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Index

Index	2
Introduction	3
I. History of the French poultry industry	4
a. France, a predominantly agricultural country with an important poultry industry.....	4
b. Location and regional specification	4
c. Chicken enjoys a privileged position within French cuisine and gastronomy	5
d. French poultry: a world leader in poultry production.....	6
II. French chicken breeding - Industrial know-how	7
a. Processing technology/agribusiness expertise	7
b. Technical innovations, R & D	8
c. From egg to end-consumer ... a production process totally under control.....	8
i. Breeding conditions: priority to hygiene and health.....	9
ii. Permanent controls to satisfy sanitary requirements	10
iii. 100% vegetal diet, vitamins & minerals	10
III. French poultry in the Middle East	11
a. A market of predilection	11
b. French poultry: a total respect for local customs.....	11
i. French poultry and Halal, a strong relationship.....	11
ii. Slaughter procedures that are approved by the authorities	12
IV. French brands present on the market	13
a. Doux, the group	13
b. Tilly - Sabco	13
Annex:	15
Annex:	15
c. Key Figures	15
d. Local production vs imports	15
e. Yearly Consumption per inhabitant in the Middle East:	16
f. Perception of Frozen Chicken products by country - TNS Survey	16
g. Meat imports to the UAE in 2004	17



Introduction

France is the world's third largest exporter of agribusiness produce and has always been a predominantly agricultural country with an important poultry industry. The poultry production and export industry plays an important role in French economy with overall production of 2 million tons in 2004, it is the number one producer in Europe and fourth largest in the world.

The richness of French agriculture is mainly due to the diversity of its regions in terms of climate and geography. Even though chickens are raised all over the country, poultry farming is highly concentrated in specific regions with two thirds located in Brittany. The continuous development and modernisation of agriculture in this region over the last 40 years currently ranks Brittany the highest of all French and European poultry producing regions.

Consequently many food industries have established themselves here in order take advantage of a close proximity to the farmers – with two of the largest industry players being Doux and Tilly-Sabco, with a presence in the region since 1956. This has many advantages for the poultry industry especially for transportation with the main commercial Port of Brest helping to make Brittany a strategic location for worldwide food exports.

At a time when consumers are particularly concerned with food safety and production issues, all French poultry producers endeavour to adhere to the strictest safety measures for chicken production by implementing and maintaining highly technical methods throughout the production process. Because French poultry producers strictly enforce the principles of HACCP (Hazard Analysis and Critical Control Points), the consumer is guaranteed that from the egg to final consumer plate, the production process is totally under strict control.

French Chicken producers guarantee the delivery of 100% healthy chicken to the final consumer. Because nutrition is a key element to a high quality product, French chicken producers manage their own animal feeding production sites. Today, all French poultry benefits from a 100% vegetal diet with vitamins & minerals made up essentially of cereals. For over 40 years, French poultry has received no growth hormones, no antibiotics and no animal flours which have all been completely banned from poultry nutrition.

The French Ministry of Agriculture and Fisheries plays a key role in the Food Sanitary Security policy. Both European and French directives concerning poultry breeding are incredibly advanced and demanding, guaranteeing the consumer an optimum level of quality, health and taste. Priority is given to hygiene and health throughout the whole chain of production from breeding conditions to slaughter. Moreover, French poultry plants have an industrial production organisation ensuring the integrity of the cold chain process, the rapid loading and transportation of the products, and their traceability.

For several generations, France has been a privileged supplier of poultry products to the Middle East. Due to its industrial expertise and its export experience, French poultry is guaranteed to be Halal compliant.



I. History of the French poultry industry

a. France, a predominantly agricultural country with an important poultry industry

In 2004, the agriculture industry represented 32.2 million of the country's 55 million hectares. Since 1950, the utilised agricultural area has gradually been shrinking with a steady change of use as grassland giving way to arable.

