



Fédération du Commerce  
et de la Distribution



# Responses to the Cost- ofLiving Crisis : France

---

16 november 2023

Contact : Isabelle Senand  
Directrice des Etudes  
[isenand@fcd.fr](mailto:isenand@fcd.fr)

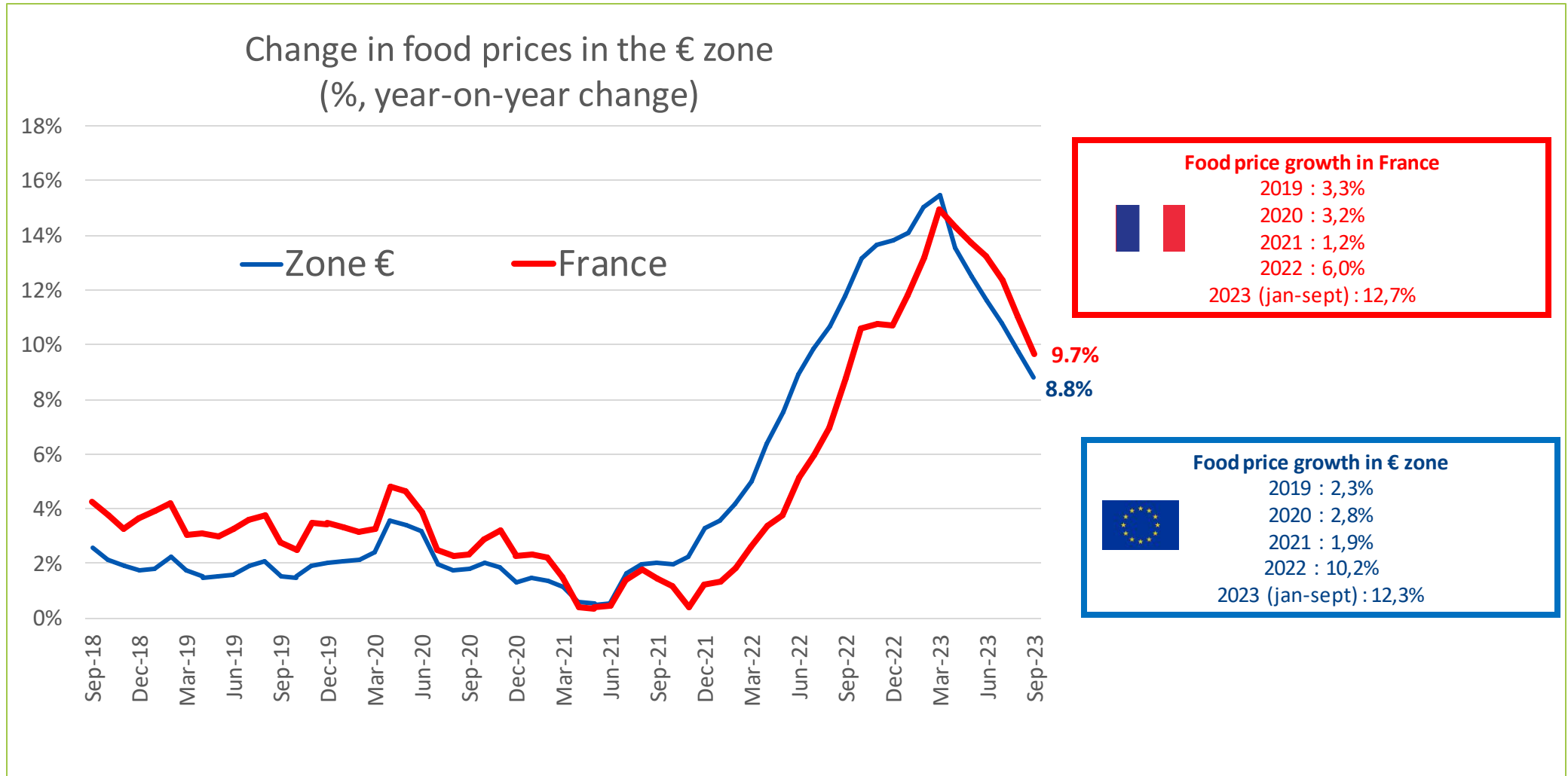
01

# Food inflation in France & Food consumption

---

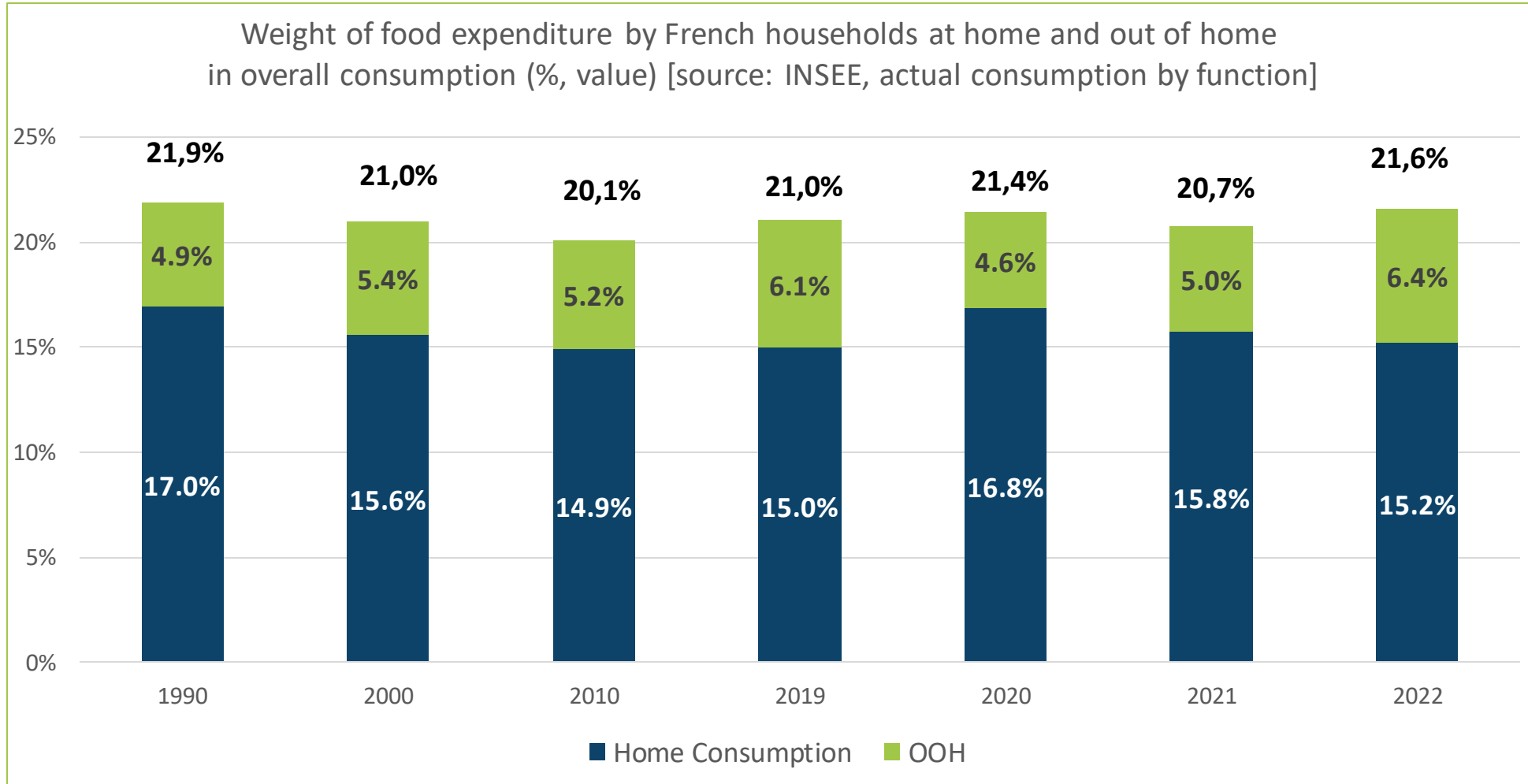
