

**FRANCE**  
**WELCOMES TALENT**  
**AND INVESTMENT**

**SAY QUITO** FRANCE  
INNOVATION





# [ FOREWORD ]

In the competition to attract job-creating foreign investment, value added and talent, countries with a strong and comprehensive “investment attractiveness mix” stand apart from their peers.

France can be seen in this light, as one of the few countries in Europe to boast so many structural advantages.

The global economic crisis has underscored their importance: efficient public services, world-class infrastructure, a diversified technological base, a highly skilled and productive workforce, and one of Europe’s most dynamic demographics, signaling the country’s confidence in the future.

France is recognized for its quality of life. On average, 13 foreign companies choose to make new job-creating investments here every week.

France receives more foreign investment in industry than any other country in Europe.

Since competition for investment between different countries and regions is driven by competitiveness, administrative efficiency, and the welcome afforded to foreign investors, the unveiling by the Prime Minister on November 6, 2012 of the “National Pact for Growth, Competitiveness and Employment,” the creation of a Public Investment Bank, and the agreement established on January 11, 2013 between employer federations and trade unions will consolidate France’s position in Europe.

Investment attractiveness also depends on the image that potential locations project and the perceptions they arouse. My hope is that this collection of facts and figures will help close the gap between perception and reality by underscoring France’s image as an open, competitive and innovative country at the heart of the European market.

**David Appia**

Ambassador for International Investment  
Chairman and CEO, The Invest in France Agency

# FRANCE

## AT THE FOREFRONT OF EUROPE

- **The leading destination for foreign investment in industry**  
*(Ernst & Young, European Attractiveness Survey, 2012)*
- **The leading country for R&D support**  
*(KPMG, Competitive Alternatives, 2012)*
- **The leading tourist destination**  
*(World Tourism Organization (UNWTO), 2012)*
- **The leading country for newly founded businesses**  
*(Eurostat)*
- **Second best quality of life**  
*(International Living, 2011)*
- **Second largest foreign student population**  
*(Campus France, European Commission, UNESCO, 2012)*
- **Fourth best hourly labor productivity**  
*(The Conference Board, 2012)*
- **The leading country for the quality, availability and accessibility of its electricity supply**  
*(KPMG / Institut Choiseul, 2012)*

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## **AFFIRMING** FRANCE'S OPENNESS TO EUROPE AND THE WORLD

LOCATED AT THE HEART OF THE WORLD'S LARGEST CONSUMER MARKET,  
FRANCE PROVIDES AN IDEAL SPRINGBOARD NOT ONLY TO EUROPE BUT  
ALSO TO AFRICA AND THE MIDDLE EAST.

# A DYNAMIC ECONOMY AT THE HEART OF EUROPE

## A STRONG, DIVERSIFIED ECONOMY

### A dynamic economy and market

- Europe's second largest economy and the fifth largest in the world. (Source: IMF, 2012)
- Europe's second largest consumer market, with 65 million inhabitants. (Source: Eurostat, 2012)
- The world's leading tourist destination, with 79.5 million visitors. (Source: World Tourism Organization (UNWTO), 2012)
- With Europe's second-highest birth rate, France accounts for more than half of the European Union's natural population increase. (Source: Eurostat, 2012)
- With its overseas territories, France's influence extends to all the world's oceans; it has the second largest exclusive economic zone (11 million sq. km.) after the United States.

### World-class industrial sectors

- Europe's largest aerospace and nuclear industries. (Sources: Eurostat, 2012; PwC, 2011)
- Europe's second largest agri-food and chemical industries. (Sources: French Ministry of Agriculture, 2010; French Chemicals Industry Federation (UIC), 2012)
- Europe's third largest ICT and pharmaceutical sectors. (Sources: European Information Technology Observatory (EITO), 2010; Association of French Pharmaceutical Companies (LEEM), 2011)

### French companies at the forefront of their sectors

- Of the world's top 500 companies, 32 are French (Germany has 32 and the United Kingdom 26). This puts France joint fourth in the world alongside Germany. (Source: Fortune Global 500, 2012)
- 13 French companies or institutions are among the 100 most innovative organizations in the world (source: Thomson Reuters, 2012). France is ranked first in Europe, ahead of Sweden (3 organizations), Switzerland (3 organizations) and Germany (1 organization).