However, the agribusiness industry still retains a powerful position in French economic activity. It's France's number one industry with a turnover of €138 billion in 2004, up by +1.5% on the previous year. The agribusiness industry is the third largest employing sector in France, with 418,000 employees in 2004, ahead of mechanical industries or metal transformation.

France is the world's third largest exporter of agribusiness produce with almost €39 billion in agribusiness turnover. France is second only to the U.S. and the Netherlands, as they play a key role in the foreign market trade. Furthermore, the agribusiness industry accounts for the processing of approximately 70% of French agricultural production and continues to play an important role in generating added value for French products.

With an overall production of 2 million tons in 2004, the French poultry industry ranks top of European producers and is an important player in the French economy with 15,000 breeders farms nationwide employing nearly 50,000 people. Chicken produce represents 932,000 tons of the total poultry production.

In 2004, France counted 27,900 breeder barns representing a total of 15,243 million m². The 170 slaughtering and processing companies had 422 slaughterhouses and hired 32,117 employees. France also produces its own poultry feed, with over 340 plants producing 7,000,000 tons of poultry feed (33% of total livestock feed production) of which 3,800,000 tons are grain. The food manufacturing business employs 4,000 staff.

38% of French poultry production is exported for human consumption representing €3.18 billion.

Sources: www.Frenchfoods.com; www.volaille-francaise.fr; Agreste; ANIA

b. Location and regional specification

France consists of a multitude of agricultural regions, each renowned for its home-grown specialities, unique history and climate. There are distinct wine growing regions, horticultural regions and market gardens (Southern regions). Other regions specialise in the raising livestock, market gardening and dairy production (the West). France also boasts 4,000km of coastline used primarily for fishing and aquacultures.

Although the agribusiness industry is active throughout the country, 28% of the industrial sites are in rural areas (compared to 15% in other industries). Production units are concentrated mainly in five regions including Brittany, which account for over 40% of all jobs.



Although chickens are raised all over France, poultry farming is concentrated in certain areas. Two thirds of the production is located in Brittany. Its strategic geographical location, excellent sea and land infrastructures and temperate climate make it the foremost region in France for agricultural production, accounting for 8% of France's added agricultural value. This and the continuous development and modernisation of agricultural systems in Brittany over the last 40 years has made it a French and European leader in poultry production.

Consequently many food industries have developed in the region to take advantage of enjoying a close proximity to the farmers. This has many advantages for the poultry industry especially regarding poultry transportation.

c. Chicken enjoys a privileged position within French cuisine and gastronomy

Undoubtedly, France remains a stronghold of gastronomic excellence and boasts an immense wealth of specialities. France, bordered by the Ardennes, Alps and Pyrenees, the Atlantic, Rhine and Mediterranean, offers a wide variety of both sophisticated and wholesome foods based on traditions and the highest standards of cooking. Many famous international chefs, such as Bocuse and Ducasse to name a couple, are French. "Les plaisirs de la table", the pleasures of the table, are open to all in France, even those of very modest means. Everyone in France wants to enjoy their food when sitting down to eat.

Chicken has always been a popular choice in French cuisine. "A chicken in every peasant's pot every Sunday" or something to that effect, is attributed to Henri IV, King of France. He supposedly made the statement during his coronation address around the end of the 16th century. Four hundred years later, the nation of France comes very close to realising his wishes.

Sources: www.Frenchfoods.com; www.volaille-francaise.fr

Chicken has undeniable virtues in the consumer's eye. It is appreciated for its excellent nutritional qualities and its ease of preparation, particularly adapted to today's lifestyle. Chicken is loved by children all over the world and remains one of the most versatile of meat dishes today.

It was once declared by French gastronome, Anthelme Brillat-Savarin (1755 – 1826), that "Chicken is to cooking what a canvas is to a painter ... It can be served boiled, roasted, fried, enjoyed hot or cold, whole or in parts, with or without gravy, boned, skinned, stuffed, and always with great success." French chicken through its variety of breed, products and methods of preparation offers a multitude of unique flavours. Its meat offers a delicate taste that can be "jazzed up" in a thousand ways.