# Food Inflation in Europe

Food inflation is now more sustained in France



# Food consumption

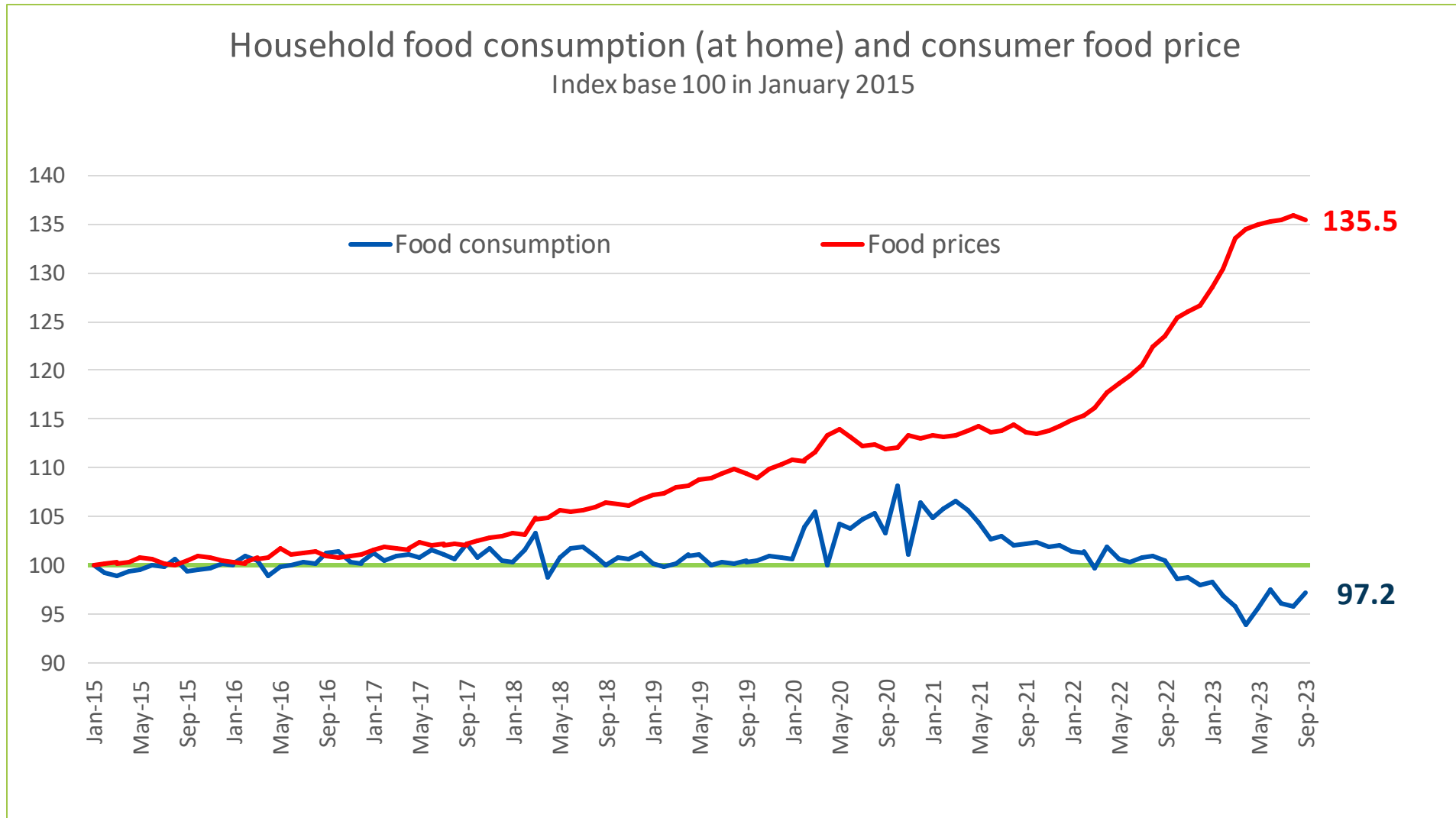
A quick reminder of the weight of food expenditure in household consumption



