



# 10 reasons to invest in France

*March 2012*



# 1

## A global economic power

### France:

- The **2<sup>nd</sup>** largest economic power in the European Union. *Source: IMF, 2011*
- The world's **6<sup>th</sup>** largest exporter of goods and **4<sup>th</sup>** largest exporter of services. *Source: WTO, 2011*
- **35 French companies among the world's leading 500** (Germany: 34, United Kingdom: 30)  
*Source: Fortune Global 500, 2011*

### ▪ A diversified, advanced industrial base:

#### - **Pharmaceutical industry: Largest in Europe and 3<sup>rd</sup> largest in the world**

*Source: LEEM (Association of French Pharmaceutical Companies), 2010*

#### - **Aerospace industry: Largest in Europe**

*Source: GIFAS (French Aerospace Association), 2010*

#### - **Chemicals industry: 2<sup>nd</sup> largest in Europe**

*Source: INSEE (French National Institute for Statistics and Economic Studies), 2010*

#### - **Agri-food industry: 3<sup>rd</sup> largest in Europe and 4<sup>th</sup> largest in the world**

*Source: French Agriculture Ministry, 2010*

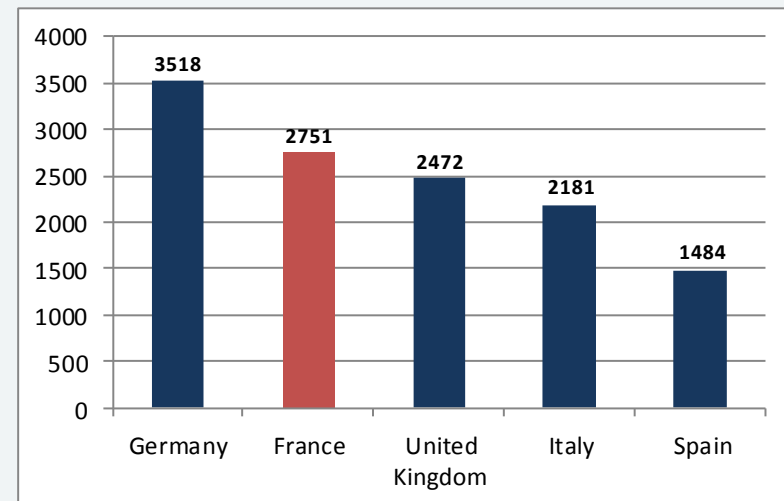
#### - **IT industry: 3<sup>rd</sup> largest in Europe**

*Source: EITO (European Information Technology Observatory), 2010*

#### - **Nuclear industry: Largest in Europe**

*Source: CEA (French Atomic and Alternative Energies Commission), 2009*

Top 5 economic powers in the European Union  
GDP 2011 (current prices, US\$ billion)



*Source: IMF, "World Economic Outlook" database estimates, April 2011*

# 2

## A country open to inward investment

- The 4<sup>th</sup> leading recipient of FDI inflows in the EU: **US\$34 billion of inflows in 2010**

Source: UNCTAD, World Investment Report, 2011

- The 2<sup>nd</sup> leading recipient in Europe for the number of job-creating foreign investments and the leading recipient of projects in **industry and renewable energy**. Source: Ernst & Young, 2011

- **Over 20,000** foreign companies already profiting from doing business in France: they employ **over 2 million people** and account for **22% of all corporate R&D** in France, **one-third of all French exports** and **42.4% of holdings in the market capitalization of CAC 40 companies** (amounting to €404.5 billion).