Chicken is also packed-full of nutritional goodness. A single portion of chicken provides our daily protein requirement without too much fat. Chicken also has a high content of Group B vitamins, which contribute to our energy levels.

d. French poultry: a world leader in poultry production

France is the leading European producer of poultry and the fourth largest in the world after the U.S., China and Brazil. France is the third leading European producer of “broiler” chicken. In 2004, chicken production reached 1,994,475 tons.

In 2004, poultry was the largest meat export item worldwide, representing 36.2% of total French poultry production at 722,000 tons (€983 million): 345,000 tons supplying the EU and 377,000 tons meeting world demands.

Sources: OFIVAL; European Commission





II. French chicken breeding - Industrial know-how

a. Processing technology/agribusiness expertise

At a time when consumers are particularly concerned with food safety and production issues, the chicken industry is committed to continual improvement of standards regarding environmental care and breeding. The French chicken industry is based on a completely integrated production process: each company owns their own incubators, hatcheries, breeding farms and feeding production. This typical French production process is a guarantee of homogeneous breeding. The industry respects the welfare of poultry, illustrated by the use of high quality raw materials used for nutrition, as well as implementing efficient and hygienic transportation conditions. The French poultry industry adheres to and maintains the highest safety measures by using highly technical methods throughout the chicken production process.

French companies regularly invest in state-of-the-art production techniques to reinforce and maintain their strictly enforced sanitary levels. The hatching, slaughter and processing industries have set up “quality” departments that strictly apply the principles of HACCP (Hazard Analysis and Critical Control Points) to guarantee the highest security, and tracking systems are used. The whole lifecycle of each bird can be traced right up to the processing point - a method providing a complete information trail to the buyer, the retail distributor, the importer and the end-consumer. This result in the consumer being able to purchase the highest quality product, benefiting from the considerable investment in time, money and research that chicken farmers have made in order to demonstrate their world-leading chicken production standards.



b. Technical innovations, R & D

Over 150 million eggs and 56 million day-old chicks are sold to international markets annually. The hatching industry attributes great importance to health control and its adherence to a health charter guaranteeing hygiene and traceability, thus enabling customer reassurance whether they be breeders or hatchers.

In France, the slaughter and processing industry are equipped with modern and efficient laboratories with strict levels of hygiene. The homogeneity of chicken flocks, state-of-the-art tools in addition to expertise at each stage of production meets the demands of the most specific requirements, ensuring consistent product quality.

For over 40 years, absolutely no growth hormones have been fed to French poultry.

c. From egg to end-consumer ... a production process totally under control

More than ever, food safety is on everyone's mind. In the past 25 years, French chicken producers have paid particular attention to food safety issues along the entire production chain using state-of-the-art methods of risk analysis. Consuming a French poultry product means eating poultry that was born, bred and prepared in France with the guarantee of the strictest sanitary controls, from breeding to the outlets shelf. In short, French chicken producers guarantee 100% healthy chicken to all of their end-consumers.

The French Ministry of Agriculture and Fisheries plays a vital role in the Food Sanitary Security policy. Its main objectives are to protect human welfare, defend animal welfare and environmental care.

On site, every stage of production must adhere to strict European and French governmental quality directives. The compliance of every step of the quality process is not only monitored by the "French Chicken Producers' Quality Department" staff, but is also regularly audited by an independent department of quality control.

European and French directives concerning poultry breeding are the most advanced and demanding, guaranteeing the consumer with an optimum level of quality, health and taste. To prove this commitment, it has been estimated that European poultry is more expensive to the kilo than other poultry due to the compliance of controls and regulations:

- Control of raw materials used for feeding
- Control of food composition
- Welfare of animals: barn ventilation, litter on floors...
- Environment: control of litter, treatment of slaughterhouse rejects...
- Transportation: limited distances, controlled transport conditions
- Tracking and registration regulations overseen by the DGCCRF (General Administration for Consumption Competition & Fraud Elimination) and by the Department of Veterinary Services (DSV: Directions des Services Vétérinaires)

Moreover, French chicken plants have an industrial production organisation ensuring that the birds are frozen immediately after slaughter guaranteeing utmost freshness and maintaining the highest possible nutritional values.

