CBI MARKET SURVEY

The pipes and process equipment market in France

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Report summary
This CBI market survey discusses, amongst others, the following highlights for the pipes and process equipment sector in France:

- In 2006, the French market for pipes and process equipment was the third largest in the EU, behind Germany and Italy, but ahead of the UK and Spain. French demand accounted for 13% of total EU demand. Between 2002 and 2006, the average annual increase in demand was 3%, which was comparable to the growth in the EU on average.
- As a result of increasing global demand for energy, major investment projects have been planned in France in the oil and gas industry. This will lead to an increasing demand for pipes and process equipment.
- Some major trends affecting French production and industrial demand are increasing globalisation, resulting in price pressure in the industry and specialisation of production, and environmental awareness, leading to an increased use of innovative production techniques and a growing demand for innovative products. Meanwhile, the production of commodities is shifting to low cost countries (LCCs) in Central and Eastern Europe (CEE) and Asia, and this trend will continue.
- France was a large importer, ranking second in the EU, behind Germany, but ahead of the UK and Italy. Total import value increased by 4% per year in the period 2002-2006 to €9.6 billion in 2006. Compared to 2002, the total share of imports from developing countries (DCs) remained stable at 5% in 2006. DC shares in French imports grew in pipes and fittings, valves and pumps. In 5 out of the 6 product groups, China was the most important DC supplier accounting for 34% of all DC imports, while South Africa (8% in process equipment) also performed well. The DCs that saw the largest increase in exports to France were China, Brazil, Tunisia, Turkey, Croatia, India, Morocco, Indonesia, Ukraine and Mexico.

This survey provides exporters of pipes and process equipment 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 pipes and process equipment market in the EU’, which covers the EU 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: industrial demand and production

This section discusses industrial demand for and production of the six relevant product groups; instruments, pipes and fittings, process equipment, pumps, storage equipment and valves. In the subsection on market segmentation the highlights of three important end-user segments are described. Please note that industrial demand is calculated by using Prodcom data for production, exports and imports (demand = production + imports – exports). These are the best detailed data available.

Industrial demand

Table 1.1 shows an indication of the demand for pipes and process equipment in France.
In 2006, the French market for pipes and process equipment amounted to €12.8 billion in 2006. France ranked third in the EU in 2006 with a share of 13% of total EU demand, behind

Germany and Italy, but ahead of the UK and Spain. In the period 2002-2006, demand increased annually by 3% in value, which was comparable to growth in the EU on average (+3%).

Table 1.1 French demand for pipes and process equipment, 2002-2006, € million

	2002	2004	2006	Change (CAGR*) '02-'06	Share
Total	**11,524**	**12,025**	**12,789**	**3%**	
Process equipment	2,540	2,954	2,961	4%	23%
Pumps	2,218	2,995	2,752	6%	22%
Storage equipment	2,369	2,347	2,384	0%	19%
Instruments	1,674	882	1,650	0%	13%
Valves	1,490	1,398	1,637	2%	13%
Pipes and fittings	1,231	1,449	1,404	3%	11%

Source: Eurostat Prodcom (2008)
*CAGR - Compound Annual Growth Rate

The largest product groups were process equipment (€2.9 billion) and pumps (€2.7 billion). These groups also recorded the highest annual growth in the period 2002-2006 (+4% and +6% respectively). Together they accounted for 45% of total demand. Other product groups that saw a strong increase were pipes and fittings (+3%) and valves (+2%). In 2006, the share of the different product groups, in total EU demand and compared to other EU countries, was as follows:

- Process equipment: fourth position with a share of 12% of total EU demand, behind Italy, the UK and Germany, but ahead of Spain and the Netherlands.
- Pumps: third position with a share of 12%, behind Germany and Italy, but ahead of the UK and Spain.
- Storage equipment: third position with a share of 16%, behind Italy and Germany, but ahead of the UK and Spain.
- Instruments: second position with a share of 14%, behind Germany, but ahead of the UK and Italy.
- Valves: third position with a share of 14%, behind Germany and Italy, but ahead of the UK and Spain.
- Pipes and fittings: third position with a share of12%, behind Germany and Italy, but ahead of the UK and Spain.

