

PRESS RELEASE

Nutraceuticals/functional foods: A crossroads between the agri-food, cosmetics and pharmaceutical industries, France is the leader in Europe

June 5th 2008 – France is considered the leading destination for investments in the nutraceutical/functional food industry. According to an Ipsos survey published in October 2007, 52% of French consumers are concerned about the effects on their health by the food they eat. The market for foods developed specifically for their health benefits is constantly evolving.

Between 2002 and 2007, the functional foods sector generated 200 new foreign investment projects, accounting for 7% of the total number of projects, and created 9,610 jobs or 5% of the total number of jobs created, according to statistics in the Invest in France Report.

The global market for functional foods is currently estimated at over €100 billion, which is roughly 5% of the total agri-food industry market. The French functional foods market, which represented €900 million in 2006, is developing rapidly with an annual growth rate estimated at over 10% in France.

Several clusters are developing networks that concentrate on functional foods, in particular: Nutrition Santé Longévité - Nutrition Health Longevity (Nord Pas-de-Calais), Prod'Innov (Aquitaine), Vitagora (Bourgogne) and Qu@limed in Montpellier. The French government supports research activities through a research and development tax credit that is currently the best of its type in Europe, reimbursing up to 50% of R&D expenditures for the first year (up to €100 million), 40 percent of expenses and 30 percent in subsequent years.

Pharmaceutical laboratories are extremely active: specialized SMEs such as Arkopharma (plant-based products) and Juva-santé (**Juvamine** beauté vitamin complex). Food supplements rely on technology and innovation generated by the pharmaceutical or cosmetics industries, which leads to cross-industry partnerships. Nestlé and L'Oréal have for example created the **Innéov** product line, specializing in cosmetic functional foods while **Novartis and Quaker Oats** have created the **Aviva** line of dietary products.

The agri-food industry as a whole also generates many projects: Danone and Lactalis are at the forefront of innovation in terms of light, bioactive dairy products enriched with vitamins or fiber, such as the Danone Actimel yoghurt containing Lactobacillus Casei, which represents €400 million of turnover. American and Japanese firms also have an important market share: **Shiseido** is developing an anti-wrinkle yoghurt that contains aloe-vera. Knorr (**Unilever**) has launched **Knorr Vie**, which is a fresh fruit and vegetable drink and Proactive yoghurts and drinks that reduce cholesterol.

“This sector offers high development potential, combining three industries in which France is particularly strongly positioned (agri-food, pharmaceutical and cosmetics), as the European leader in each of these sectors,” according to Philippe Favre, Chairman and CEO of Invest in France Agency.

Invest in France Agency (IFA) promotes and facilitates international investment in France. The IFA network operates worldwide. IFA works in partnership with regional development agencies to offer international investors business opportunities and customized services all over France. For more information, please visit www.investinfrance.org.

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