For many years French poultry producers have been very much oriented towards international markets, and are experienced in providing relevant and competitive solutions in order to meet and surpass the expectations of retailers and the foodservice sector worldwide.

To provide for international markets, French chicken companies ensure shipments via containers are committed to respect a number of rules that reinforce their already world-renowned expertise:

- Integrity of the cold chain process
- Rapid loading straight from the production line
- Regularity of supply due to the weekly turnaround of ships
- Traceability of all containers

Much of the efficient shipping and transportation process is accredited to its geographic location near Brest, one of France's largest trading ports, helping to make it a strategic location for worldwide food exports.

i. Breeding conditions: priority to hygiene and health

The rules of hygiene on entering the barns are very strict in accordance with the sanitary terms defined by the profession in agreement with the authorities. Only essential visitors may be granted access to barns and a record of all visitors is maintained. The visitors must certify that they are not suffering with any enteric (intestinal) illness and must declare recent visits to poultry sites. Site-dedicated protective clothing is also supplied for all personnel and all clothing is either hygienically treated and washed or discarded between flocks.

Without exception, after every flock, the litter is totally removed on all French poultry farms. Barns and equipment are thoroughly cleaned and disinfected by the farmers and all barn floors are covered with fresh litter consisting of soft, dry straw or wood shavings. Measures are taken to ensure that the litter always remains in dry, hygienic condition in order to provide a constantly healthy atmosphere for the flock. All barns are ventilated and have a controlled environment ensuring an ambient house temperature with sufficient lighting systems suited to the birds' physiological needs and age. The birds are segregated into flocks of the same age.



ii. Permanent controls to satisfy sanitary requirements

French chicken producers are all located in regions traditionally famous for breeding. Every stage of the production process (incubators, breeders, feeding ...) is integrated in a global organisation entirely controlled by French chicken producers. This typically French production process is the guarantee of homogeneous breeding.

On site, every stage and person involved in the production chain is obligated to respect strict European and French governmental quality directives. The compliance of every step of the quality process is not only monitored by the French Chicken Producers' Quality Department staff but is also regularly audited by an independent department of quality control.

Furthermore, every action and point of intervention by the farmer, for example, the composition and amount of food given to the birds is recorded in a breeding data sheet enabling traceability of each bird's growth and evolution. The same datasheet also records portion modifications and any veterinary involvement as well as prescriptions. In addition to the vet's examination before and after slaughter (ante and post-mortem - based on the breeding data sheet transferred to the slaughterhouse), the industry has many tools to control the raw materials and the final products: bacteriological controls, tracking, internal self controls within a quality insurance policy... These controls concern the products as well as the equipment.

France also has a strong veterinary tradition and utilises an efficient epidemiological monitoring system. It has set up health and welfare programs to prevent and control common diseases, and as a result, prevention measures against salmonella are strictly applied ensuring systematic monitoring for breeder replacement flocks. Veterinary surgeons are responsible for product control throughout the birds' life. They are responsible for the welfare of the flock, the control of hygiene during processing and the hygiene of the animal products.

iii. 100% vegetal diet, vitamins & minerals

Because nutrition is a key element to a high quality product, French chicken producers manage their own animal feeding production sites certified by official veterinary services. Thanks to modern research & development programs and to reliable traceability - from the raw products to the transformed ones, producers ensure that their whole production receives 100% vegetal nutrition (*).

