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Market Development Reports

Halal Food Market in France

2007

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Report Highlights:

With the largest Muslim population in Europe (an estimated 5 to 7 million), France accounts for about 3€ billion of the 10-15€ billion European halal market. The most rapidly-growing segment of the French food market, halal sales have risen by 7-15% since 1998.

Supermarkets, hypermarkets and food distribution chains are increasing their share of halal distribution, capitalizing on young halal consumers' interests in having the same choices as non-halal consumers. Best prospects for U.S. exporters are sodas and juices, sauces, condiments, confectionary products, ready-to-eat products, frozen meals, vegetarian products and snack food.

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Trade Report
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Summary

With the largest Muslim population in Europe (an estimated 5 to 7 million), France accounts for about 3€ billion of the 10-15€ billion European halal market. The most rapidly-growing segment of the French food market, halal sales have risen by 7-15% since 1998.

Supermarkets, hypermarkets and food distribution chains are increasing their share of halal distribution, capitalizing on young halal consumers' interests in having the same choices as non-halal consumers. Best prospects for U.S. exporters are sodas and juices, sauces, condiments, confectionary products, ready-to-eat products, frozen meals, vegetarian products and snack food.

The biggest challenge is gaining consumer confidence in the absence of government-recognized halal labels. There are no government regulations on halal certification, which means that the criteria for halal certification among private companies and the Grand Mosques tend to vary. Certification of grocery products is not as critical as meat products. While some consumers are looking for the stamp of a certifying authority they trust, others seem to be content with a label with Arabic lettering.

Traditional stores continue to dominate the halal market, although supermarkets and multinational food product producers are starting to reach out to Muslim consumers by offering a wider selection of halal food products. The bulk of halal products sold in France are meat and deli products, but the demand for grocery products is rising. This demand remains, to a great extent, unmet. The availability of grocery products is still very basic (dry fruits and vegetables, oil, spices, olives, sauces). Recently, processed foods (e.g. canned ravioli) and frozen food (pizzas, kebab) have entered the market. There is a strong opportunity for the U.S. companies offering beverages, grocery and frozen products for the halal market.

Consumer Profile

Trends in halal consumption are particularly linked to the consumer's country of origin. European countries exemplify this fact, in that each European country's Muslim population tends to have come from a different part of the world. It is therefore important to focus on a particular country's halal market, as opposed to Europe's halal market as a whole. The majority of France's Muslim population hails from North Africa. Similarly, the Muslim populations in Spain, Italy, and the Scandinavian countries also tend to be from North Africa. In the UK and the Netherlands, the majority of the Muslims come from Pakistan, Bangladesh, India, and the Middle East. In Germany, the Muslim population is tends to be from Turkey. Thus products such as merguez and kebabs, which are popular with the French Muslim population, are less popular in England for example. American suppliers of halal products must take these regional differences into account when looking at each potential export market.

Halal consumers form about 10-15% of the supermarket clientele. The average Muslim consumer spends approximately 30% of his/her household budget on food products, while the non-Muslim French consumer spends around 14% on food, indicating not only lower income levels within the Muslim community, but also a higher level of meat consumption among Muslims (see below).

The younger generations are looking for ready-to-eat products, frozen products and processed products as opposed to traditional products (dry fruits and vegetables, oil, spices,

olives, sauces). Although, younger halal consumers look for more 'modern' products, they desire some type of halal certification.

Consumption

The market for halal products is expanding, with demand growing along with the range of new varieties being offered. The consumption of halal products has been increasing by 7-15% per year since 1998. The French halal market is valued at approximately 3€ billion, a significant part of which is comprised by meat products. Halal meat consumption accounts for 10-15% of the French meat market, or around 400,000 tons per year. On average, French Muslim consumers purchase about twice as much meat than their non-Muslim counterparts.

Halal consumption appeals particularly to the younger generation of immigrant origin. Consumers under 30 years old comprise approximately 80% of France's halal consumers. About two million consumers are between 20-40 years old with immigrant parents or grandparents. The consumers who buy halal products the most frequently and who spend the most per month on halal products (at 150-250€) per month are of Arab and Berber origin. The principle areas of halal consumption are located east of an imaginary line between Lille and Marseille (see Appendix I). While most halal consumers in France tend to be Muslim, a few halal butcher shops in Toulon report that 85-90% of their clients were non-Muslims.

According to a survey of 576 Muslims at the Union of French Islamic Organizations meeting, 85.9% reported eating halal exclusively. The survey cited that while the respondents preferred eating halal primarily for religious reasons, they also found it to be better tasting, healthier, and more humane.