Although it is difficult to predict the influence of the world, EU and French economy forecasts for 2008 (+3.8%, +1.7% and +1.6% respectively) and 2009 (+3.9%, +1.8% and +1.9%), the expected growth, in combination with investments in the years to come (refer to 'Market segmentation'), is likely to secure a stable to slightly increasing demand for pipes and process equipment in the country. Please also note that, although the EU is far from the risk of recession, the EU and French economy is and will be clearly affected by the housing and credit crisis in the United States.

Market segmentation

The French market has a mature character and mainly comprises replacements and the maintenance of existing equipment. However, due to the many new projects being planned in France, opportunities will arise for the pipes and process equipment industry.

Gas and oil

France is one of the world's largest nuclear power producers, but has few fossil fuel resources of its own. Still the country is very active in international oil production. The French oil company Total SA (http://www.total.com) is one of the world's largest oil-producing companies. In 2006, France's crude oil refining capacity was 1.96 million barrels per day (bbl/d), the third largest in Europe, behind Germany and Italy. The largest refinery in the country is Total's Gonfreville l'Orcher facility, with a capacity of 331,000 bbl/d. Total controls some 55% of France's refining capacity.

With regard to gas, France was the fourth largest gas consuming country in the EU in 2006, behind the UK, Germany and Italy, but ahead of the Netherlands. The French gas sector is mainly controlled by government owned company Gaz de France (http://www.gazdefrance.com/EN). This company operates the majority of France's domestic pipeline system, which was the fourth largest in Europe in 2006 with a total length of 227,397 km. French production of natural gas was small compared to other EU countries. As it depends to a great extent on gas and oil imports, France has extensive pipeline connections with its neighbouring countries. A major project which will be operational in 2009 is the Medgaz natural gas pipeline, which will link Algeria to France via Spain. France is trying to position itself as a European hub for liquefied natural gas (LNG) imports. The country is one of Europe's largest consumers of LNG, and the country receives some 25% of its natural gas imports in this form. Currently, there are two LNG receiving terminals, one in Fos Cavaou gas on the Mediterranean coast, and the other in Montoir-de-Bretagne, on the Atlantic coast. Besides the construction of a new pipeline and maintaining the existing infrastructure, other investments are related to the storage of natural gas such as the construction of four new reservoirs and the expansion of four existing aquifers.

The oil and gas industry is confronted with the environmental challenge on a daily basis. Because of this companies in this sector have to invest in researching new technologies for CO_2 solutions, such as carbon capture and storage (CCS), clean coal and renewable technologies.

Water processing
France is a very advanced nation when it comes to waste disposal and wastewater technologies. Water losses in France are relatively high and amounted to 26% in 2006, compared to only 7% in Germany and 19% in England. Extension of the distribution network is unnecessary as 99% of the French population is already connected to the public water supply system. The sector is served by private water companies; Veolia Water (http://www.veoliawater.com) and Suez Environnement (http://www.suez-environnement.com/en/l_eau).

In France, there are six major river basins. These river basins are managed by separate basin agencies. The six major river basins have different climatic, hydrological and socio-economic characteristics. As challenges in each basin are different, each is managed by a separate basin agency and regional, departmental and local administration, using an integrated water resource management approach. Most of these challenges are being addressed by updated laws and regulations, better management practices and utilisation of the latest technology.

France's great agricultural and industrial productivity has caused complex environmental problems, stemming from the pollution of surface and groundwater resources by agricultural, domestic and industrial wastes. The most recent French water law (passed in 2003) aims to achieve a good status for all French water bodies by 2015. As a result, in the period 2003-2015, areas of France are undertaking large-scale implementation of water treatment plants.