Source : INSEE

# Food consumption and consumer prices

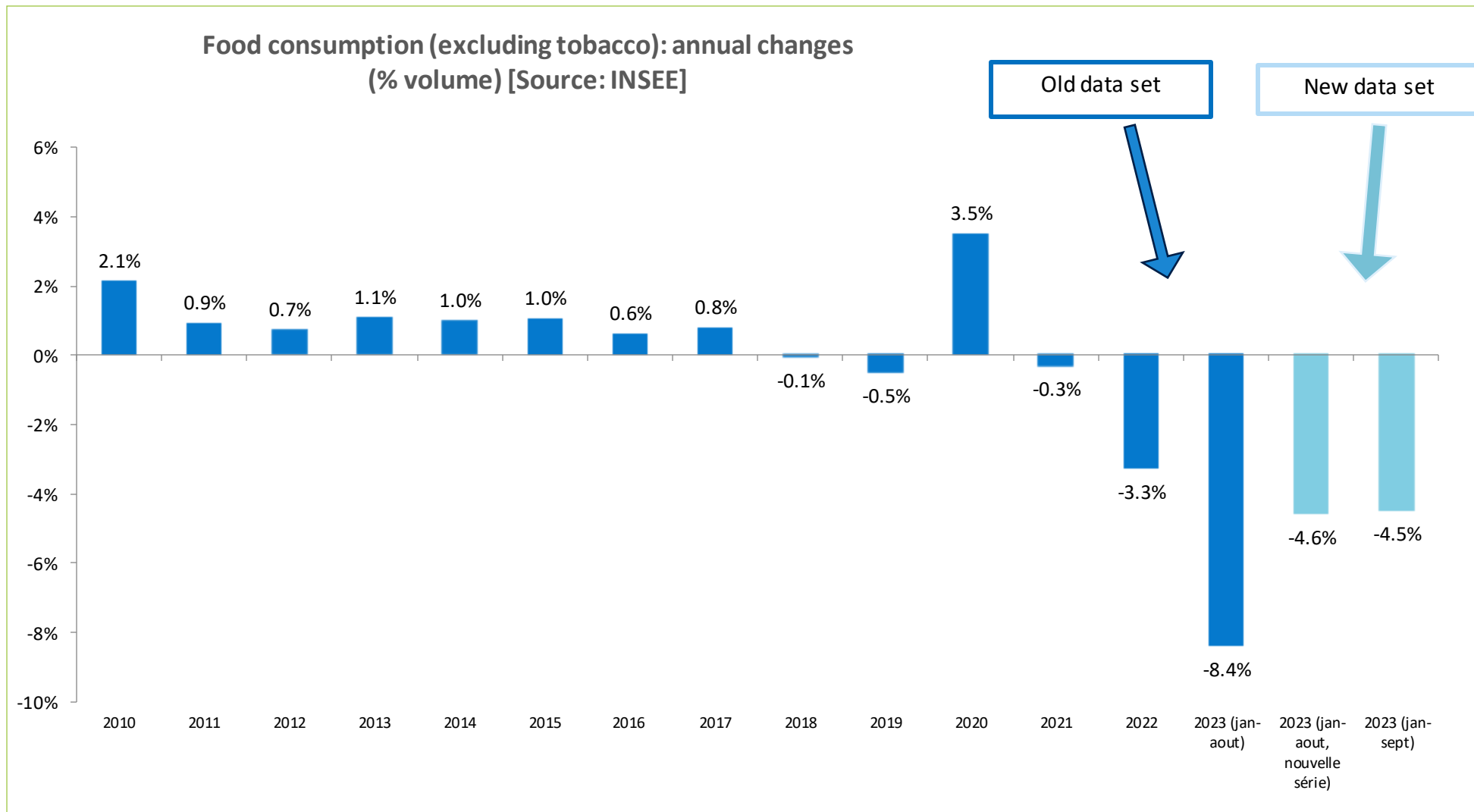
## The great gap



Source : INSEE & Eurostat