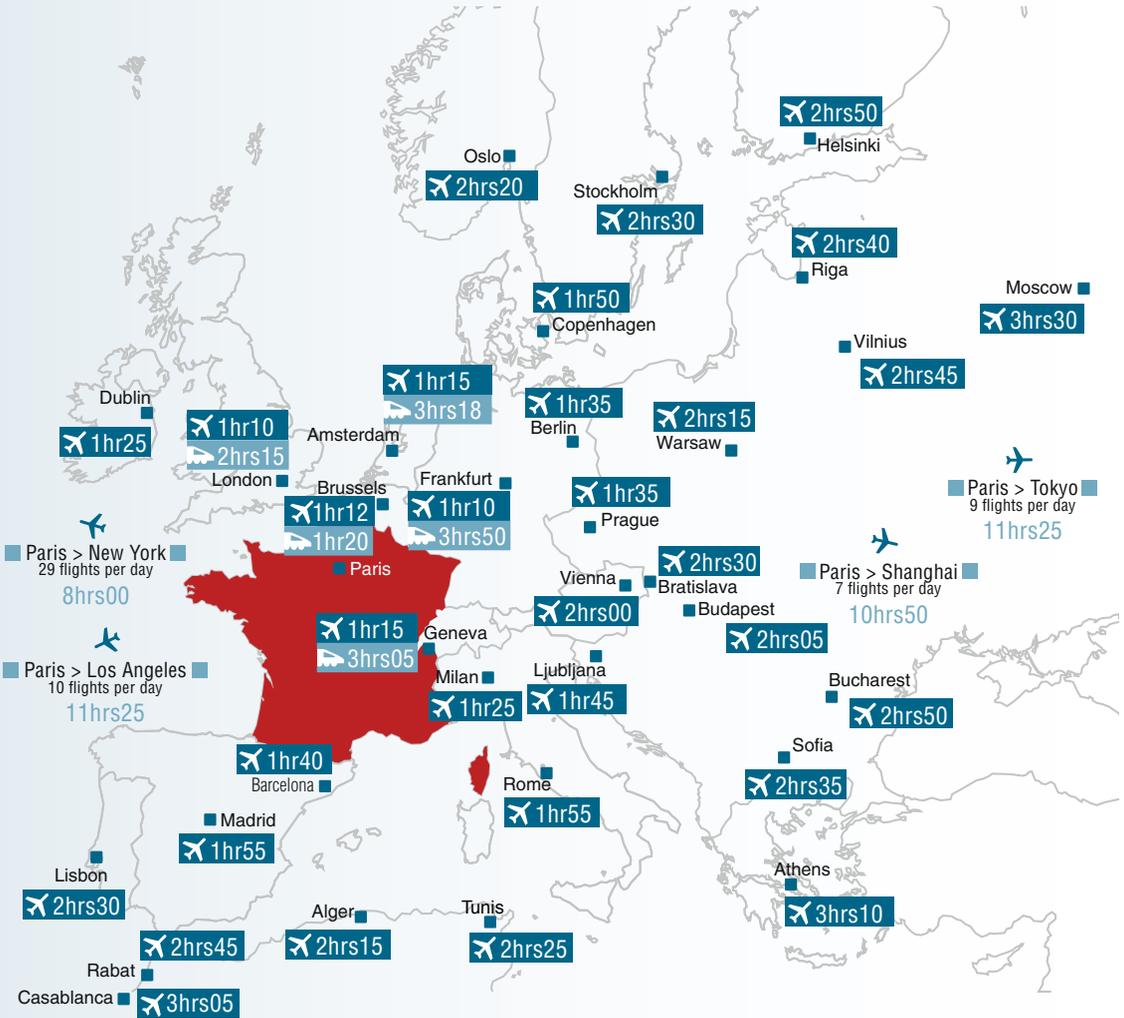
## AT THE HEART OF THE WORLD'S LEADING ECONOMIC REGION

- The combined GDP of the European Union's 27 Member States exceeds that of the United States (source: IMF, 2012); the European Single Market boasts more than 500 million consumers with high purchasing power.
- The European Union is the world's leading region for inward investment: in 2011, foreign direct investment inflows totaled US\$425.3 billion, nearly double the equivalent figure for the United States. The EU attracted 14% of all investment from emerging countries (BRICS), compared with 5% for the United States. (Source: UNCTAD, 2012)
- Technological power, with one and a half million researchers – 100,000 more than the United States and more than double Japan's research workforce. While the European Union spends less on R&D as a percentage of GDP than the United States or Japan, European companies file a similar number of triadic patents (giving protection in Europe, North America and Japan) to their US and Japanese counterparts. (Source: OECD, 2010, 2011)

- A Europe that is committed to deeper economic and monetary union and to reducing government deficits (France is due to balance its budget by 2017), with efforts focused around the €120 billion growth pact adopted by the European Council in June 2012.

## PARIS: THE EURO ZONE'S LEADING FINANCIAL CENTER

- The leading stock exchange, the main gateway to euro zone markets, and the second most popular location in Europe for foreign financial firms (500 banks and financial institutions).  
*(Source: Paris Europlace, 2012)*
- The world's second largest asset management hub (€2,600 billion under management), with four French asset management firms in the global top 20: Amundi, AXA Investment Managers, BNP Paribas Investment Partners and Natixis AM.  