Sources: ORBIS, 2010; IFA, France Attractiveness Scoreboard, 2010; Banque de France, 2010

### Key figures:

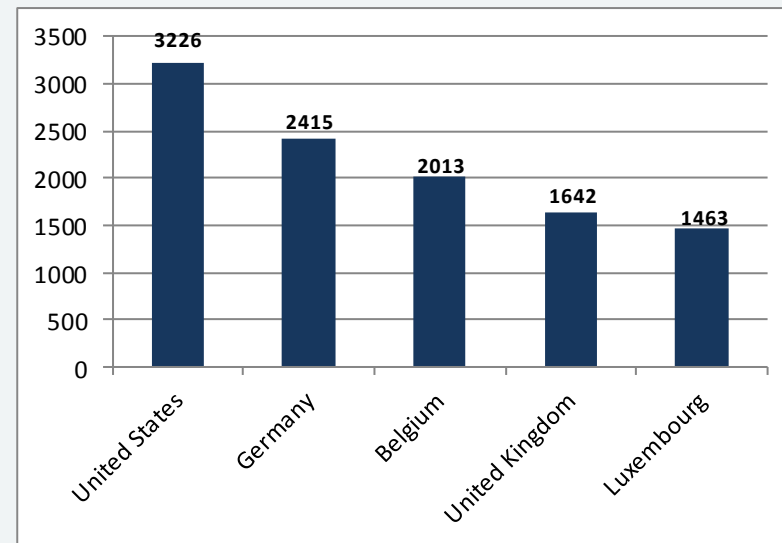
**13:** the number of foreign companies who decide to invest in France every week, on average.

**40:** the number of source countries of foreign companies doing business in France.

**6,267:** the number of job-creating foreign investments in France in the last 10 years.

Source: IFA 2011 Report

### Top 5 source countries of foreign companies in France



Source: Orbis, 2011

# 3

## A dynamic market, a gateway to Europe, the Middle East & Africa

- France is at the heart of the European Single Market of over **500 million consumers**.

Source: IMF - April 2010

- **2<sup>nd</sup> largest market in Europe:** 64.7 million inhabitants
- **The world's leading tourist destination:** 76.8 million foreign tourists
- **2<sup>nd</sup> highest birth rate in Europe,** after Ireland. In 2010, France accounted for 55.2% of the natural population increase in the EU.

Sources: INSEE, 2011; French Ministry for the Economy, Finance and Industry, July 2011; Eurostat, July 2011

- **A high household saving rate: 16% of gross disposable income compared with an EU-27 average of 13.2%.**

Source: Eurostat, 2011

- **Three French banks and two French insurance companies among the 10 largest in the world.**

Source: Paris Europlace, December 2010

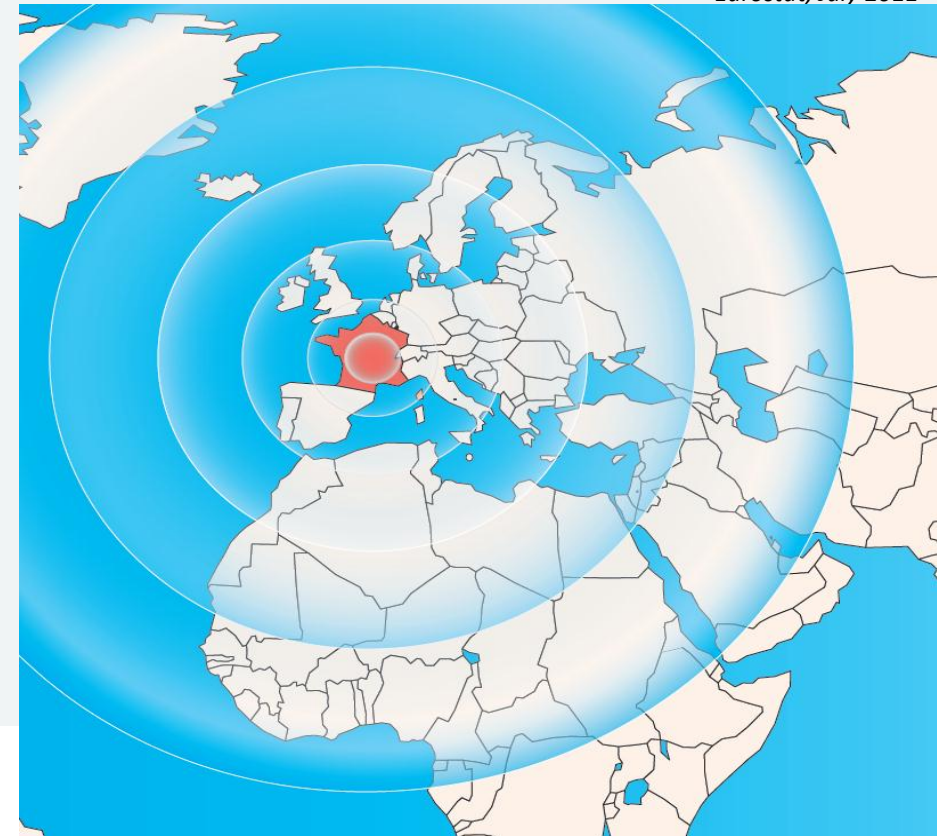
- **Paris is the 2<sup>nd</sup> most popular location in Europe for foreign financial firms (500 banks and financial institutions).**

