



France: The French Packaging Machinery Market

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Summary

The French packaging machinery market, at over \$818 million, is one of the largest in Europe, along with Germany, the U.K. and Italy.

The French packaging machinery industry is primarily composed of small- and medium-sized companies that are highly specialized. The French market is currently characterized by increasing demand for flexible, versatile, automated and integrated machinery, as well as increased demand for environmentally friendly equipment.

The market is expected to grow 4 percent per year in the next two years after many years of weak growth due to relative economic turmoil.

For many years France has maintained a large trade deficit in packaging machinery. In 2005, it imported \$787 million in goods as compare to \$594 in exports. The large majority of imports originate from the European Union, especially from Germany and Italy, which account together for 65 percent of total imports. Imports from non-EU countries are limited, although Switzerland, Japan and the U.S. are present. U.S. products represent 3 to 4 percent of total French imports.

France is relatively receptive to non-EU imports, thanks to low import duties, and as long as products comply with European and French standards and regulations. Market access for U.S. companies is currently very auspicious due to the relative under-evaluation of the dollar (€1 = \$1.25).

Market Highlights & Best Prospects

Market Profile

France, at \$818 million, is the second largest European market for packaging machinery behind Germany in Europe, ahead of UK and Italy.

In recent years the market has grown slowly with 2 percent average annual growth, after dramatic double-digit hikes in the late nineties caused by heavy investment by end-users (especially food and beverage producers). This slow down can be attributed to general slower economic growth and over investment in production capacity.

Forecasts indicate continued growth in the coming years. This will be supported by steady demand from the domestic manufacturing end-user base supported by an overall better economic situation, as well as the need to not only replace older machinery but to improve production and efficiency with new technologies, while meeting the increasing demand for recyclable and environmentally friendly packaging material. Foreign exporters should largely benefit from this situation, especially U.S. firm due to a favorable dollar to euro exchange rate.

Statistical Data

Statistical Overview of the French Packaging Machinery Market (\$ millions)

	2004	2005	2006*	Estimated average annual growth rate for 2007 and 2008
Total Market	800	818	831	4 percent
Local Production	637	622	625	3 percent
Exports	637	591	600	3 percent
Imports	800	787	806	5 percent
U.S. Imports	15	16	17	5 percent

Source: French Customs and industry multipliers

Statistical data are compiled in \$ (€1 = \$1.25)

* Estimates

France is moderately receptive to imports, a very large share of which from Europe. Even though the United States stands out with Spain, the U.K., The Netherlands, Sweden and other E.U. countries as significant importers, it remains far behind Germany, Italy and even Switzerland, which maintain 33 percent, 32 percent, and 7 percent of all imports respectively. This situation should improve for U.S. exporters as the dollar continues to be under-valued compared to the euro.

Best Sales Prospects

As opposed to highly specialized equipment, there is an increasing demand for versatile and flexible machinery permitting quick changeover and handling a wider variety of materials. Packagers are demanding more automated, efficient and cost effective machinery.

There is a trend to replace lines of separate filling and closing machines with combined machinery and/or integrated machinery lines. Form-fill-seal machinery has and will benefit from a strong and continued growth as the reduction of packaging waste legislation influences investments.

Labelling and coding machinery should continue to benefit from the end-user need for more sophisticated labelling design, incorporating different forms of tracking capabilities.

Competitive Analysis

Domestic Production

The French packaging machinery industry includes close to 70 small and medium-sized companies that are actually highly specialized businesses. Average employment is 50 employees, although 23 companies have staff of over 50, for a total of about 4,200 employees in the industry.

The leading manufacturing regions are Ile-de-France, Rhône-Alpes, Haute Normandie, and Bourgogne, which account for about 60 percent of the total market.

Total local production in 2005 was valued at \$625 million, placing France as the sixth largest producer of packaging machinery worldwide. For many years, exports have been the primary driver behind France's domestic production growth. This trend could phase out due to a strong euro.

It appears that most local machinery production is driven by strong export demand. E.U. markets represent 40 percent of French exports (especially to the U.K., Germany, Benelux, Spain, Italy, and the Netherlands) while 25 percent goes to North America, 15 percent to Asia-Pacific, and the remaining to North Africa, South American, and Central Europe.

The main local manufacturers include Arcil, Cermex, Delta Neu, Erca Formseal, Imaje, Multivac, Serac, Sidel, Thimonnier.

Third-Country Imports

Although domestic manufacturing of packaging machinery is diverse and competitive, France relies heavily on machinery imports, which account for more than 55 percent of the overall French market. In 2005, France imported \$630 million in equipment, 82 percent of which originate from the European Union. Two countries, Germany and Italy represent more than 65 percent of total imports. Extra-E.U. countries with a significant presence in the French market are Switzerland, United States and Japan.