Market Trends

Processed Products: For many Muslims, restricting consumption to halal products has not precluded their cultivation of multi-ethnic tastes. Multinationals have entered the French halal market offering a wider variety of halal processed foods and products including halal foie gras, Chinese spring rolls, chicken nuggets, ravioli, lasagna, pizza, and baby food. Nestlé is currently studying ways in which it can expand its range of ethnic products. It offers halal soups under the brand name, Maggi, which are produced in its Moroccan factories. Haribo is offering a new line of gelatin-free gummy candies to increase its sales in Europe and the Middle East. Demand for a wider range of products is high and relatively unmet.

Another growing sector of foods is comprised of substitutes for products that traditionally contain non-halal (haram) ingredients such as pork gelatin or alcohol. These products, which include yogurt, biscuits, and chocolates, are now being modified so that they can be marketed as halal. According to the sales department of Auchan (one of the leading supermarket chains), businesses offer them new halal products on a weekly basis. Auchan's sales reps note that although halal consumers want to respect their traditions and religion, they simultaneously want to be modern in the foods that they eat. Thus there exists a genuine interest in diverse food products typically eaten by other cultures, so long as they are processed in a manner that is consistent with halal requirements.

Arab-Cola, which offers a range of halal certified colas, juices, and mint tea, was launched in France in 2005 and sold 12-15 million half-liter and 1.5-liter bottles in its first year. This product's success is due to the demand for sodas certified halal and labeled in a manner that fits the expectations of halal consumers. They intend to launch a large-scale advertising

campaign on channels geared towards North African and Middle East audiences (i.e. Beur TV and Berbère TV).

Production

Although the demand for halal products is strong, the quality and the variety of the grocery products is relatively poor. Nevertheless, sales of grocery products have enjoyed double-digit growth rates since 2000, and represent about 10% of conventional products in terms of sales. The range of grocery products is still very basic: dry fruits and vegetables, oil, spices, olives and sauces. New products such as processed foods (ravioli or lasagna), confectionary products and frozen ready-to-eat meals (pizzas, kebab) have begun to enter the market.

The bulk of products are from France and North Africa. Supermarket buyers are looking for a wider range of grocery products, increasing an opportunity for U.S. suppliers offering halal products. The best expectations are for sodas and juices, sauces, condiments, confectionary products, ready-to-eat products, frozen meals, vegetarian products and snack foods.

Meat: The halal meat sector has potential, with production growing at about 80,000 metric tons per year. The cost premium for halal certification is about 6% over the normal cost of production, which is passed onto the consumer. At the retail level, halal poultry has a price 30-50% higher than non-halal poultry. Consumers are generally willing to pay the extra cost for halal products, because the products are perceived as higher quality. According to a consumer survey, 60% of halal consumers believe halal products to be healthier. Unfortunately U.S. products cannot take advantage of this opportunity due to EU technical requirements, which keep out most American beef and virtually all U.S. poultry.

Halal Certification

There are no government-established standards because halal is seen as a religious attestation and not a phytosanitary requirement. The government is only involved in halal certification to the extent that it has designated the three main mosques as the only distributors of permits for halal slaughter. Otherwise, the government does not play a role in regulating halal labels.

The absence of government-recognized halal certification requirements has resulted in French consumer skepticism of products labeled as halal. According to Muslim community leaders and French experts, only an estimated 5-10% of the meat sold in France labeled as halal was, in fact, produced in accordance with the Koran's definition of halal. The Grand Mosque of Paris oversees 70% of the distribution of halal products in France.

Halal food producers can choose to have their products certified by one of the main mosques or a private company. The criteria for halal certification vary among the three main mosques and private companies. While halal certification is not required, it allows consumers to judge better whether the product they consume meets their criteria for halal. While some consumers are looking for the stamp of a certifying authority they trust, others seem to be content with a label with Arabic lettering.

Private agency halal certification is rising alongside the market for halal products. A variety of private agencies, like À Votre Service (AVS) and the Muslim Conseil International (MCI),

provide halal certification for meat and non-meat food products. AVS charges 0.09€/kg for its services and realized 3,000,000€ in profits in 2005, a 30% boost since 2003. Private agencies guarantee that food products are halal certified through a variety of measures including having on-the-spot inspectors and imposing strict traceability practices. American suppliers of halal food products are advised to select a reputable and traceable halal certification method in order to gain French consumers' trust. The biggest hurdle to overcome is that Muslim consumers often no longer believe in the authenticity of the halal claim by brands, vendors, and sometimes not even from the local butchers.