Source: Paris Europlace, December 2010

- **Paris is the 3<sup>rd</sup> most popular location in the world for Fortune Global 500 company headquarters.**

Source: Fortune Global 500, 2011

- Tokyo: 47
- Beijing: 41
- Paris: 23
- London: 16
- Madrid: 5



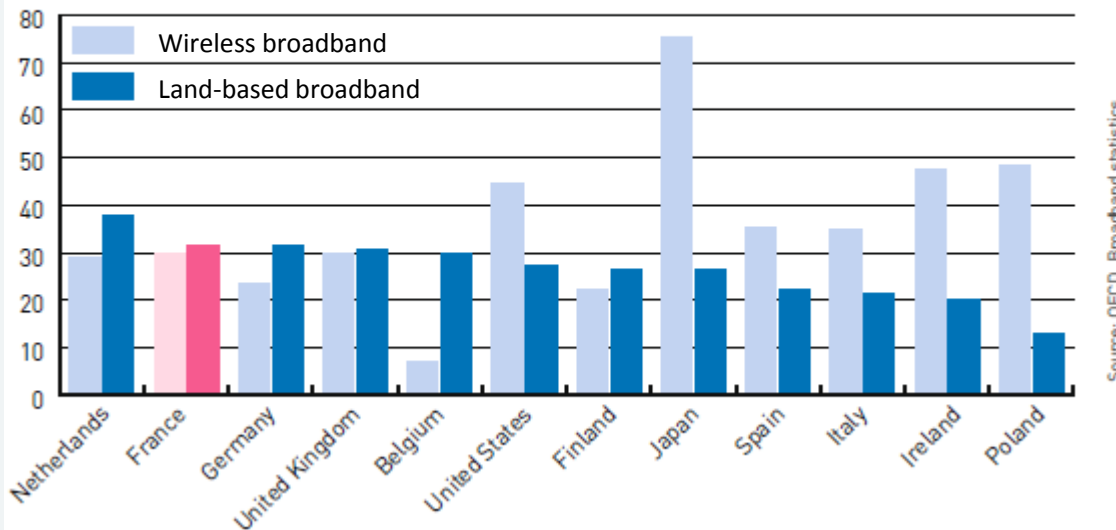
# 4

## Excellent connections throughout Europe and worldwide

- Paris-Charles de Gaulle: ranked **2<sup>nd</sup>** by passenger numbers and **1<sup>st</sup>** for cargo in Europe  
*Source: Airports Council International, 2010*
- Paris-Le Bourget: **the leading business airport in Europe** *Source: Aéroports de Paris, 2010*

### Broadband penetration rate (June 2010)

Subscribers per 100 inhabitants



Source: IFA, France Attractiveness Scoreboard, 2011

- **2 French ports in the European Top 10 by tonnage** in 2010: Marseille (6<sup>th</sup>) and Le Havre (9<sup>th</sup>).