The following table shows a breakdown of machinery imports by H.S. code from 2003 to 2005:

HS	Description	2003	2004	2005
	World	366,569	438,480	479,847
	84 Machinery; Reactors, Boilers	50,630	58,892	61,958
	8422 Cleaning Machines, Dishwasers	987	1,090	1,088
842211	Dishwashing, Hou	267	292	306
842219	Dishwashing, N H	55	57	69
842220	Clean/Dry Conta	15	11	14
842230	Filling, Close B	121	171	157
842240	O Packing/Wrapp	289	286	257
842290	Parts For 8422	240	273	285

Source: French Customs
(\$ millions)

The following tables show a breakdown of packaging machinery exports to France by supplier county:

HS DESCRIPTION 842220 (Clean/Dry Containers Mach.)

Rank	Country	2003	2004	2005
0	World	14.944	11.274	14.391
1	Sweden	0.000	0.069	4.432
2	Switzerland	2.010	2.820	3.290
3	Germany	8.439	4.464	3.019
4	Italy	2.066	1.718	2.285
5	Belgium	0.416	0.694	0.610
6	Spain	0.488	0.075	0.286
7	<i>United States</i>	<i>0.406</i>	<i>0.014</i>	<i>0.162</i>
8	Austria	0.121	0.172	0.150
9	Netherlands	0.036	0.170	0.048
10	Portugal	0.005	0.000	0.045
11	Norway	0.007	0.000	0.022
12	United Kingdom	0.007	0.850	0.018
13	Poland	0.000	0.000	0.009
14	Denmark	0.313	0.002	0.009

Source: French Customs
(\$ millions)

HS DESCRIPTION 842230 (Filling/Close Bottle Mach.)

Rank	Country	2003	2004	2005
0	World	121.341	170.654	156.932
1	Italy	48.119	51.019	54.625
2	Germany	31.185	72.360	50.675
3	Switzerland	5.309	7.585	10.639
4	Netherlands	5.993	6.313	8.725
5	United Kingdom	6.149	6.006	6.335
6	Spain	6.710	6.301	6.097
7	<i>United States</i>	<i>1.535</i>	<i>5.377</i>	<i>4.254</i>
8	Sweden	5.429	4.185	3.988
9	Belgium	3.923	2.548	2.848
10	Denmark	1.006	0.986	2.458

Source: French Customs
(\$ millions)

HS DESCRIPTION 842240 (Other Packing/Wrapping Mach.)

Rank	Country	2003	2004	2005
0	World	289.300	286.038	256.504
1	Italy	98.957	96.553	93.973
2	Germany	99.218	92.599	67.232
3	Switzerland	13.804	17.814	24.183
4	Spain	14.817	18.490	17.566
5	Netherlands	10.726	15.997	7.904
6	Belgium	4.940	3.417	5.338
7	<i>United States</i>	<i>6.231</i>	<i>4.323</i>	<i>4.955</i>
8	Japan	9.752	9.809	4.816
9	United Kingdom	5.638	3.160	4.666
10	Hungary	1.095	3.797	4.384
11	Sweden	3.375	4.038	3.841
12	San Marino	3.614	4.276	3.264
13	Finland	0.689	0.578	2.045
14	Denmark	2.312	2.030	1.769

Source: French Customs
(\$ millions)

HS DESCRIPTION 84229090 (Parts of Machinery)

Rank	Country	2003	2004	2005
0	World	240.096	273.169	284.507
1	Germany	68.304	92.091	80.556
2	Italy	64.044	72.821	77.873
3	Denmark	32.621	35.393	48.211
4	Switzerland	14.531	16.036	14.282
5	Spain	11.163	9.977	12.570
6	Sweden	4.375	7.994	10.998

7	United Kingdom	16.117	10.687	10.393
8	Belgium	7.190	7.124	7.201
9	Netherlands	3.893	4.359	4.693
10	<i>United States</i>	<i>5.874</i>	<i>4.534</i>	<i>4.514</i>
11	Japan	1.871	1.616	1.953
12	Poland	0.921	0.414	1.886

Source: French Customs
(\$ millions)

U.S. Market Position

U.S. manufacturers of packaging machinery hold about a 4 percent share in French imports. The strongest penetration rate for North American packaging equipment is in the food and beverage sectors, mainly for control systems, labeling and marking equipment, wrapping/forming/cutting machinery, and multi-packaging machinery.

The recent depreciation of the dollar versus the euro has helped U.S. competitiveness considerably. If the current exchange rate continues, U.S. market share should grow.

U.S. brands present in the French market via a distribution agreement include: Automated Packaging Systems, Douglas, Marsh, Nimco, Shanklin, Shrinkfast, TMC, etc.