*(Source: Paris Europlace, 2012)*
- Four French financial institutions among the world's top 50 safest institutions, according to Global Finance Magazine (August 2012): Caisse des Dépôts et Consignations (6<sup>th</sup>), Banque Fédérative du Crédit Mutuel (36<sup>th</sup>), La Banque Postale (43<sup>rd</sup>) and BNP Paribas (47<sup>th</sup>).



# A LEADING DESTINATION FOR FOREIGN TALENT AND INVESTMENT

As a preferred destination for international investment, France has adapted its regulations to streamline procedures for incoming foreign talent and expertise.

## AN OPEN AND ATTRACTIVE ECONOMY

### A long history of inward foreign investment

- Foreign companies have been setting up business in France since as far back as the 19<sup>th</sup> century. Examples include Generali (Italy) in 1832, D. Haviland (United States) in 1842, JP Morgan (United States) in 1868, Solvay (Belgium) in 1872, Nestlé (Switzerland) in 1868, Ciba (Switzerland) in 1876, Mitsui & Co (Japan) in 1878 and Bosch (Germany) in 1899.
- Since then, more and more foreign companies from 132 countries have established themselves in France in every sector: examples include IBM (United States) in 1914, Barclays Bank (United Kingdom) in 1917, Castrol (United Kingdom – BP Group) in 1920, Fiat (Italy) in 1930, Coca-Cola (United States) in 1933, The Walt Disney Company (United States) in 1951, Ferrero (Italy) in 1959, Mitsubishi (Japan) in 1960, Ajinomoto (Japan) in 1974, General Electric (United States) in 1974, IKEA (Sweden) in 1981 and Toyota (Japan) in 1998.
  - ▶ **Disneyland Paris**, established in the heart of Europe in 1992, has welcomed more than 250 million visitors since it opened. Since 1999, **Toyota** has invested more than €900 million in its Valenciennes plant (northern France).