Source: Port of Rotterdam Authority, 2011

- **The 2<sup>nd</sup> largest high-speed rail network in Europe** (1,896 km/1,178 miles of dedicated high-speed lines).

Source: International Union of Railways, 2011

- **3<sup>rd</sup> largest motorway network in Europe** after Spain and Germany (over 11,000 km/6,835 miles).

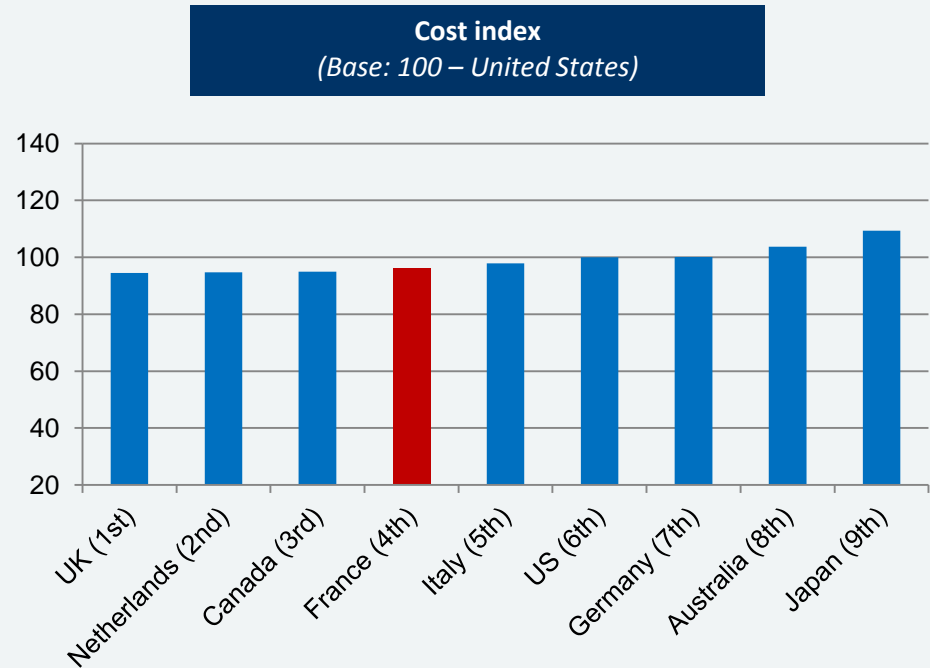
Source: European Union Road Federation (ERF), 2011

# 5

## A very cost-effective location

**Business setup and operating costs\*** are lower in France than in Italy, the United States, Germany, Australia and Japan. *Source: Competitive Alternatives, KPMG's Guide to International Business Location, 2012*

- \* Cost components:**
- Labor
  - Facility costs
  - Transport
  - Utility costs  
(electricity, natural gas, telecommunications)
  - Corporate tax



- One of the most competitive electricity price in Europe

### Electricity rates for manufacturers (First semester, 2011)

**UK: 0.094** (€/kWh exc. VAT)

**Germany: 0.09** (€/kWh exc. VAT)

**France: 0.072** (€/kWh exc. VAT)

*Consumption between 500 and 2,000 MWh*

*Source: Eurostat, January 2012*

- Average labor costs per employee are lower in France than in the Netherlands, the United States, Germany and Japan.** *Source: KPMG, Competitive Alternatives, 2012*
- France is ranked **1<sup>st</sup> among G8 countries** for its **low carbon emissions** (tonnes of CO<sub>2</sub> emissions / GDP). *Source: IMD, World Competitiveness Yearbook 2011*
- Water rates in France (€3.09/m<sup>3</sup>) are over 10% lower than the European average (€3.44/m<sup>3</sup>)** and are lower than in Germany (€5.29/m<sup>3</sup>) and the United Kingdom (€3.79/m<sup>3</sup>). *Source: NUS Consulting 2009*