Food processing equipment
Rising environmental consciousness in the EU is also influencing the food and beverage industry. Companies are being stimulated or even forced to utilise technologies that are clean, produce less sludge as well as offer the option of re-use. The French food industry ranks among the world leaders in terms of innovation, technology, research and development and quality. The agri-food sector is the largest industrial sector in France. More than 418,000 people are employed by 4,250 food companies, which makes the food sector the third largest industrial employer in France.

In 2006, France was the fourth largest market for machinery for food, beverage and tobacco processing in the EU, ranking behind Germany, Italy and Spain, but ahead of the UK and the Netherlands. French production was the third largest in the EU, behind Germany and Italy, but ahead of Spain and the Netherlands. As can be seen from Table 1.2, between 2002 and 2006, industrial demand remained virtually stable and production increased by 1% in value, which was in contrast to the growth rate in the EU on average (+1.5% and +3% respectively).

Table 1.2 French demand for and production of machinery for food, beverage and tobacco processing, 2002-2006, € million

	2002	2004	2006	CAGR '02-'06
Industrial demand	1,785	1,787	1,776	0%
Production	1,915	1,931	1,989	1%

Source: VDMA (2007)

Trends in industrial demand

These are the major trends and characteristics that influence demand for pipes and process equipment in France:

- **Increasing demand for energy results in large investments.** Large investments in pipelines and infrastructure have to be made in order to meet the increasing demand for energy. In France, most investments will be related to both maintaining the existing infrastructure as well as building four new storage facilities. As sources in and around the EU are becoming exhausted the EU will need to buy energy carriers such as natural gas and oil from distant countries and store these close to home.
- **Increasing environmental awareness in food and beverage industry.** Due to increasing environmental awareness, the European food and beverage industry is being forced to utilise technologies that are clean, produce less sludge and offer the option of re-use.

Production

Table 1.2 shows an indication of the production of pipes and process equipment in France, as derived from Eurostat. In 2006, total production value of pipes and process equipment in France amounted to €15.9 billion. In the period 2002-2006, production increased annually by 4% in value, which was below the growth rate in the EU on average (+6%). France ranked third in the EU with a share of 12% of total EU production, behind Germany and Italy, but ahead of the UK and Spain.

Table 1.2 French production of pipes and process equipment, 2002-2006, € million

	2002	2004	2006	CAGR '02-'06	Share
Total	**13,702**	**13,729**	**15,885**	**4%**	
Process equipment	3,282	3,967	4,046	5%	25%
Pumps	2,675	3,262	3,334	6%	21%
Storage equipment	2,483	2,384	2,435	0%	15%
Pipes and fittings	1,838	1,649	2,380	7%	15%
Valves	1,632	1,528	1,877	4%	12%
Instruments	1,792	939	1,813	0%	11%

Source: Eurostat Prodcom (2008)

The largest product groups process equipment (€4 billion) and pumps (€3.3 billion) recorded high annual growth (+5% and +6% respectively). Other product groups that saw a strong increase were pipes and fittings (+7%) and valves (+4%). Pipes and fittings, storage equipment and process equipment recorded better growth than in the EU on average in the period under review. In 2006, the position of France in the EU, with respect to production in the several product groups, was as follows:

- Storage equipment: third position with a share of 15% of total EU production, behind Germany and Italy, but ahead of the UK and Spain.

- Process equipment: third position with a share of 12%, behind Germany and Italy, but ahead of the UK and the Netherlands.
- Instruments: second position with a share of 12%, behind Germany, but ahead of the UK and Italy.
- Pipes and fittings: third position with a share of 12%, behind Germany and Italy, but ahead of Spain and the UK.
- Valves: third position with a share of 11%, behind Germany and Italy, but ahead of the UK.
- Pumps: third position with a share of 11%, behind Germany and Italy, but ahead of the UK and the Czech Republic.