### One of the most open countries to inward investment

- France is the leading recipient in Europe of foreign investment in industry. (Source: Ernst & Young, European Attractiveness Survey, 2012)
- France has the fourth largest FDI stock in the world after the United States, China and the United Kingdom. (Source: UNCTAD, World Investment Report, 2012)  
In terms of the ratio of FDI stock to GDP, France (at 39%) is ranked ahead of the United States (23%), Germany (20%) and Japan (4%). (Source: UNCTAD, 2012)
- The top two source countries for job-creating foreign investment in France are the United States and Germany. In 2011, 149 US companies and 120 German companies chose France. (Source: IFA 2011 Report: Job-creating foreign investment in France)

### Dynamic foreign companies in France

- There are more than 20,000 foreign-owned companies doing business in France. (Source: French National Institute for Statistics and Economic Studies (INSEE), 2012)
- They represent a significant number of large corporates (32% of all companies in France with more than 5,000 employees) and mid-size companies (28% of such companies in France with between 250 and 5,000 employees are subsidiaries of foreign companies). (Source: INSEE, 2012)
- While they account for only 1% of the total number of companies in France, foreign companies established in the country employ nearly two million people (i.e. 13% of the employed population), generate one-third of all French exports and undertake 20% of all business R&D in France. (Source: INSEE)
- The 50 largest foreign groups established in France together employ early 500,000 people. There are 20 foreign companies in France with more than 10,000 employees each, including Fiat, General Electric, Volvo Trucks, the Walt Disney Company, United Technologies, Kingfisher and ISS.

## MULTI-YEAR RESIDENCE PERMITS FACILITATING INTERNATIONAL TRANSFERS

- **The “Skills and Expertise” residence permit (*carte “compétences et talents”*):**  
A three-year renewable residence permit that may, subject to certain conditions, be issued to foreign nationals appointed as executives of subsidiaries in France. Accompanying family members are issued with a “Private and Family Life” residence permit (*carte de séjour “vie privée et familiale”*) also valid for three years.
- **The “Expatriate Employee” residence permit (*carte de séjour “salaré en mission”*):**  
This three-year renewable residence permit is specifically designed for intra-group job transfers. Subject to certain conditions, it is available to employees on assignment to, or employed under contract by, subsidiaries in France. Accompanying family members are issued with a multi-year “Private and Family Life” residence permit.
- **The European Union Blue Card:** This three-year residence permit is reserved for highly qualified employees (who have completed at least three years’ higher education or have five years’ professional experience and whose gross pay is at least €4,300 a month). Anyone holding an EU Blue Card issued by a European Union Member State may apply for a similar permit from another Member State after 18 months.
  - ▶ France’s “National Pact for Growth, Competitiveness and Employment”, unveiled in November 2012, announced the introduction of “Talent Passports” to make it easier to welcome exceptional foreign talent into the country, as well as measures to bring visa-issuing procedures into line with best practices in Europe.

## THE OFII “ONE-STOP SERVICE”

- The **French Immigration and Citizenship Office (OFII)** acts as a single contact point for holders of “Expatriate Employee,” “Skills and Expertise” and “European Union Blue Card” residence permits in eight *départements*: Paris, Hauts-de-Seine, Yvelines, Rhône, Haute-Garonne, Isère, Nord and Puy-de-Dôme.
- The OFII acts as the single contact point for employers regarding all immigration formalities (work permits, medical examinations and issuance of residence permits).

## OTHER INITIATIVES

- For short-term assignments: foreign companies that regularly assign their employees to work in their French subsidiaries can apply for a 12-month work permit together with a short-stay visa allowing for multiple entries during that same period. This visa and work permit allow for one three-month stay in France for professional reasons in each six-month period.
- For long stays: certain categories of foreign nationals, such as students and temporary workers, are issued long-stay visas that act as residence permits, valid for between three and 12 months. These foreign nationals are exempted from having to apply to the *Préfecture* for a residence permit covering their first year in France.
- Students holding a qualification at least equivalent to a master’s degree may, once their “student” temporary residence permit expires, be eligible for a six-month temporary residence permit allowing them to work in a job related to their studies in France. They may then apply for “employee” status once their “student” residence permit expires.
  - ▶ France’s “National Pact for Growth, Competitiveness and Employment” announced the launch of a “France brand” (*“Marque France”*) to promote French excellence and to boost France’s economic attractiveness and tourist appeal.

# A BUSINESS-FRIENDLY ENVIRONMENT

On December 19, 2012, the French government launched a new major long-term initiative to rethink government action in a coherent and ordered manner, and in-keeping with its engagements to balance the public finances.