# Food consumption

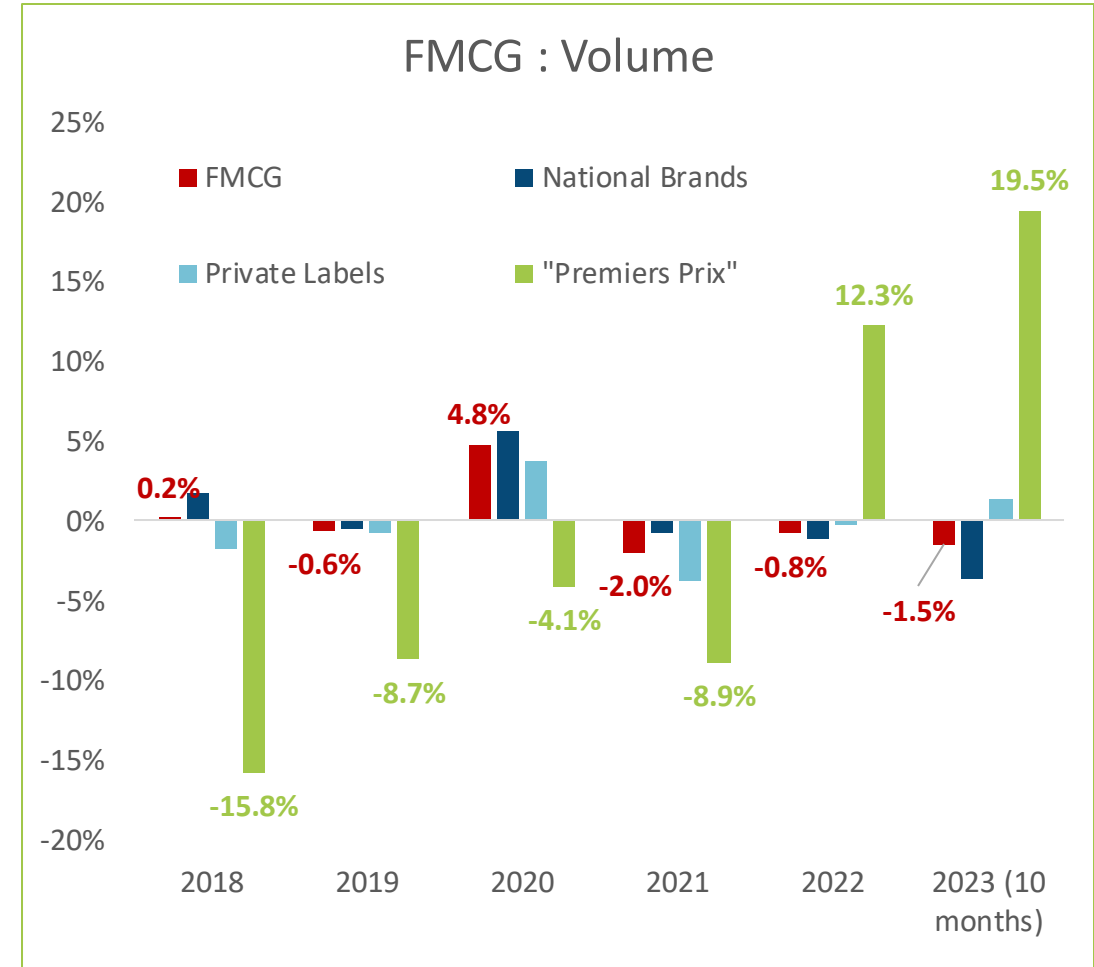
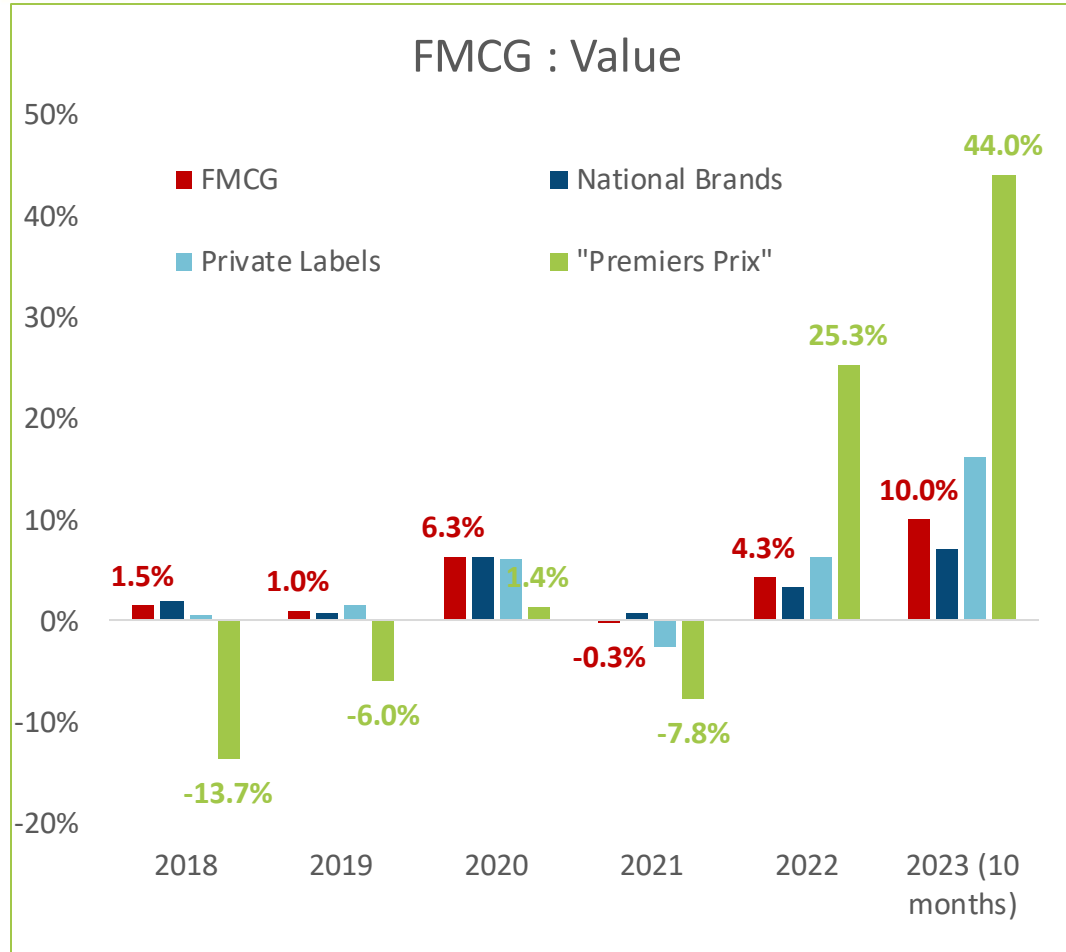
## Volumes are falling