Interesting players
Some interesting French producers in the pipes and process equipment industry are:
- ArcelorMittal Tubes - http://www.arcelormittal.com - pipes
- ITT Flygt - http://www.flygt.fr - pumps
- KSB - http://www.ksb.fr - pumps
- Legris - http://www.legris.com - pipes, fittings and valves
- Pompes Grundfos - http://www.grundfos.com/web/homefr.nsf - pumps
- Saint Gobain - http://www.saint-gobain.com - pipes
- Spirax Sarco - http://www.spiraxsarco.com - process equipment for steam applications
- Sulzer Pumps - http://www.sulzerpumps.com - Swiss based pump manufacturer with a factory and several sales offices in France.
- Tyco Flow Control - http://www.tycoflowcontrol-eu.com - valves, pipes, fittings
- Vallourec Precision Etirage - http://www.vallourecprecision.com - seamless heat exchanger pipes.
- Vallourec & Mannesmann Tubes - http://www.vmtubes.com - world market leader in pipes.
- Wilo Intec - http://www.wilointec.com - the 2nd largest pump group in the EU behind KSB.

Although consolidation and rationalisation lead to fewer independent manufacturers, it is not uncommon for a single plant belonging to a large multinational supplier to have – at least to a large degree – its own purchasing function.

Trends in production
The major trends in and characteristics of pipes and process equipment production in France are:
- **Increasing globalisation leads to specialisation.** French manufacturers are being stimulated or even forced to specialise and to focus on customised products. Meanwhile, the production of commodities is gradually shifting to DCs, which may be underlined by the fact that imports from DCs, such as Brazil, Turkey and India rose quickly in the period 2002-2006. To compete on the world market, more French companies, such as Vallourec, are now focussing on their technological skills, selecting niche markets which require complex products with high precision, specific quality requirements, or those that need a quick or just-in-time delivery.
- **Manufacturers join forces to offer a broad range of products.** Global competition and the desire of suppliers to create as broad a mix of products as possible are the driving factors behind a number of mergers and acquisitions in the industry.
- **Increased use of innovative and efficient production.** Growing environmental awareness has led to a search for energy efficient production with a limited emission of CO_2 and NO_x. Moreover, increasing energy prices, raw material prices and environmental taxes are also encouraging the industry and agricultural sector to improve production efficiency and generate less waste.

Opportunities and threats
Trends and market developments offer opportunities and threats to exporters. A given trend can be a threat to some and an opportunity to others at the same time. The following trends should, therefore, always be analysed in relation to your specific circumstances. The main opportunities and threats for DC exporters are the following:

+ France was the third largest market for pipes and process equipment in the EU.

+ Between 2002 and 2006, French demand showed reasonable results. For the coming years, the high level of investments and a growing economy are expected to secure a stable to slightly growing demand.
+ Price pressure on standard products (refer to Section 4) as a result of increasingly global competition is leading to increased sourcing in low cost countries.
+ Large-scale implementation of water treatment plants to reduce pollution caused by agricultural and industrial productivity.
± Production exceeds the industrial demand in all product groups, however a large share of French production is not for domestic use.
– Higher demand for more sophisticated products requiring advanced technological skills.

Refer to Section 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

Useful sources

- French Gas / Gaz de France - http://www.gazdefrance.com
- French Gas Association - http://www.afgaz.fr
- Eurogas - http://www.eurogas.org
- European Committee for the Valve Industry - http://www.ceir-online.org
- European Confederation of Iron and Steel Industry - http://www.eurofer.org
- Eurostat - official statistical office of the EU - http://epp.eurostat.ec.europa.eu
- International Tube Association - http://www.itatube.org

2 Trade channels for market entry

Trade channels

The most common distribution channels in the industry are importers, subcontractors and system suppliers, agents and direct sourcing. The role of the importer is less important with regard to complex products than standard products, but they still remain the most important channel for DC exporters. A major trend is the changing focus of importers. Their activities are increasingly focused on additional services around the product itself, in a way to compete with the system suppliers who are increasingly offering service packages.

