



# France: Safety & Security Market Overview

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## Summary: France at a Glance

France is the world's sixth largest economy. With an annual GDP (USD 2.0 trillion in 2005) about one-fifth that of the United States, France was our ninth largest trading partner, accounting for USD 50.6 billion of U.S. exports of goods, services and income receipts in 2005, as reported in U.S. Department of Commerce data. France's population of 63 million people has a high disposable income of USD 33,855 per capita. In 2005, French GDP grew by 1.4 percent in real terms. The outlook for 2007 is for continued modest growth. Inflation remained low and under control at 1.9 percent for 2006.

## The French Safety and Security Market

This sector represents 27 different security segments in France, which can be loosely grouped into the following areas: anti-terrorism, electronic security, monitoring, guarding, physical security, health and safety products, fire security and cash in transit. The total market for the 27 security segments was valued at approximately 16.8 billion euros in 2006.

Currently, segments enjoying the highest growth rate are anti-terrorist equipment (+28.9 percent in 2005), personal protection services (15.1 percent), remote monitoring (+14.5 percent), and private investigation services (+14.4 percent). Segments such as access controls, airport safety, alarm response and guard services remained flat or even declined in 2005. Overall growth is expected to rise by about 3.6 percent in 2007. This growth is mainly driven by just a few segments of the market and price wars are common in this highly competitive environment. In fact, only a minority of firms operating in this industry was profitable in 2005/2006. In many segments such as fire protection and guard services, there are simply too many players in the market; fierce competition coupled with low prices is driving a record number of firms out of business.

The evolution of this market is closely linked to France's general economic growth, which is not strong. While over the last few years France has invested heavily in security infrastructure and has caught up to her European neighbors, that spending is now slowing, especially in segments such as monitoring or anti-intrusion equipment. The sector has also suffered from a price war over the last several years, driven by competition from Asia, which has slowed growth in several areas, such as access controls and video surveillance where price is usually the deciding factor, according to industry studies. The safety and security market in France is thus divided into two distinct parts; a small number of relatively healthy segments and a large number of areas where the situation is morose. The birth of security industry giants which have greater financial resources and which are capable of deeply influencing the market have shut out many of the smaller players. The homeland security/anti-terrorism segment is driving the market; but contracts for port, airport and other highly sensitive sites require complex, sophisticated systems that integrate technologies from diverse origins.

Fortunately, there are a few bright spots; future growth areas in industrial security are anti-terrorism equipment, remote monitoring/assistance for the residential market, CCTV, especially for digital systems, and security engineering and consulting services.

The crime rate in France per 1,000 inhabitants is below the average for the European Union, and has been dropping. Nevertheless, there is a strong feeling of insecurity in France. Paradoxically, while the French rank amongst those most worried about the security of their homes and their personal safety, they are also amongst the most passive in terms of equipping their residences, for example, with even basic protective devices, and even only a quarter of those who have been burglarized install any kind of anti-

intrusion equipment. About 18 percent of the population has been burglarized at least once, compared to 27 percent in the Netherlands and 29 percent in Great Britain, according to a recent study done by Assa Abloy's Security Observer.

## Competitive Analysis

In general, the commercial environment in France is favorable for sales of U.S. goods and services. Marketing products and services in France bears similarity to the approach in the U.S., notwithstanding some significant differences in cultural factors, and certain legal and regulatory restrictions. Local partners are readily available in most sectors and product lines, although competition can be fierce from both French and third country sources. U.S. equipment and security technologies are renowned for their innovation. Imports should remain strong.

Penetration of the security market by foreign companies has stabilized in France, but at an extremely high level. Entire sub-sectors of French private security industry in France are dominated by foreign groups, as opposed to less than 20 percent overall ten years ago. For example, in the cash in transit sector, non-French groups control 86 percent of market share. Similar ratios exist in equipment/services for, professional monitoring and many other market sub-sectors. Overall, foreign firms control about 40 percent of the industry.

The market in France is extremely fragmented and competitive, and it is extremely important to work with a local partner or through a local sales office, which many U.S. firms choose to establish. Some kind of local presence becomes essential when working with government ministries or responding to public tenders.

## End-User Analysis

In the mid- to long-term, the residential market will represent an enormous potential for suppliers of surveillance services – far fewer French homes are equipped as opposed to in other EU countries. The high growth in high-speed Internet connections is driving demand, as the major French telecom service providers are now teaming with home monitoring service firms to provide wide-spread marketing and low cost services via high speed connections. The lack of equipment in French homes is equally applicable to basic protective devices such as anti-intrusion alarms, fire alarms or fire extinguishers, none of which are required by French home insurance policies and with which few French homes are equipped at this time. Residential monitoring grew by 7.6 percent in 2005.