Source : INSEE

# Food consumption

## Consumer are trading down



Source : NielsenIQ

02

# Responses to the cost-of-living crisis in France

---



**Example  
of measures**

**LOI n° 2022-1157 du 16 août 2022 de finances rectificative pour 2022**

*(LAW of August 16, 2022 on amending finances for 2022)*

To support French people's purchasing power in the face of rising inflation, a number of measures were adopted

=> First €100 "inflation cheque" in December 2021,

=> Energy shield (Gaz, Electricity),

=> during the summer of 2022: an exceptional back-to-school bonus (allocation de rentrée), an increase in welfare payments, a fuel reduction, maintain €1 meals at universities for scholarship holders...

# Private responses

## The food retailers



### Anti-inflation shopping basket

In March 2023, French Finance Minister Bruno Le Maire has reached a deal with the country's main supermarket chains to help shoppers cope with food price inflation.

Food retailers have agreed to offer shoppers "the lowest possible prices" for a three-month period on a selection of items **left to them to decide**.

### Fuel at cost price



The fuel stations operated by some major retailers in France began selling fuel at cost-price in September 2023 after calls from the government to help consumers with the rising price of petrol and diesel. The operation will remain in place until the end of 2023.

**NB :** In September, the government proposed that distributors should sell fuel at a loss. Distributors rejected the proposal. Most distributors will therefore have to content themselves with continuing the many fuel sales operations at cost that they have carried out to date.

# Private responses

## The anti-inflation shopping basket



**Carrefour** launched its "Essentiel et nutrition" basket on 15 March, with 200 products (100 "everyday" products and 100 others labelled "healthy" with a Nutri-score A and B) at blocked prices. *This will be in place until the end of the year.*



In February 2023, **Systeme U** launched a basket of 150 private label products at cost price. The basket has been extended until the end of 2023.



Intermarché is offering 500 anti-inflation products at blocked prices. There is a wide range of private labels products, as well as around thirty fresh products from traditional departments: meat, fish, fruit or vegetables.



Auchan is taking part in the initiative with its "anti-inflation solutions". These include price freezes on 150 private labels (Auchan and 1ers prix Pouce), as well as attractive prices in the market area.

# Commercial negotiations

## Current discussions

Law No. 2023-221 of **March 30, 2023**, designed to strengthen the balance in commercial relations between suppliers and distributors ("**Egalim 3 Law**") aims, in view of the high inflationary context, to rebalance commercial relations, particularly at the annual negotiation stage, which takes place from December 1st to March 1st of the following year.

**Promotions** : a limitation in value: promotions, whether cumulative or not, applied to a given FMCG (food + non food) product may not exceed 34% of the retail price and a limit on volume (25% of the forecast turnover).

The disposition on the **10% margin**, which was to end in the spring, was extended until 2025, except for fresh fruit and vegetables.

The **cost of agricultural raw materials** will no longer be subject to negotiation for **private label products**. This was already the case since 2021 for national brands

### Projet de Loi portant **mesures d'urgence pour adapter les dispositions du code de commerce relatives aux négociations commerciales dans la grande distribution.**

*[adapt the provisions of the commercial code relating to commercial negotiations]*

The final text bringing forward the deadline for commercial negotiations to 15 and 31 January was adopted by MEPs on 14 November.

The bill brings forward the annual cycle of commercial negotiations between manufacturers and supermarkets for a few weeks. It sets a deadline of:

=> **January 15, 2024** for small and medium-sized or mid-sized industrial companies (turnover less than 350 million euros)

=> **January 31, 2024** for large manufacturers (turnover equal to or greater than 350 million euros).



Fédération du Commerce  
et de la Distribution