# 6

## A highly qualified, highly productive workforce

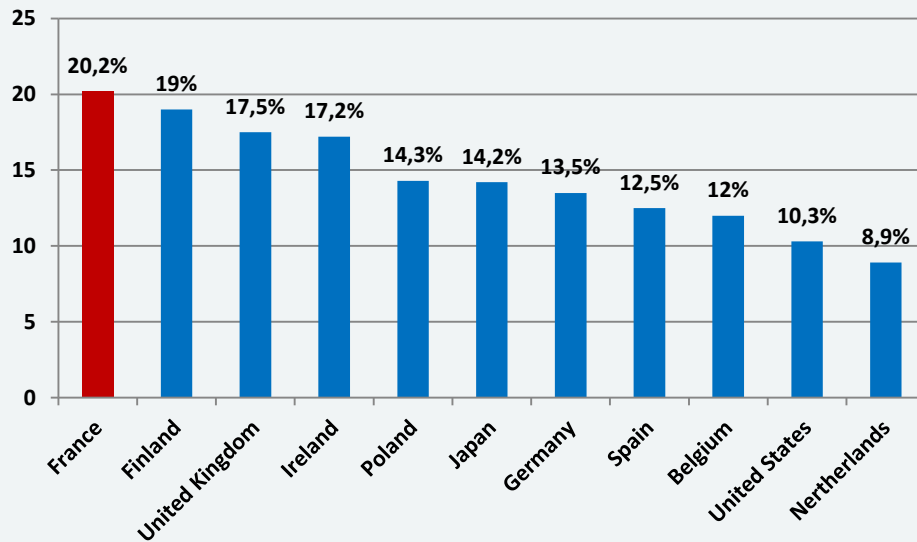
- **France** is one of the countries in the world that **invests the most in its education system** (6.1% of GDP spent on education, higher than the OECD average of 5.9%).

Source: OECD, *Education at a Glance*, 2011

- **France** is ranked **4<sup>th</sup>** in Europe for **hourly labor productivity**.