(*) Minerals and vitamins

The composition and quantity of feed given to chickens is essential to their growth. Consequently feeding is submitted to constant and detailed surveillance on behalf of farmers. Nutritionists and feeding specialists permanently analyse and judge the performance of a feed formula or program based on health, technical, nutritional, economic and qualitative criteria. Today all French poultry benefits from 100% vegetal feeding, made up essentially of cereals.

No French chicken is fed on animal flours, antibiotic growth activators or hormones in compliance with European regulations. Animal flours have been banned in Europe since November 2000.



III. French poultry in the Middle East

a. A market of predilection

Throughout the Middle East generations of consumers and professionals have enjoyed and appreciated French chicken, which has always adapted itself to the cultural and culinary habits of the countries to which it exports.

In the Middle East, poultry is in high demand representing 46% of sales in volume for the United Arab Emirates alone. The Middle East's socio-economic context is very promising for poultry meat consumption, which has already increased by 17% from 1997 to 2003, due to:

Important population growth

Development of the tourism industry

Despite the increase of the local production GCC countries continue to rely on massive imports to cover the increasing population's needs. The increase in poultry consumption (+3.5% hence + 180,000 tec in 2004) in the Middle East (2nd import zone worldwide) induced an important increase of imports (+7.3% in 2004 i.e. 76,000 tec). The annual consumption per inhabitant ranks alongside some of the highest in the world (cf. chart in annex). The Middle East represents 15% of worldwide imports.

Sources: French Trade Commission; The National Commercial Bank

b. French poultry: a total respect for local customs

i. French poultry and Halal, a strong relationship

In France, where Islam is the 2nd religion, the production of Halal meat is estimated at 300 000 tons per annum. With over 5 million Muslims, the French market alone represents a huge potential for Halal meat consumption. Halal meat consumed in France accounts for 10% to 15% of total meat consumption. This specific market has experienced a 15% growth rate per annum since 1998. In Europe the market represents 15 Billion Euros (over 20 million Muslims in Europe) in 2003 and 3 Billion in France alone.

The vast interest shown by retail brands for the production of Halal meat, having launched in 2004 at the European exhibition of Halal in Paris, witnessed the huge importance of the Halal market in France.

This strong cultural relationship to its Muslim consumers combined with its expertise in exports positions France as a historic chicken supplier for the Arabian Peninsula and the G.C.C. In total 400,000 tons of Halal meat are exported each year mainly to the Middle East.

Sources: LSA ; Le monde ; Les Echos

ii. Slaughter procedures that are approved by the authorities

French poultry producers, who are very much oriented towards international markets, are particularly sensitive to cultural and religious requirements. Their long history with the international Muslim community means that all exported French poultry is slaughtered in compliance with Islamic rite. All exported poultry products are guaranteed Halal compliant.

The G.C.C. countries follow, with great interest, all these procedures and official delegation trips are regularly organised in France in order to control the compliance to procedures.

In the local consumers' eye, French producers are the most experienced exporters of food and their historical presence on the market gives them a real advantage in terms of image.

Sources: Gulf News; French Trade Commission





IV. French brands present on the market

a. Doux, the group

An expert in poultry production and innovator since its creation in 1955, the Doux Group and its subsidiaries are present in all poultry market segments (chicken, turkey, duck, guinea fowl, etc.) including fresh and frozen products, whole or portioned poultry and processed products (breaded products, ready-made meals, poultry deli products).

As a major player in retail sales, the agri-food industry and foodservices, the Doux Group sells its products in more than 130 countries spread over five continents.

With an entirely integrated poultry chain, from egg to end-consumer, the Doux Group employs a workforce of more than 14,000 associates in the world. It owns 23 slaughter and cutting sites, 4 processing sites, 14 hatcheries and 12 food factories in 5 countries (France, Germany, Spain, Switzerland and Brazil). Farming conditions are strictly defined in a Health and Environment Charter that binds the 4,800 partner farmers that work with the Group. In 2004, total sales for the Doux Group amounted to €1.347 billion.

