



Know-how

RUNGIS INTERNATIONAL MARKET
annual report **2010**

The French route
for **quality**  **Rungis**

Dairy and delicatessen products

The most diversified sector of Rungis Market had mixed results in 2010 for dairy products, particularly in cheeses. However, processed products maintained their volumes, with growth in some categories.



1,314,078^{K€}

Turnover 2009
Forecasted variation 2010/2009: +1,6%



66% Wholesalers
Turnover 2009: 870,587 K€
Forecasted variation 10/09: +5.6%

50% Dairy
Turnover 2009: 435,210 K€
Forecasted variation 10/09: +0.4%

50% Processed products
Turnover 2009: 435,377 K€
Forecasted variation 10/09: +5,2%

34% Traders, brokers and import-export companies
Turnover 2009: 443,491 K€
Forecasted variation 10/09: -1.8%

57% Dairy
Turnover 2009: 251,207 K€
Forecasted variation 10/09: NC

43% Processed products
Turnover 2009: 192,284 K€
Forecasted variation 10/09: -1.8%



The cheese business is still driven for the major part of the year by certain export flows, to Scandinavian countries among others.

The sector's deliveries dropped slightly by 0.9% in 2010, to just over 166,000 tons. Dairy products and eggs did not have a good year, recording 66,000 tons in volume, down by 2.6%. Cheeses decreased by 3.6%, falling under 29,000 tons. While representing 86.5%, cheeses made from cow's milk saw a noticeable decrease, particularly hit by the poor results of hard cheeses (-6.9%), whereas cream cheese is still the category with the lowest downturn (-1.3%). The other cheese families, with more modest volumes, are generally more stable.

While liquid or powdered milk also maintained volumes identical to 2009 (about 14,500 tons), the ultra-fresh products like yogurts and milk-based desserts fell by 15.8% to 4,200 tons; this loss alone represents half the decrease in the sector's deliveries. At almost 4,000 tons, butter also had a poor year, with volumes down by 7.3%, whereas cream stabilized at just over 4,400 tons. Lastly, eggs recovered in terms of volumes with a 4% rise to 9,500 tons.

Delicatessen products hold up well

By comparison, processed products managed to successfully maintain their volumes with a very slight 0.2% increase in deliveries, to over 100,000 tons. Two product families managed to do particularly well, namely cut fruit and vegetables,

with a 5.5% rise to almost 25,000 tons, and frozen products, with identical growth to over 23,000 tons. Fish-based products, particularly surimi, also rose to over 2,200 tons.

On the other hand, meat-based products fell 4%, although remaining above 10,000 tons, while cooked and salted meats, which represent about 60% of the total, fell by 3.7%. Oils had a bad year, with deliveries down by 14.5%, below 1,300 tons, along with fresh processed products, which fell by 7.1%, to about 2,000 tons. Lastly, tinned and grocery products decreased by 5.3%, to just over 10,000 tons, while beverages dropped 3.7% to under 24,000 tons.

The activity bolstered by promotional campaigns

While butter, despite German or Polish competition, was boosted by the strong demand in Eastern European countries in the third quarter, the cheese business is still driven for the major part of the year by certain export flows, to Scandinavian countries among others. In 2010, the cheese supply was often abundant (in Munster, blue cheeses or camembert in particular) which encouraged an intense promotional activity to boost demand. The demand for winter products like raclette, *Reblochon* or *Mont d'Or* is traditionally strong at the Market. In spring, there was also

a healthy demand for goat cheese products and mozzarella or cream cheeses. Another noticeable success was small-size eggs sold on trays to national retailers.

The dairy produce sector at Rungis was the scene of a "Swiss week" operation at the end of 2010. Run by Switzerland Cheese Marketing in partnership with *Stratégie Gourmet*, the initiative highlighted different Swiss cheeses from the quality angle. A dozen companies from the Market took part in the operation, with costumed events and a lottery with many prizes to be won. Previously, *Stratégie Gourmet* had organized another "Roaring 41st" operation with *Les Compagnons Fromagers* (Lactalis group) in early September.

MARKET WATCH

THE DAIRY MARKET: DOMESTIC CALM, INTERNATIONAL CHALLENGES

"The economic situation improved for dairy producers and processors in 2010," summarizes Benoît Rouyer, head of the Economics department of the Cniel (national inter-trade centre for the dairy economy). After prices dropped in 2009, any recovery now raises the question of downstream repercussions. Particularly as production costs are rising, notably due to the rise in the

price of animal feed. In the meantime, the market is changing in different ways depending on product categories: volumes have recovered in ultra-fresh products and cheeses, while the problems in liquid milk and butter are greater. "The supply-demand fundamentals are still quite good," considers Benoît Rouyer, but he warns that "the volatility of prices will continue."

Another encouraging sign is that the bounce back in exports, going from 4.8 to 5.5 billion euros from 2009 to 2010, will clear a surplus of nearly three billion. Furthermore, with a market share of about 20 to 25%, the European Union ranks second in the world, behind New Zealand. "Given the growing demand in emerging countries, France has strengths that give its

productions the capacity to be positioned in the global market," assures Benoît Rouyer. "But the prices are not guaranteed there, which means diluting costs by increasing volumes, like what our German neighbours are doing."

123

companies

of whom:

68 wholesalers: 32 in dairy, 36 in processed products.

55 traders, brokers and import-export companies:

6 in dairy, 49 in processed products.

1,571

employees

of whom:

1,366 at the wholesalers: 458 in dairy,

908 in processed products.

205 at the traders, brokers and d'import-export

companies: 51 in dairy, 154 in processed products.



VOLUMES

	(in tons)	Variation 2010/2009
Dairy and delicatessen products	166,312	-1%
Dairy and eggs	66,087	-2.6%
Delicatessen and dry goods	100,225	+0.2%

NB: The volumes in tons disclosed in this report, as well as the comparison with the previous year, concern the wholesale business of the Market. They include the volumes reported by the wholesalers as well as the tenant producers, but they do not include the volumes coming through the warehouses.

SEMMARIS

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