The modernization program (MAP) will include measures to simplify standards for companies and make greater use of digital technology to ensure efficient government action.

## SIMPLIFICATION OF ADMINISTRATIVE FORMALITIES FOR COMPANIES

- Applicable standards will be simplified by a multi-annual simplification program.
- For each standard created, a standard will be abolished to avoid an increase in their number.
- Creation of permanent arrangements to consult businesses and an interministerial group to coordinate simplifications for businesses in order to receive suggestions, elaborate and introduce simplification measures.
- Single nominative social security declaration starting in the first quarter of 2013, replacing 10 separate social security declarations by 2016.
- To measure the quality of public services, an independent survey for users (including companies) will be unveiled in March 2013.

## E-GOVERNMENT FOR BUSINESS

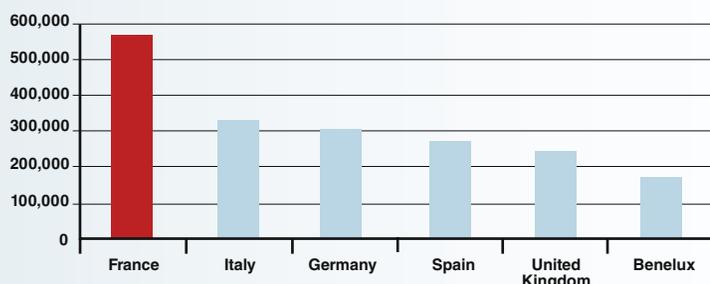
- Single web portal ([www.guichet-entreprise.fr](http://www.guichet-entreprise.fr)): Business formalities centers (*centres de formalités des entreprises – CFE*) to receive greater resources to deal with businesspeople face to face, with a single online website for support.
- The French tax authority portal ([impots.gouv.fr](http://impots.gouv.fr)) enables businesses to pay their taxes online. In 2011, nearly 85% of all VAT and corporate tax was collected by electronic payment (up 10 percentage points since 2010).
- The “Net-entreprises” portal ([www.net-entreprises.fr](http://www.net-entreprises.fr)) is a free, simple and secure online service enabling businesses and their representatives to submit compulsory returns to the various social security agencies and to make the corresponding payments.
- Paperless procedures have been rolled out, facilitated by the advent of electronic signatures for public procurement contracts.
- “Tell us just once”: a synchronized directory launched in November 2012 of all the information requested from companies to eliminate the need for companies to repeatedly provide the same information to different authorities.
- “Single business support web portal” to be launched in March 2013.

## STRONG ENTREPRENEURIAL MOMENTUM

- In 2011, 550,000 new businesses were founded in France, 290,000 of which were established under the “auto-entrepreneur” business scheme.
- France is Europe's number one country for newly founded businesses. (Source: Eurostat, 2009)

### Newly founded businesses in Europe

Source: Eurostat, 2009



## ACCESS TO EFFECTIVE AND TAILORED FUNDING

- France's **Public Investment Bank** (*Banque Publique d'Investissement* – BPI) will offer companies, particularly SMEs and mid-size companies, a tailored funding service thanks to a wider palette of financial instruments and advice, so as to support companies at every stage of their development. It will have funding resources of €42 billion.
- Government guarantee, implemented by the Public Investment Bank, to enable over €500 million to be provided to SMEs.
- Innovation funding: France's “National Investment Program” will wield new resources to help companies fund their innovation and mass produce the products resulting from R&D.
- A new innovation support program, which will include a breakthrough innovation scheme based around ambitious technological projects to herald the emergence within the next decade of new cutting-edge, high-growth, technology-rich sectors (e.g. cell engineering, robotics, advanced materials and fuel cells).