The quest for innovation, quality and flavour are represented in a portfolio of internationally recognised brands: Doux, Lebon, Père Dodu, Supreme, Janzé, Dalia – with Doux, Supreme & Dalia being the three brands available on the Middle East market.

With a peerless reputation for poultry products in the Middle East, Africa and the Caribbean area, Doux is associated with middle-of-the-range and top-end products. Doux began exporting to the Middle East in the 70's following the Oil Boom. As the logistics infrastructure was not yet developed, Doux chicken was loaded in bulk on boats traveling from Brest to Beirut in Lebanon, where they were then dispatched to be delivered by road to KSA and the UAE. Today Doux is the No.1 exporter in Europe and delivered over 110,000 tons of whole frozen chicken to the Middle East in 2005.

b. Tilly - Sabco

Tilly was created in 1956 by Jacques Tilly. From a company employing 20 people, it grew into a group of 480 employees in 1980. Tilly began exporting to Middle Eastern countries in 1970 and reached ranked 2nd French poultry exporter for 1983.

Tilly-Sabco was established 1997 as a result of a merger between two companies, Tilly and Sabco (founded in 1982). For nearly half a century, Tilly-Sabco has reared, processed, shipped and marketed frozen whole chickens, chicken portions, giblets, sausages, and further processed products.

To meet the challenges of a strategy historically focused on international markets, Tilly-Sabco relies upon:

- Select chicken produced by an integrated production chain
- Varied ranges, quality offers and services that respect cultural diversities



- In over 60 destinations, a close relationship between their brands and customers who are their partners.

For over 40 years, generations of consumers and professionals have enjoyed and appreciated Tilly-Sabco chicken. In countries where frozen chicken is a regular item on the family menu, Tilly-Sabco's partners find in Tilly-Sabco a worthy representative of quality French origin. Tilly-Sabco chicken illustrates a solid trend in consumer patterns and is appreciated by gourmets throughout the world. Today Tilly-Sabco is the second highest French chicken exporter with 500 employees and a production of 1.6 million of chickens every week.

Among their brands, Tilly-Sabco market 2 historic brands in the Middle East: Tilly and Sabco.

Tilly-Sabco is now part of Unicopa Group. Unicopa is one of the leading French cooperative groups in the food processing sector with 5,500 employees and 18,000 producers.

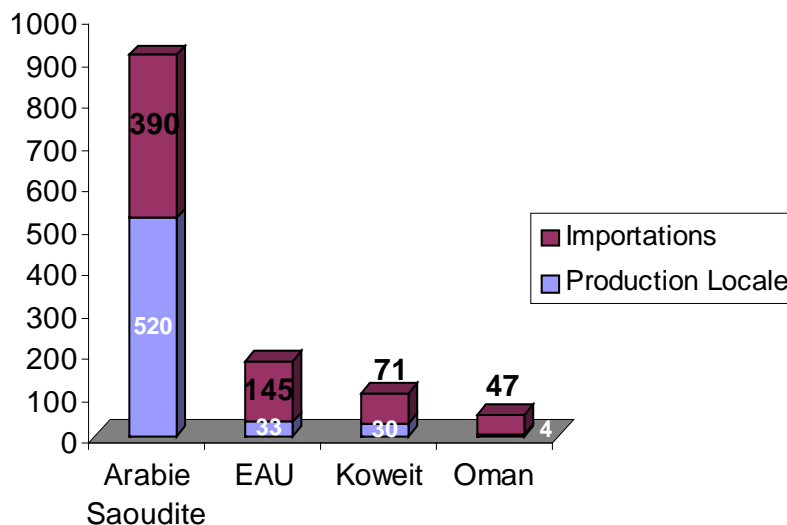
The poultry branch of the Unicopa Group is organised around four departments, which guide specific distribution networks and dedicated production tools. Tilly-Sabco is the export department with a strong history of exporting to the Middle East, matching its skills as a producer to the demand of those countries. With equal attention to European requirements, Tilly-Sabco now offers a range of products to meet professional supermarket requirements, specialising in cooked ready-to-assemble products for professionals in the food and catering industry.