U.S. Companies established with a subsidiary include: Markem, Mead, Norson, Val Cincinnati, Dover/Imaje, Fowler, Meadwestvaco Emballage

End-User Analysis

Major end-users are the food and beverage industry that takes close to two-thirds of the output for packaging machinery. The pharmaceutical, cosmetics, and personal care products represent about 15 percent while the chemical sector takes up 10 percent.

Many large food groups, such as Danone and Nestlé are vertically integrated. Some have even invested in packaging machinery-manufacturing companies. For instance, Danone is the owner of Arcil, renowned for its breakthroughs in the field of sequential technology.

Breakdown of Large End-Users

Food Industry	Bonduelle, Candia, Fleury Michon, Fromageries Bel, Kraft Foods France, Nestlé France, Yoplait
Beverage Industry	Coca-Cola France, Danone, Heineken France, Kraft France, Kronenbourg, PepsiCo France, Taittinger
Personal Care Industry	Beiersdorf France, Chanel, Christian Dior, Lever Fabergé, Laboratoires Pierre Fabre, Proctor & Gamble France, Yves St. Laurent Beauté
Pharmaceutical Industry	3M Santé, Abbott France, Baxter France, Pfizer France, Sanofi, Schering-Plough France, UPSA

Major French Packaging Container Manufacturers

Plastic Packaging	Cebal, Sealed Air, Toray, Valois
Wood Packaging	Altis, Beynel, Seguin Moreau
Metal Packaging	Carnaud Metalbox, Continental Can, Crown Cork Company, Impress Metal Packaging, PLM
Glass Containers	St Gobain Emballage, Champagne Emballage

Most end-users are small- and medium-sized packaging production companies. There are over a thousand companies whose main activity is manufacturing packaging and containers, and another thousand that are vertically integrated.

The following factors affect purchasing decisions:

1. Overall machinery quality (reliability and durability)
2. Versatility in handling different packaging applications
3. After-sales service, including availability of local staff and spare parts
4. Previous experience with supplier
5. Price/quality ratio
6. Brand reputation
7. Production speed
8. Productivity
9. Adherence to purchasing specifications
10. Delivery terms

Market Access

Import Climate

Given the market's high level of exposure to and willingness to purchase imported goods, the import climate is excellent. Even though most imports originate from the E.U., and in particular from Germany and Italy, non-E.U. countries such as Switzerland, the U.S. and Japan are well established. The current dollar/euro exchange rate favors exporters from the United States.

There are no significant tariffs for packaging equipment. However, U.S. firms must export products that comply with E.U. and French regulations. The most significant barriers to entry for U.S. packaging equipment are the attitudes and perceptions of end-users with respect to distance, presence in Europe, ability and capacity to ensure proper servicing, and overall commitment to the French market.

To obtain the list of applicable standards for a product, please contact AFNOR.

AFNOR - Association Française de Normalisation
(National French Standards Association)
11, rue Francis de Pressensé
92571 La Plaine Saint-Denis Cedex
<http://www.afnor.fr>
Tel: +33 1 4162 8000
Fax: +33 1 4917 9000

Packaging machinery must be in compliance with the European Union Machinery Directive, which sets out safety requirements for all machinery as well as hygiene requirements for machinery used to package food. Compliance with the machinery directive entitles manufacturers to carry the CE mark of approval on their machines (CE stands for Conformité Européenne, or European Conformity). CE marking is a self-certification process by which a U.S. company needs to:

- 1) Draw up a (E.U.) declaration of conformity (in French for France);
- 2) Affix the "CE" marking on machinery;
- 3) Publish a technical construction file and instruction handbook in French.

Once carrying the CE mark, machinery is entitled to enter the E.U. market, and individual states cannot refuse access to the market.

The CENTEC 146 EC safety standards, as well as the electromagnetic compatibility directive for electrical

equipment apply to the packaging machinery.

Legally, product manufacturers are liable for their products. However, importers or distributors can often be liable for defects or complications with imported products. Therefore, dealers are generally adamant that all U.S. products must comply with French and E.U. standards.

Customs duties

Non E.U.-imported products are subject to import duties. For products under all H.S. codes beginning with 8422, the rate is 1.7 percent on the C.I.F. (E.U. port of entry) value. Apart from these duties, the French Value Added Tax (VAT) for machinery is of 19.6 percents.

For more information, contact:

Direction Générale des Douanes (French Customs)
8, Rue Tour des Dames – pièce 1110
75436 Paris Cedex 09
France
Tel: +33 8 2002 4444
Fax: +33 1 5504 6530
Web: <http://www.douane.gouv.fr/>
Email: crs@douane.finances.gouv.fr

Distribution/Business Practices

The most common path of distribution is through an agent or distributor. Agents/distributors in France frequently require exclusivity.