Some examples of intermediaries are:

- Almet - http://www.almet-metal.com - pipes
- Chauffamat - http://www.chauffamat.fr - process equipment
- Groupe Maurin - http://www.maurin.fr - valves
- Hydrotechnik France - http://www.hydrotechnik.fr - fittings, instruments
- Normydro - http://www.normydro.fr - pipes
- Pompes Lewa - http://www.pompes-lewa.fr - pumps
- Sarl Bibus Doedijns - http://www.bibusdoedijns.fr - pumps, pneumatics
- Sercom - http://www.sercom-france.com - pumps
- Sodime - http://www.e-sodime.com - valves, fittings and pipes

Some examples of end-users who may be interesting to DC exporters are:

- Saur France SA - http://www.saur.com/fr - water
- Suez - http://www.suez-env.com - water
- Total SA - http://www.total.com - oil and gas
- Veolia - http://www.veoliawater.com - water services
- Vivendi - http://www.sefifrance.fr/vivendi.htm - water distribution

Refer to the CBI market survey covering the EU market for a detailed explanation of relevant trade channels in this market.

Price structure

It is very difficult to give a general idea of the price structure in this industry, as prices and margins differ to a great extent. Firstly, the margin depends on the type of product. For one thing, standardised products have lower margins than customised products. This has much to do with technical specifications and tolerances, the kind of finishing and the materials concerned. Furthermore, important factors will be the price agreement made, the size of the order, and the terms of delivery. Bearing this in mind, some rough indications of margins in the chain can be given. As a rule of thumb, importers mark up their landed cost price by 10-35% when they sell a product. The mark up of agents generally varies between 1 and 8%.

Selecting a suitable trading partner

There are many ways to find potential trading partners in France. In this section, the focus will be on country-specific sources. Refer to Section 3 of the CBI market survey covering the EU market for a list of general sources and sources in your own (DC) country. Refer to Section 6 for main sales promotion tools.

- Association Française du Gaz – http://www.afgaz.fr/uk/index.php - click on 'AFG', 'Presentation' and then on 'Members'.
- Commercial route - http://www.laroutedescommerciaux.com - click 'sites utiles' for a list of sites where agents can be found.
- Federation of French Commercial Agents – http://www.comagent.com - click on 'les partenaires'.
- French Association for heat pumps - http://www.afpac.org - click on 'nos members' for a list of, among others things, French manufacturers and government agencies.
- French Pump Compressor and Valve Association – http://www.profluid.org - select the English language and search in the member directory.

Furthermore, the websites of relevant trade fairs often contain a list of exhibitors. An example is the exhibitor list of the French trade fair Midest (http://www.midest.com), with a focus on industrial subcontracting. This fair is held annually (November) in Paris. Refer to Section 6 for other relevant trade fairs.

3 Trade: imports and exports

Imports

In 2006, France was a large importer of pipes and process equipment, ranking second in the EU, behind Germany, but ahead of the UK and Italy. Between 2002 and 2006, total import value recorded an annual increase of 4%, reaching €9.6 billion in 2006. Product group shares were as follows:

- Pumps: 33% of total imports. Annual increase in import value of 3%.
- Pipes and fittings: 17% of total. Annual increase of 10%.
- Process equipment: 17% of total. Annual increase of 4%.
- Instruments: 15% of total. Annual decrease of 1%.
- Valves: 12% of total. Annual increase of 3%.
- Storage equipment: 6% of total. Annual increase of 5%.