Annex:

c. Key Figures

- French Chicken Production in 2004: 996 400 tec
- 2004 Exports: 36,2 % of total production = 722 000 T
- The French Poultry sector employs 50 000 persons and 15 000 breeders.
- France is the 4th worldwide Poultry producer (after the USA, China & Brazil)
- France is the 1st European Poultry producer
- In 2004, France counted 27 900 breeder barns representing a total of 15243 million m2
- Over 14 000 breeders used on average 2 barns of 545 m2
- The 1 200 hatchery sites (1 100 m2) were owned by 120 different companies employing 6 500 people
- The 170 slaughtering and processing companies possessed 422 slaughter houses and hired 32 117 employees
- The four leading companies represented 56 % of the global poultry processing activity
- France also produces its own poultry feed, with over 340 plants producing 7 000 000 tons of poultry feed (33 % of the total livestock feed production) of which 3 800 000 tons are grain
- The food manufacturing business hires 4 000 employees
- 62% of the French poultry production goes to home consumption representing 5,2 billion Euros
- Revenue from the catering and processing industries represent respectively 1 billion and 1,4 billion Euros

d. Local production vs imports



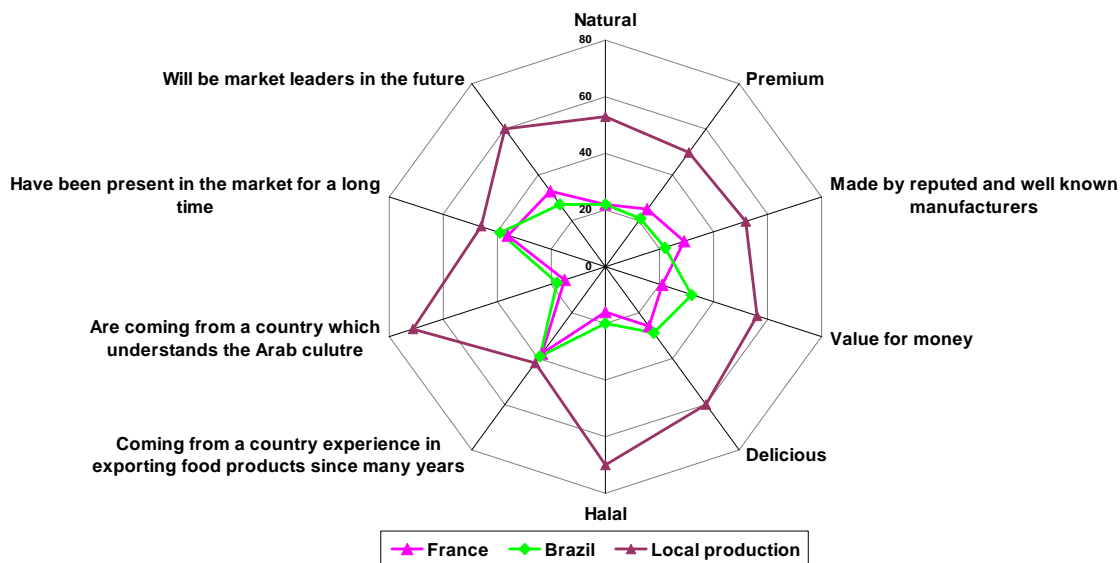
in KT, Source : USDA

e. Yearly Consumption per inhabitant in the Middle East:

Country	Yearly consumption / Inhab. In KG
KSA	40
UAE	36
Kuwait	40
Oman	21
Worldwide Average	12
Worldwide max = USA	51.8

Source: DREE

f. Perception of Frozen Chicken products by country - TNS Survey



% of respondents strongly agree
TNS -2004 survey

g. Meat imports to the UAE in 2004