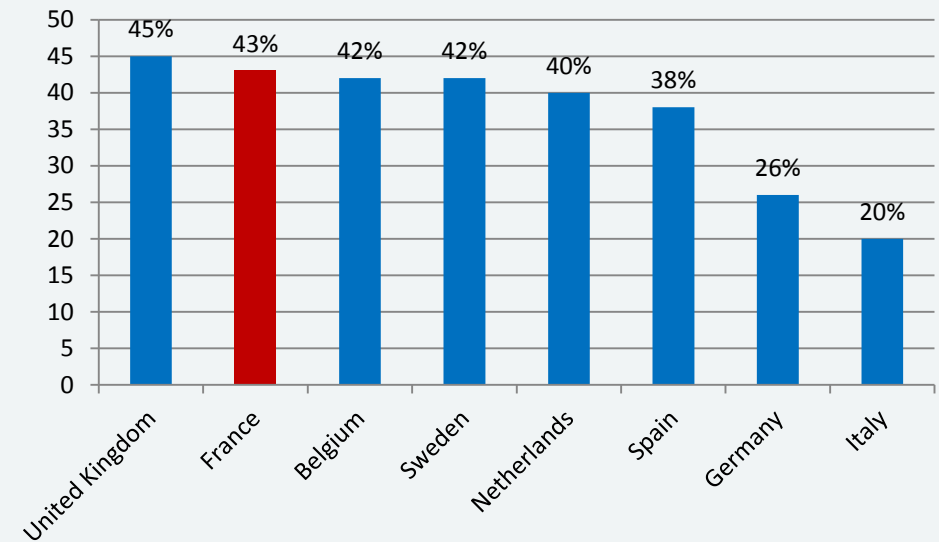
Source: Conference Board, 2011

**Human resources in Science and Technology**  
Proportion of 20- to 29-year-old graduates (2009)



Source: Eurostat, 2011

**Population with tertiary education**  
Proportion of 25-34 year olds (2009)



Source: OECD, *Education at a Glance*, 2011

# 7

## Tax measures to foster competitiveness

### Two major initiatives:

- **Abolition of the local business tax (*taxe professionnelle*) on productive investments** as of January 1, 2010: tax reduction for companies of €7.3 billion in 2010 and €6.2 billion a year as of 2011.
- **The renewal of France's research tax credit means that it remains the most attractive R&D tax incentive program in Europe:**
  - Tax breaks: 40% of all R&D costs in the 1<sup>st</sup> year, 35% in the 2<sup>nd</sup> year and 30% in subsequent years, up to €100 million, and 5% above this threshold.
  - Tax base: the tax credit is calculated on the annual volume of all eligible R&D expenditure (salaries, social security contributions, running costs, depreciation, patents, etc.).
  - Further incentives: **the research tax credit rate is doubled** for R&D carried out with public-sector bodies and is **quadrupled** for R&D undertaken by junior final-year doctoral and post-doctoral research personnel in their first two years of employment.

**2,154** foreign companies among the **15,750 beneficiaries** of the research tax credit in 2009.

**€4.7 billion**: tax breaks received through the research tax credit by companies for R&D spending carried out in 2009.

*Source: French Ministry for Higher Education and Research, 2011*

### Analysis by KPMG on effective\* corporate tax rates ranks France:

- **in 1<sup>st</sup> place for R&D operations**, ahead of Netherlands (2<sup>nd</sup>), the UK (5<sup>th</sup>) and Germany (11<sup>th</sup>);
- **in 6<sup>th</sup> place for manufacturing operations**, ahead of Germany (10<sup>th</sup>) and Italy (13<sup>th</sup>).

*\* rate which takes into account the tax bases in different countries*

*Source: KPMG, Competitive Alternatives, 2012*

**France is the 4<sup>th</sup> leading host and source country of students studying abroad under the European Union “Erasmus” program.**

In 2010-2011, over 285,000 foreign students were studying in French universities.

*Source: Campus France, 2011*

**Trends in foreign R&D investment:**

**154:** the number of job-creating foreign investments in R&D since 2008, including **21 in 2008, 42 in 2009, 51 in 2010 and 40 in 2011.**

*Source: IFA 2011 Report*

## A country prioritizing R&D and innovation

- **France is ranked 2<sup>nd</sup> in Europe and 6<sup>th</sup> in the world for the number of international patents filed.** *Source: WIPO, December 2011*
- **71 innovation clusters** (6 of which are dedicated to green technology) **stimulating R&D through public-private partnerships.** **512 foreign companies** have already joined an innovation cluster. *Source: French Ministry for the Economy, Finance and Industry, 2012*
- **France is the 2<sup>nd</sup> leading recipient in Europe of foreign R&D investment projects.** *Source: Ernst & Young, 2011*
- **21 research and higher education hubs (PRES)** enabling universities, *grandes écoles* and research bodies to share resources and launch joint initiatives. *Source: French Ministry for Higher Education and Research, 2011*
- **11 Fields Medals** awarded to French mathematicians, out of a total of 52 since 1936. *Source: International Mathematical Union (IMU), 2011*
- **8.4: the number of researchers in France per 1,000 employees,** ahead of Germany (7.2), the UK (5.6) and the Netherlands (5.1). *Source: OECD, Main Science and Technology Indicators, December 2010*

