and food safety can make it challenging for producers in developing countries to achieve these standards and market their products.
- Exporters should note that a development or trend can be an opportunity for one exporter, while posing a threat to other exporters. Exporters should therefore analyse if the developments and trends discussed in the previous chapters provide opportunities or threats depending on their specific situation.

- Please refer to Chapter 7 of the CBI survey covering the EU market for an example of such an analysis.

Useful sources
- EU Expanding Exports Helpdesk
  http://export-help.cec.eu.int/ ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  http://epp.eurostat.cec.eu.int ➔ 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'
- The EU Oil and Protein-meal Industry (Fediol): http://www.fediol.be/
- The International Olive Oil Council (IOOC): http://www.internationaloliveoil.org/
- FAO's statistical database FAOSTAT: http://faostat.fao.org

4 Price developments

As already mentioned, developments on the Chicago exchange are leading indicators in the price setting of the different vegetable oils world-wide, while Kuala Lumpur (Malaysia) is the main exchange market for palm oil.

Due to improved technology, different vegetable oil products are substitutable: this has a major impact on price settings. For example, palm oil is becoming increasingly popular in the food industry and, consequently, the price rises.

Other factors also influence prices of vegetable oils and oil seeds:
- The climatic conditions.
- Increasing demand for bio-fuels.
- Increasing welfare in the world, and in the new EU member states in particular, leading to increased demand for vegetable oils and fats and a switch in consumption to more luxurious and expensive oils.
- Decline in the consumption of animal fat to the advantage of vegetable oils and fats, which offer healthier alternatives.
- Quantities of vegetable oils and oil seeds in stocks. Higher stocks generally lead to lower or at least stable prices.
- Due to the resistance to genetically modified soy bean among EU consumers, many European food-processing companies switched to the use of other oils and oil seeds, making these products scarcer.

With regard to oil seeds, in general, the prices of large volumes of oil seeds depend on exchange rates, in which the value of the dollar is a dominant factor. Prices of most products are not fixed and may fluctuate strongly, depending on season and global yields. Therefore, it is essential to have continuous access to up-to-date price information. Furthermore, the price of the oil seeds is heavily dependent on their quality. Oil seeds are traded by standard contracts, in which the price for a particular quality is stated.

Interesting sources for price information are listed in the CBI survey covering the EU market for vegetable oils and fats (including oil seeds).

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 Vegetable Oils & Fats 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/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

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.

Reaching an agreement with your trade partner

If there is no existing contract between the buyer and the supplier, the first step in establishing trade is to make a quotation including information about quality, price, volume, terms of sale, delivery dates, etc. As in the rest of Europe, custom-made offers are most common in France, as products and application differs. Therefore, common practices as detailed in the 'Export Planner' and 'Your image builder' apply.

Suppliers and importers are free to negotiate and agree whether quotations and subsequent trade are based on FOB, CIF or CFR prices and which terms of payments are used. The most commonly used terms of payment in the vegetable oils & fat and oil seed trade are the *Letter of Credit* (L/C) and *Cash Against Documents* (CAD).

The final order is preceded by an analysis of the sample provided by the exporter. After approval of the sample, shipment and import formalities need to be arranged according to the agreement between the trade partners.

Internet provides many sources on business practices and culture, such as http://www.communicaid.com/france-business-culture.asp and http://www.kwintessential.co.uk/resources/global-etiquette/france-country-profile.html. Please keep in mind that these pages only give general remarks. Therefore, when conducting business, use your intuition and an understanding attitude.

Sales promotion

Common practices of trade promotion in France do not deviate considerably from other European countries. English proficiency is limited among the French, but is more common when they are in the trade business. In general, good care should be taken of existing contacts through prompt, constant and reliable communication. Letters of inquiry should always be replied to. Essential tools are a detailed and up-to-date customer database and a website proposing well-defined products, competitive advantages (e.g. USP, quality, cost reduction and delivery reliability) and client references, to facilitate building trust.

Please refer to CBI's *Export planner* and *Your image builder* for more information on this subject.

Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on vegetable oils & fats and oil seeds, or the (organic) food sector. Interesting *trade associations* in France are:

- FEDHUIL (National Federation of Metropolitan Oil Mills and Derived Industries), Tel:+33 (0)1406 94898
- Huileries de France, Tel: +33 146 372 206, Email: huileries@fncg.fr
- Syndicat Général des Fabricants d'Huile et de Tourteaux de France (SGFHTF), Tel:+ 33 (0)1 46372206, E-mail: huilerie@fncg.fr
- Association Nationale des Industries Alimentaires http://www.ania.net/fr/

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the CBI document 'From survey to success: guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Trade press of particular interest in France is 'French Food' (http://www.frenchfoodandbeverages.com) and 'Lineaires' (http://www.editionsduboisbaudry.fr/li/).

Trade fairs offer companies in developing countries the opportunity to establish contacts and a trustworthy image through several participations, to promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the CBI document 'From survey to success: guidelines for exporting vegetable oils and fats (including oil seeds) to the EU'. Interesting trade fairs in France are Saveurs & Terroirs- Food and Drink Fair (http://www.savoiexpo.com/), Sirha- International Hotel, Catering and Food Trade Exhibition (http://www.sirha.com/2009/), Sial (http://www.sial.fr/ExposiumCms/do/admin/visu?reqCode=accueil).

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