



Agri-food industry

A SOLID INDUSTRIAL BASE

France's expertise in the agri-food sector is renowned and sought after by manufacturers worldwide; those already established in France enjoy a significant competitive advantage from their location, drawing notably on a qualified, flexible and highly productive workforce. The agri-food industry is the biggest business sector in France, with a turnover of €163 billion in 2008 and annual growth of 5 to 7%. Ranked 1st in Europe and 2nd in the world after the United States, it employs 412,500 people in over 10,000 companies. The French agri-food sector exports €35 billion worth of processed products, helping it to generate a surplus trade balance of €6.6 billion in 2008.

MARKET LEADERS

The sector comprises a large number of SMEs (97% of the sector) located throughout the country, alongside several major French groups which are international leaders in their respective markets: Danone (ranked 1st in the world for fresh dairy products and 2nd for bottled water and children's food), Lactalis (2nd in the world for dairy products), Bongrain (1st in the world for cheese-based specialties), LVMH (wines and spirits), Bel (1st in Europe for processed cheese) and Pernod Ricard (2nd in the world for wines and spirits). Thanks to this well-established industry, France accounts for around 8% of all international food product sales.

A FIRM FOCUS ON R&D

The French agri-food industry operates in an environment which fosters innovation transfer and benefits from the *savoir-faire* of 10,000 highly-skilled engineers, researchers and technicians, with an R&D budget of around €1.5 billion.

Agri-food research is conducted in partnership with several organizations, and draws upon public-sector research of a very high standard. In addition to the French National Institute for Agricultural Research

KEY FIGURES 2008

Largest industrial sector in France ^(*)

TURNOVER:
€163 billion ^(*)

WORKFORCE:
412,500 employees ^(*)

10,568 companies ^(*)

(*) ANIA (French National Association of Food Industries).

THEY CHOSE FRANCE

Red Bull

After receiving authorization in 2008 to sell its energy drink in the French market, the Austrian manufacturer Red Bull has opened a headquarters in Paris, creating 80 jobs.

Pasta & Company

This Italian company, specializing in producing fresh pasta, chose Gap (Provence-Alpes-Côte-d'Azur) as the location of its new production facility entirely dedicated to producing bio-food products. This family-owned SME is targeting the high-end food market (delicatessens). The project amounts to an overall investment of €4.5 million and will create over 30 jobs over the next three years.

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(INRA), several other organizations work on food-related topics: the French National Center for Scientific Research (CNRS), the French Food Safety Agency (AFSSA), the Agricultural and Environmental Engineering Research Institute (CEMAGREF), the French Marine Research Institute (IFREMER), the Agricultural Research Center for International Development (CIRAD), the Research Institute for Development (IRD) and several universities and schools.

The main interface between public-sector research and industry is provided by a network of technical centers led by the French Association for Technical Coordination in the Agri-Food Industry (ACTIA), and by nine specialist innovation clusters.

FRANCE, AN ATTRACTIVE LOCATION

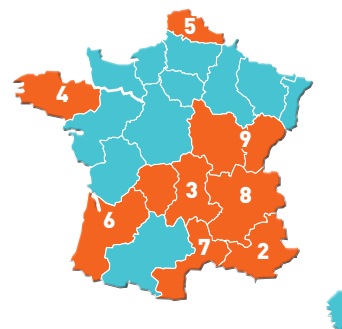
Foreign companies are highly active in the agri-food sector in France, where they account for almost 30% of agri-food output.

→ **ALMOST 30% OF AGRI-FOOD OUTPUT IN FRANCE IS GENERATED BY FOREIGN COMPANIES**

The main leaders include Coca Cola, Heineken, Ferrero, General Mills, Haribo and many others who have chosen France as their production and logistics hub for the European market and as a base for further international expansion. Unilever and Nestlé have both set up international R&D centers in France, focusing on health foods.

More recently, they have been joined by: Red Bull; Cinqième Saison (salad and fresh products), a subsidiary of Icelandic group Bakkavör; Danisco (which has an R&D center specializing in fermentation products); Sakata Seeds (seeds); Moy Park (poultry based intermediate products); Ebly / Masterfoods (cereals); McCormick (condiments); and Ajinomoto (seasoning and cooking oils).

9 SPECIALIST INNOVATION CLUSTERS



1. Qualitropic

Réunion.

Based on the island of Réunion in the Indian Ocean, this cluster focuses on nutrition in tropical climates.

www.qualitropic.com

2. European Cluster for Fruit & Vegetables Innovation

South-East France. This cluster seeks to boost the competitiveness of the sector throughout the south of France.

www.peifl.org

3. Cereals Valley

Auvergne. This cluster identifies and selects new crop varieties.

www.cereales-vallee.org

4. Valorial

Bretagne (Brittany). Valorial develops "ready to use" foods for the future.

www.pole-valorial.fr

5. Aquimer

Nord-Pas-de-Calais. This cluster seeks to expand the seafood market.

www.poleaquimer.com

6. Prod'innov

Aquitaine. Prod'innov focuses primarily on food supplements and biodrugs.

www.prodinnov.fr

7. Q@Li-Méditerranée

Languedoc-Roussillon. Q@limes seeks to foster innovation in three main agricultural sectors: wine, cereals, fruit and vegetables.

www.qalimediterranee.fr

8. InnovianDES (meat products)

Auvergne, Bretagne (Brittany), Limousin and Rhône-Alpes. This cluster seeks to increase the competitiveness of companies in the meat and meat products sector.

www.innovianDES.org

9. Vitagora

Bourgogne (Burgundy) & Franche-Comté. Vitagora specializes in the texture and flavor of foods, and in nutrition and health.

www.vitagora.com