Retail Distribution

Muslim butcher shops continue to play an important role in the retail distribution of halal meat and poultry. Roughly 3,000 Muslim butcher shops and traditional convenience stores in France control 80% of the halal market. Of the 3,000 Muslim butcher shops throughout France, 700 are in Paris and 200 in Lyon. In the region of Paris, 41.6% of the local butcher shops are Muslim.

Nevertheless, supermarket and hypermarket chains are trying to increase their market share of halal distribution. Throughout France, chain stores are creating halal food sections in order to make halal food products more accessible for their Muslim customers, who make up 15% of their base for hypermarkets and 9% for supermarkets. According to *La Revue de l'Industrie Agroalimentaire*, creating a halal section could boost profits by 15% or more for stores in areas with a high concentration of Muslims.

About a dozen Carrefour hypermarkets are testing halal sections of 200-300 square meters where they display a hundred or so different halal products. Once customers are aware of the halal product selection, Carrefour plans to reintegrate these products into their respective sections. Carrefour in Stains, a suburb north of Paris, was the first Carrefour to section off halal products about three years ago. In their grocery section, they offer about a hundred different products, mainly carrying the French Haudecoeur brand mark. The halal grocery section's sales have grown roughly 20-30% since the beginning of 2006.

The grocery section of the supermarket Auchan in Bagnole (a suburb of Paris) reports that over the course of a few years, the halal section has grown from virtually nothing to 230 brands for various products. However, it carries only 15 frozen products although demand continues to grow.

Food Service Distribution

In terms of the food service industry, finding halal products explicitly offered on restaurant menus is still limited to ethnic restaurants that specialize in North African or Middle Eastern cuisine and Muslim-oriented fast-food chains. The magazine, *France Pizza*, reported that halal pizzas make up and estimated 40% of pizza deliveries. In 2005, Beurger King Muslim (no relation to the American Burger King) opened in a Parisian suburb and became France's first fast-food restaurant to serve exclusively halal products, enjoying great success. Halal alternatives to Kentucky Fried Chicken (KFC), like Euro Fried Chicken and Halal Fried Chicken, have also sprung up around France and have been well received.

French Halal Trade

France exports 200,000 metric tons of halal meat and 200,000 metric tons of halal poultry to North Africa and the Middle East each year. Some grocery products, including confectionary are also exported to North Africa. The Grand Mosque of Paris is responsible for certifying

halal products exported to the Middle East and North Africa. Mc Donald's in France imports chicken nuggets from Brazil, which are then certified by the Grand Mosque of Paris and re-exported to Mc Donald's in the Middle East.

Contacts and Further Information

In conjunction with FoodExport USA, FAS Paris will recruit a French buyers mission to the U.S. in 2008 and organize meetings with U.S. suppliers. Also, a reverse trade mission from the United States to visit French importers is planned.

For more information please contact FAS/Paris as follows:

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Fax: +33.1.43.12.26.62

Email: agparis@usda.gov

Trade Shows in France

Salon Européen des Produits Halal et Ethniques (European Trade Show for Ethnic and Halal Products)

Paris - Montreuil – Palais des Congres

Organizer :Makiner Invest

Tel : +33(0)1.40.12.01.39

Fax : +33(0)1.4012.25.79

Website: www.makine-invest.com

MDD – Distribution

Salon International Des Marques

Distributeurs Alimentaires

The International Private Label Food Trade Show in France including Ethnic and Halal Foods

Paris – Porte de Versailles

(Annual Show)

Organizer: JANGIL

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Fax: +33 5.53.36.78.79

Email: mddexpo@jangil.net

Website: www.mdd-expo.com

Halal Certification

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Tel: +33 6.85.24.85.81

Halal Importers

The Office of Agricultural Affairs has a list of halal food importers, available upon request. For more information please contact FAS/Paris as follows:

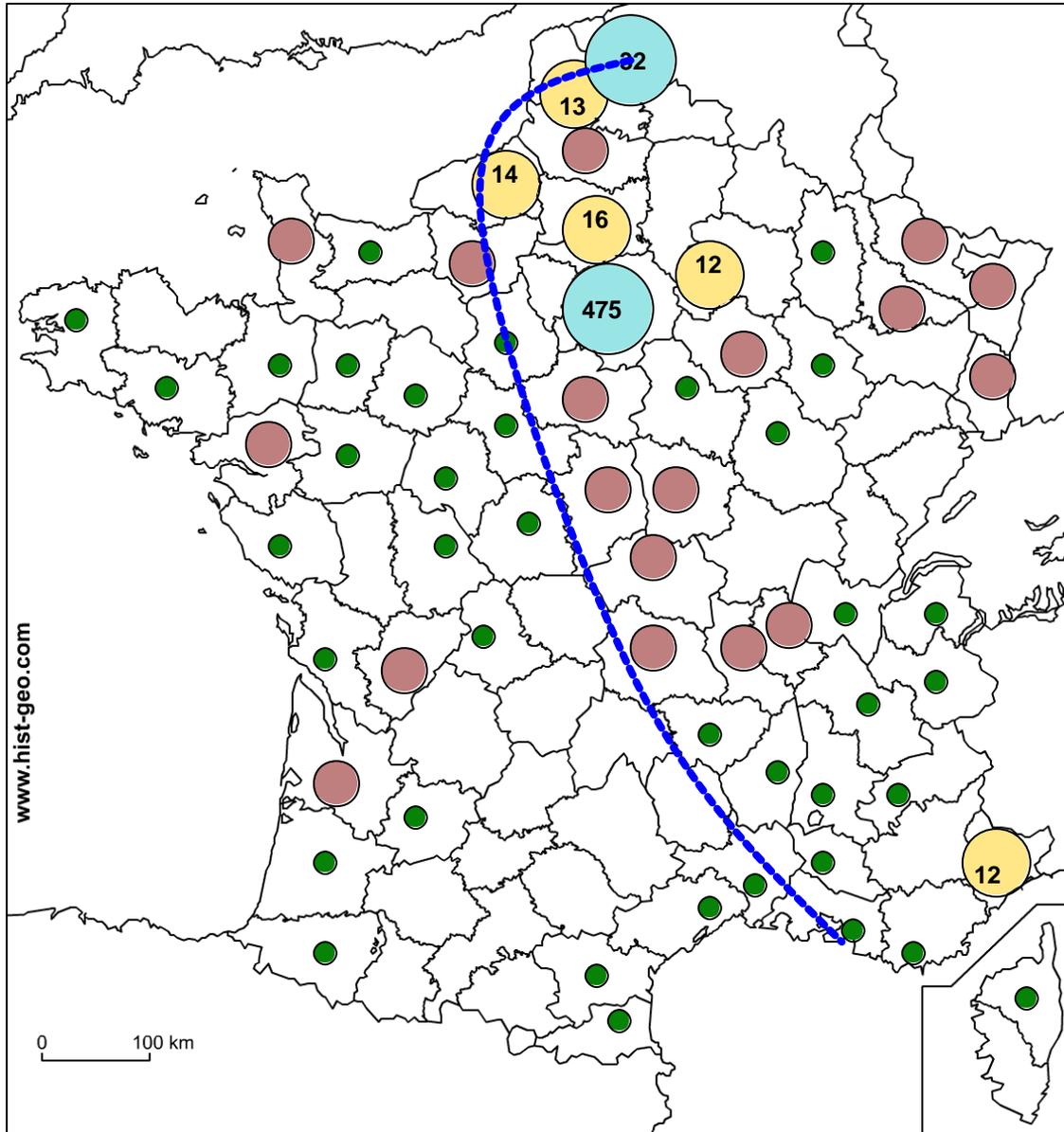
Tel: +33.1.43.12.22.77
Fax: +33.1.43.12.26.62
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Other Contacts

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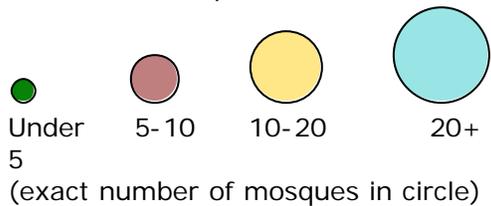
The Conseil Français du Culte Musulman (CFCM), which represents all Muslims throughout France, plays a secondary role to the Grand Mosques. It provides advice in the certification process, but has no official power over actors in the halal sector.

Appendix I: Map of Mosques in France by Region



----- Imaginary line from Lille to Marseille

Number of Mosques:



Total mosque count: 876

Principle Cities and Number of Mosques		
Paris- 75	Bordeaux- 6	Nancy- 10
Dunkerque- 5	Cherbourg- 6	Roubaix- 5
Lille- 8	Le Havre- 5	Amiens- 5
Saint Etienne- 5	Rouen- 7	Creil- 5
Lyon- 6	Mulhouse- 6	Reims- 7
Strasbourg- 6		

Source: Guide des Mosquées en France, <http://mosquee.free.fr/RegionsdeFrance.html>
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