# Promoting sustainable growth and the knowledge economy

## Three symbolic initiatives:

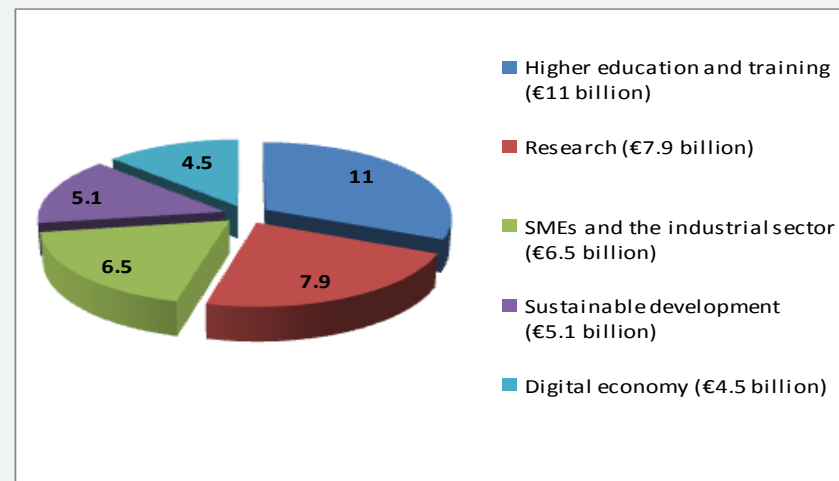
- **Green growth: France's "Green New Deal"**, following the "Grenelle" environment round table talks in 2007, has set targets for developing green buildings, renewable energy, clean technology and sustainable transport. (95 % of the commitments made in 2008 have been completed or are underway.)

Source: The "Grenelle 2" Act, French Ministry for Ecology, Sustainable Development, Transport and Housing, 2010 [www.legrenelle-environnement.fr](http://www.legrenelle-environnement.fr)

- **The "Greater Paris" project** to turn Paris and the surrounding region (Ile-de-France) into a dynamic, attractive, high-flying "world city":
  - **€32.4 billion** to be invested in public transport.
  - **€1.9 billion** of investment for the Saclay plateau (to the south of Paris) to build the largest science and technology campus in Europe.

Source: [www.legrandparis.net](http://www.legrandparis.net)

- **The "National Investment Program": €35 billion of funding** for 5 strategic areas:



**€18 billion of these funds will have a direct impact on businesses:**  
creation of 'ecosystems' to promote innovation, support projects, technology platforms, etc.

Source: French government, 2010

<http://investissement-avenir.gouvernement.fr/>

**23%** of France's energy consumption will be met by renewable energy by 2020 (versus 10% in 2009)

Source: National Renewable Energy Action Plan – French Ministry for Ecology, Sustainable Development, Transport and Housing, 2010

# 10

## Renowned quality of life

- **Joint 2<sup>nd</sup> in Europe for quality of life**, after Malta.
- **The leading tourist destination in the world** (ahead of the United States and Spain for visitor numbers) *Source: UNWTO, 2010*
- **The “French gastronomic meal”** was also added to **UNESCO’s Intangible Cultural Heritage list** in November 2010. *Source: UNESCO, 2010*

### Paris, the “city of lights” is also a “world city”:

- **At the heart of the leading regional economy in Europe, with a GDP of €553 billion**

*Source: Paris Region Economic Development Agency, 2010*

- **The 2<sup>nd</sup> most innovative and creative city in the world**

*Source: Innovation Cities TM Top 100 Index, 2thinknow, 2010*

- **The 2<sup>nd</sup> most attractive capital city in Europe for investors**

*Source: European Cities Monitor, Cushman & Wakefield 2010*

- **The 3<sup>rd</sup> most popular venue in the world for conferences (after Vienna and Barcelona)**

*Source: International Congress and Convention Association, 2011*

#### 9 criteria considered by International Living :

Cost of living (15%)  
Culture & Leisure activities (10%)  
Economy (15%)  
Environment (10%)  
Freedom (10%)  
Health (10%)  
Infrastructure (10%)  
Security and Risks (10%)  
Climate (10%)

*Source: International Living, 2011*

#### Top 5 European countries for quality of life

Country	Rank (Overall score)
Malta	1
France	=2
Belgium	=2
Germany	=3
Austria	=3