Of all intra EU imports a small part may be re-exports, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Table 3.1 Imports by and leading suppliers to France, 2002 - 2006, share in % of value

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)		Share (%)
Pipes and pipe related process equipment	6,205	7,068	7,563	Intra EU	: Germany (28), Italy (17), UK (7), Spain (6), Belgium (5)	79
	1,742	1,647	1,542	Extra EU ex. DC	: USA (8), Japan (3), Switzerland (3), Canada (<0.5), Taiwan (<0.5)	16
	400	410	504	DC	: China (2), South Africa (1), Turkey (1), Tunisia (<0.5), India (<0.5), Brazil (<0.5), Morocco (<0.5), Mexico (<0.5), Croatia (<0.5), Thailand (<0.5)	5

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)	Share (%)
Pumps	2,123	2,444	2,452	Intra EU : Germany (26), Italy (16), UK (9), Belgium (6), Czech Rep. (4)	78
	657	722	591	Extra EU ex. DC : Japan (7), USA (6), Switzerland (2), South Korea (<0.5), Canada (<0.5)	19
	60	75	106	DC : China (2), Brazil (<0.5), Turkey (<0.5), India (<0.5), Tunisia (<0.5), Indonesia (<0.5), Argentina (<0.5), Thailand (<0.5), Algeria (<0.5), Mexico (<0.5)	3
Process equipment	919	969	1,169	Intra EU : Germany (24), Italy (12), UK (7), Belgium (5), Spain (5)	70
	291	259	326	Extra EU ex. DC : USA (14), Japan (2), Switzerland (1), Canada (<0.5), Israel (<0.5)	19
	207	175	181	DC : South Africa (8), China (1), Turkey (1), Tunisia (<0.5), Croatia (<0.5), India (<0.5), Thailand (<0.5), Egypt (<0.5), Mexico (<0.5), Brazil (<0.5)	11
Pipes and fittings	990	1,209	1,484	Intra EU : Italy (30), Germany (27), Spain (10), Belgium (6), Netherlands (5)	91
	101	86	88	Extra EU ex. DC : USA (2), Switzerland (2), Japan (1), Taiwan (<0.5), Norway (<0.5)	5
	23	36	65	DC : China (1), Turkey (1), Tunisia (<0.5), India (<0.5), Ukraine (<0.5), Morocco (<0.5), Croatia (<0.5), Thailand (<0.5), For.JRep.Mac (<0.5), South Africa (<0.5)	4
Instruments	1,070	1,201	1,081	Intra EU : Germany (44), UK (7), Italy (7), Netherlands (5), Belgium (4)	75
	378	329	300	Extra EU ex. DC : USA (11), Switzerland (5), Japan (3), Canada (1), Singapore (1)	21
	63	58	60	DC : China (1), Tunisia (1), Brazil (<0.5), Mexico (<0.5), Turkey (<0.5), Malaysia (<0.5), Morocco (<0.5), India (<0.5), Argentina (<0.5), South Africa (<0.5)	4
Valves	679	772	845	Intra EU : Germany (25), Italy (21), Spain (5), UK (5), Denmark (3)	75
	266	216	205	Extra EU ex. DC : USA (9), Switzerland (5), Japan (2), Taiwan (1), Canada (<0.5)	18
	33	49	72	DC : China (4), Brazil (1), India (1), Morocco (<0.5), Tunisia (<0.5), Mexico (<0.5), Turkey (<0.5), Vietnam (<0.5), Thailand (<0.5), Croatia (<0.5)	6
Storage equipment	423	473	532	Intra EU : Spain (25), Germany (19), Italy (17), Belgium (9), Netherlands (6)	91
	48	36	32	Extra EU ex. DC : Switzerland (3), USA (2), Israel (<0.5), Norway (<0.5), Japan (<0.5)	6
	15	17	20	DC : China (1), Turkey (1), Croatia (<0.5), South Africa (<0.5), Brazil (<0.5), Thailand (<0.5), Ukraine (<0.5), Mauritius (<0.5), Algeria (<0.5), Bosnia and Herz. (<0.5)	3

Source: Eurostat (2007)

Imports from DCs

Compared to 2002, the total share of DCs in total import value remained stable (5%) in 2006. Between 2002 and 2006, there was a slight annual increase in imports from DCs (+6%), though the increase was slower than in the EU on average (+21%). DC shares in imports of some product groups showed better growth compared to other product groups, as can be seen below:

- Pipes and fittings: growing from 2% to 4% in value.
- Valves: growing from 3% to 6%.
- Pumps: growing from 2% to 3%.
- Storage equipment: remained virtually stable at 3%.
- Instruments: remained virtually stable at 4%.
- Process equipment: declining from 15% to 11%.