Programs available through the U.S. Commercial Service offer an excellent way for U.S. firms to enter the French market. For a nominal fee, the Gold Key Service provides scheduled appointments with qualified and pre-selected French firms that help facilitate the success of U.S. exporters in the host country. Commercial Service trade specialists accompany American Gold business visitors on all calls, help analyze the results of the meetings, and develop a campaign to realize opportunities in the local market. Please see <http://www.buyusa.gov/france/en/> for more information.

Financing

Payment is received from clients within an average of 85 days, close to the maximum industry standard of 90 days. Requesting payment at 60 days is often acceptable in the case of international transactions. All standard international means of payment may be requested from French clients, depending on the relationship and the financial strength of the purchaser. Using a documentary credit with a new client is highly recommended. However when the seller and buyer have established a relationship of trust or when an agent or distributor agreement is signed, and after a credit rating has been established, terms of payment can be changed and broadened.

Key Contacts

Government Organizations

Ministère de l'Agriculture et de la Pêche / Direction Générale de l'Alimentation
(Ministry of Agriculture and Fishing / Department for Food)
78, rue de Varenne
75349 Paris Cedex 07
E-mail: resource@agriculture.gouv.fr
Phone: +33 1 4955 5863
Fax: +33 1 4955 5948
Website: <http://www.agriculture.gouv.fr/spip/>

Certification Organizations

AFNOR - Association Française de Normalisation
(National French Standards Association)
11, avenue Francis de Pressensé
93571 Saint-Denis La Plaine Cedex
Tel: +33 1 4162 8000
Fax: +33 1 4917 9000
Email: norminfo@afnor.fr
Web : <http://www.afnor.fr>

Trade Associations

SECIMEP
French Packaging Machinery Importer's Association
25-27, rue d'Astorg
75008 Paris
Tel: +33 1 4451 1460
Fax: +33 1 4265 3949
Contact: Mr. Joel Urban, General Secretary
Email: urban@ficime.fr
Web site: <http://www.ficime.fr>

SCIPAG-Embalco: Syndicat des Constructeurs de Machines pour les Industries du Papier, du Carton,
des Arts Graphiques, de l'Emballage et du Conditionnement
(Trade Association of Machinery Manufacturers for Paper Cardboard, Packaging and Wrapping
Industries)
92038 Paris la Defense Cedex
Phone: +33 1 4717 6350
Fax: (33) 1 47 17 63 49
Contact: Mr. Dominique de Beaumont, General Secretary
Email: info@scipag-embalco.com
Website: <http://www.scipag-embalco.com>

Trade Publications

Emballages Magazine
12-14, rue Médéric
75815 Paris Cedex 17 - France
Tel : +33 1 5679 4406
Fax : +33 1 5679 4508
Contact : Henri Saporta, Editor in Chief
Email: hsaporta@gisi.fr
Web site: <http://www.emballagesmagazine.com>

Process Magazine
CS 77711
35577 Cesson-Sévigné Cedex - France
Tel: +33 2 9932 2121
Fax: +33 2 9932 1417
Contact: Francois Morel, Editor-in-Chief
Email: fmorel@editionsduboisbaudry.fr
Web site: www.process-magazine.com

R.I.A. – Revue des Industries Agroalimentaires
8 cité Paradis
75493 Paris Cedex 10 - France
Tel: +33 1 4022 7060
fax : +33 1 4022 7072
Contact : Denis Lemoine, Editor
Email: ria.redaction@gfa.fr
Web site: www.ria.fr

Trade Events

Emballage 2006
World Packaging Exhibition
November 20-24, 2006
Paris, France
<http://www.emballageweb.com/en/2006/index.htm>
Exposium S.A.
1, rue due Parc
92593 Levallois-Perret - France
Tel: +33 1 4968 5146
Fax: +33 1 4968 5445
contact: Flora Liegey, International Sales Manager
email: fliegey@exposium.fr

Carrefour des Fournisseurs de l'Industrie Agroalimentaire (C.F.I.A.)
Food Suppliers Trade Fair
March 6-8, 2007
Rennes Parc Expo
Web : <http://www.cfiaexpo.com/>
Jangil S.A.
2, place du 4 septembre
B.P. 223
47305 Villeneuve Sur Lot Cedex - France
Tel : +33 5 5336 7878
Fax : +33 5 5336 7879
Web site : www.jangil.fr

For More Information

The U.S. Commercial Service in CS France Office can be contacted via e-mail at: Christophe.Joly@mail.doc.gov;
Phone: +33 1 4312 2203; Fax: +33 1 4312 2172 or visit our website: www.buyusa.gov/france.

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