Other major institutional end-users include the Parisian Airport Authority, Aéroports de Paris, as well as a variety of Ministries (Interior, Defense) and transportation infrastructure entities, such as the national railroad authority SNCF, and the regional authorities including the RATP, which is responsible for suburban rail and metro lines in the greater Paris area. These end-users purchase essentially through public tenders.

In terms of ports, French ports handle more than 350 million tons of merchandise a year. Five of Europe's 15 busiest ports are in France. Marseilles is the leading French and Mediterranean port, with 95.6 million tons of cargo in 2003. Le Havre is the number one container port in France and fifth in Europe with an annual traffic of 77 million tons. Dunkirk has registered strong growth with 50 million tons, followed by St-Nazaire at 32.5 million tons and Bordeaux at 8.1 million tons in 2004. France enjoys an important feeder network from all its major ports to other European ports.

Seven autonomous ports (Dunkirk, Le Havre, Rouen, Nantes, St-Nazaire, Bordeaux, Marseilles and Guadeloupe), which control enormous port areas, handle over 80 percent of sea freight. Twenty-two ports in metropolitan France and on French territory overseas have officially been declared of national importance. Two French ports, Le Havre and Marseille, have been designated as Container Security Initiative participants by U.S. Customs, and thus have been outfitted with the required cargo inspection equipment.

## Market Access

In France, dozens if not hundreds of agents and distributors are active in the safety and security market. Many are looking for low cost products because of current pressure on prices. But there still is an important part of the market reserved for innovative, sophisticated products or systems. U.S. manufacturers of safety and security equipment and systems interested in marketing their products in the France are encouraged to make use of services like International Partner Search or Gold Key Service of the U.S. Commercial Service.

European Union (EU) regulations and standards required product compliance with “CE” mark certification. The “CE” mark is a passport that allows manufacturers to move industrial products freely within the EU market and attest to the conformity of safety, performance, compatibility, and other requirements determined by the EU authorities.

More information on norms and standards can be obtained from the following organization:

**AFNOR**  
Association Française de Normalisation  
11, rue Francis de Pressensé  
93571 La Plaine Saint-Denis Cedex  
Tel: +33 1 41 62 80 00  
Fax: +33 1 49 17 90 00  
<http://www.afnor.org>

## Future Prospects in the French Safety & Security Market

Homeland Security products, including those for the police and other public order entities, enjoyed a spectacular growth rate, at 28.9 percent. Although this sector can be considered strategic, its turnover is controlled by 57 percent by foreign-owned firms. The persistence of terrorist threats has stressed the need to pursue investment in protective measures, such as the widespread installation of metal and explosives detectors in government building and companies.

Closed Circuit TV (CCTV), especially for digital systems, represents one of the few ongoing growth areas in the industrial security market in France. The local market in 2003 was around 95 percent analog and just 5 percent digital video on IP. However, while the analog market is growing at 8 percent annually, the digital market is increasing at 45 percent rate and was estimated to make up 35 percent of the electronic security equipment market in 2005.

France’s recent anti-terrorism law (Dec. 22, 2005) extended the use of video surveillance in public places (already authorized but highly regulated), but particularly its use in the private sector, for stores or even places of worship, for example, which may be susceptible to terrorist acts. With this relaxation in the rules governing video surveillance, municipalities and store owners are likely to invest more heavily in CCTV systems should the economy improve.

France hosts several major trade shows in the security industry:

### **Milipol International**

Internal State Security/Homeland Security  
Paris, France – October 9-12, 2007  
<http://www.milipol.com>

Milipol is devoted to security and anti-criminal technologies and the one meeting point for all international decision-makers for public and industrial security. To participate in the U.S. Pavilion, please contact <http://www.kallman.com>.

### **Cartes**

Smart Cards and Identification Show

Paris, France – November 13-15, 2007  
<http://www.cartes.com>

**Expoprotection/Feu**

International Safety & Security / Fire Fighting & Rescue Exhibition  
Paris, France - November 2008  
<http://www.expos-protection.com/expoprot/>

**For More Information**

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Phone: (33-1) 43 12 22 79; Fax: (33-1) 43 12 21 72 or visit our website: [www.buyusa.gov/france](http://www.buyusa.gov/france).

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