China accounted for 34% of all pipes and process equipment imports coming from DCs and for 2% of total imports. China was followed by South Africa (26%), Turkey (10%), Tunisia (8%), India (5%) and Brazil (5%). In addition to the fast growing Chinese share of DC exports to France (+176% in the period 2002-2006), other DCs that saw a large increase in their share were Brazil, Tunisia, Turkey, Croatia, India, Morocco, Indonesia, Ukraine and Mexico.

Exports

In 2006, France was a large exporter, ranking third in the EU, behind Germany and Italy, but ahead of the UK and the Netherlands. The total export value of France showed an annual increase of 5% in the period 2002-2006, totalling €12.2 billion in 2006. Exports consisted of:

- Pumps, accounting for 31% of total exports (€3.7 billion). Annual increase in export value of 5%.
- Process equipment, 21% of total exports (€2.5 billion). Annual increase of 6%.
- Pipes and fittings, 19% of total exports (€2.4 billion). Annual increase of 8%.
- Instruments, 13% of total exports (€1.6 billion). Export value remained stable.
- Valves, accounting for 11% of total exports (€1.3 billion). Annual increase of 5%.
- Storage equipment, 5% of total exports (€635 million). Annual increase of 1%.

A small part of exports may consist of re-exports to other EU countries, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Opportunities and threats

\+ France was the second largest importer in the EU in 2006.
\+ Total import value of pumps, process equipment, pipes and fittings, valves and storage equipment increased in the period 2002-2006.
± China accounted for 34% of all imports coming from DCs, comparable to the EU on average (33%).
± The Chinese share of DCs exports to France grew fast in the period 2002-2006 (+176%), but several other DCs also saw a large increase in their share.
– In 2006, France was a net-exporter, running trade surpluses for all product groups.
– Total import value of instruments decreased in the period 2002-2006.
– The import share of DCs remained stable at 5% in the period 2002-2006, below the EU average (9%).

Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu ➔ go to: trade statistics
- Eurostat - official statistical office of the EU - http://epp.eurostat.ec.europa.eu ➔ 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'.
- Understanding Eurostat: Quick guide to easy comext ➔ http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

Prices and price developments in France are the same as in other EU countries. 2000-2004 saw a period of heavy price pressure which has eased since then. Upward price pressure from increasing energy and raw material prices was already visible in that period, but became really serious in 2005 and the years after. This resulted in a declining share of wage costs in total production costs, nevertheless wage costs still account for a large share of the cost price in the industry. On average, manufacturers have been able to pass on the higher cost prices to their customers, especially for customised products. However, the global competitive pressure remains very strong with regard to standard products. Importers, agents, subcontractors and system suppliers will continue to keep on looking for opportunities to reduce sourcing costs for these standard products.

Useful sources

Sources of prices include, among other things:

- Eurofer – http://www.eurofer.org/statistics/scrap.htm
- Eurostat - official statistical office of the EU - http://epp.eurostat.ec.europa.eu. By comparing import value and volume, it is possible to get an idea of the development of import prices.
- London Metal Exchange – http://www.lme.co.uk

Furthermore, section 5 of the CBI market survey covering the EU market offers links to websites with price lists.

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 on legislation and on 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 pipes and process equipment and France in the category search, click on the search button and click on market access requirements.

Useful sources

- Additional information on packaging can be found on the ITC website under export packaging: http://www.intracen.org/ep/packaging/packit.htm
- Information on tariffs and quota can be found at http://exporthelp.europa.eu

6 Doing business

General information on doing business, such as 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.

Sales promotion

For DC exporters, trade press, trade fairs and website promotion are among the most important promotional tools; they are briefly discussed below. For more information, also refer to CBI's Export Planner and Your Image Builder – http://www.cbi.eu, as well as the CBI market survey covering the pipes and process equipment market in the EU.

Trade fairs

Visiting and participating at a trade fair abroad can be an efficient means to communicating with prospective customers. It provides more opportunities to convey one's message than any other promotional tool. It can also be an important source of information on market development, production techniques and new product applications. The most important trade fair in France is Midest (http://www.midest.com), with a focus on industrial subcontracting. This fair is held annually (November) in Paris. Other relevant trade fairs in France are:

- Chaudronnerie - http://www.chaudronnerie-expo.com - boiler making, sheet-iron works, pipes, held triennially (October) in Paris.
- CFIA - http://www.cfiaexpo.com - food processing technology, held annually (March) in Rennes.
- Form & Tôle - http://www.industrie-expo.com - sheet metal industry, held annually (March) in Lyon.
- Industrie - http://www.industrie-expo.com - industrial design and production, held annually (March/April) in Paris.

- Pollutec - http://www.pollutec.com - environmental technologies, held annually (November) in Paris.

An interesting international fair is Valve World in the Netherlands (http://www.valve-world.net), which is held biennially (even years in November) in Maastricht. An important fair in Germany is Tube - http://www.tube.de - held biennially (even years in March/April) in Düsseldorf. In addition, visiting trade fairs in neighbouring countries could be an option as well. Find more trade fairs at http://www.eventseye.com and http://www.auma.de.

Trade press

An interesting story about your company or new product introduction will boost the company's image and increase user awareness. In that respect, building up contacts with the trade press will be helpful and should be used whenever possible. Some relevant French magazines are:

- Hydroplus - http://www.hydroplus.info
- Industrie et Technologies - http://www.industrie-technologies.com
- La Revue de Metallurgie - http://www.revue-de-metallurgie.fr
- Le Magazine de Metallurgie - http://www.metallurgie.enligne-fr.com
- L'Usine Nouvelle - http://www.usinenouvelle.com
- Magazine Liquides - http://www.somia-editions.com/liquides
- Matériaux et Techniques - http://www.edpsciences.org
- Mécanique et Industries - http://www.edpsciences.org
- Process Magazine - http://www.process-magazine.com

Website promotion

These days, it is an absolute must to have a professional website aimed at your main target groups. Make it interactive and promote it in the right way. More information can be found in the CBI Export Manual 'Website Promotion', available at http://www.cbi.eu/marketinfo.

Business culture

Cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in Section 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. Furthermore, refer to Kwintessential for practical tips on business culture and etiquette in France: http://www.kwintessential.co.uk. Click on 'Country Profiles' at the section 'Intercultural resources and tools' and click on 'France'.

Other useful sources

In addition to a number of relevant sources already mentioned in previous sections, other useful sources containing information on doing business in France are:

- Association of International Enterprises in Mechanics and Electronics – http://www.ficime.fr
- French Chamber of Commerce - http://www.acfci.cci.fr
- French Trade Association of Equipment Manufacturers for Construction, Infrastructures and Metallurgical Industries (CISMA) - http://www.cisma.fr
- French Union of Petroleum Industries - http://www.ufip.fr
- Legal information about commercial agents - http://www.acojur.com
- Pumps Directory - http://www.pumps-directory.com
- Trade Association for Metal Industry in France - http://www.fim.net - pipes
- Tubenet - http://www.tubenet.org.uk - pipes. Industry news, market place and members list.

This survey was compiled for CBI by Facts Figures Future in collaboration with Kommanet.