## LABOR MARKET CHANGES BASED ON NEGOTIATION

- Subject to certain conditions, working hours for employees who are genuinely autonomous in their roles may be determined on the basis of a set number of hours or days per week, per month or per year.
- Depending on the circumstances, a company wishing to take on personnel for a limited period can either call on a temporary employment agency or enter into a fixed-term contract with an employee. A “fixed-purpose” fixed-term contract (*contrat à objet défini*) can be used to take on skilled employees or engineers to work on a given project or assignment for between 18 and 36 months.
- An employer and an employee can agree to terminate their employment contract by mutual consent (*rupture conventionnelle*).
- **The agreement of January 11, 2013** between employer federations and trade unions on the labor market has paved the way for a new government bill that will strike a balance between the necessary safeguards for employees while granting companies adjustment possibilities to maintain economic activity and employment.

## A TAILORED TAX SYSTEM FOR EXPATRIATES AND NON-RESIDENT COMPANIES

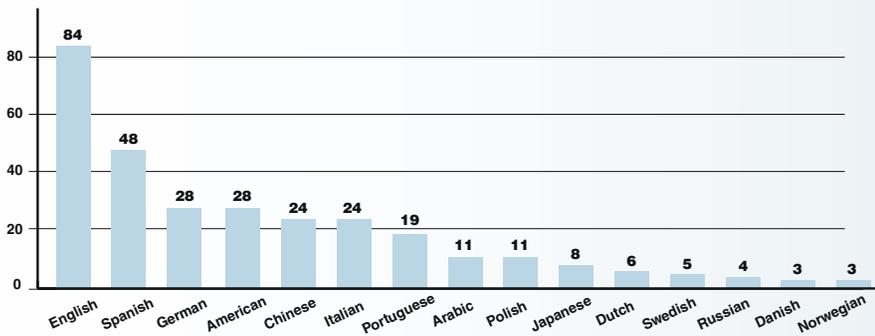
- Employees transferred within their group or directly recruited from abroad, company directors and, subject to certain conditions, non-salaried personnel may claim exemption from income tax on up to 50% of their total income (comprising any expatriate bonus plus the portion of their remuneration received for work undertaken outside France).
- A 50% tax exemption is available in respect of capital gains tax on income such as dividends, interest, and capital gains arising outside France. Expatriate employees can also claim exemption for five years from paying the wealth tax (ISF) on assets or estates held outside France.
- A “single tax center” is available to non-resident companies.

## GREATER LINGUISTIC DIVERSITY THROUGH SCHOOLS WITH INTERNATIONAL PROGRAMS

- France has 306 schools with international programs offering a twin curriculum that includes lessons delivered in foreign languages by native teachers from the countries in question.
- New international programs: Chinese classes have been launched in Montpellier, while Arabic programs have been launched in the Aix-Marseille, Lyon, Montpellier and Versailles educational regions. A Brazilian Portuguese program is due to be launched in the Créteil region, together with a Turkish program in the Strasbourg region and a Korean program in Paris (all by 2014). English-language programs are also due to be launched in the few regional educational authorities that do not already offer them.

Number and type of international programs offered by primary and secondary schools in France

Source: French Ministry for Education



## HIGH QUALITY OF LIFE

- Second best quality of life in Europe.  
(Source: *International Living*, 2011)
- The world's number one tourist destination.  
(Source: *World Tourism Organization (UNWTO)*, 2012)
- Ranked third in Europe and fifth in the world for having healthcare infrastructure that matches the needs of society (Germany: 12<sup>th</sup>; United Kingdom: 25<sup>th</sup>).  
(Source: *IMD*, 2012)
- Ranked sixth in the world for life expectancy at birth (81.5 years).  
(Source: *United Nations Development Programme (UNDP)*, 2012)





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## **PROMOTING INNOVATION AND TECHNOLOGICAL EXCELLENCE**

THE PRESENCE OF HIGHLY QUALIFIED RESEARCHERS,  
THE AVAILABILITY OF EXPERTISE AND A VERY CONDUCTIVE RESEARCH  
ENVIRONMENT HAVE CONVINCED MORE THAN 300 FOREIGN  
COMPANIES TO INVEST IN NEW R&D CENTERS IN FRANCE SINCE 2001,  
WITH MORE THAN 100 OF THESE INVESTMENTS COMING IN THE LAST  
THREE YEARS.

# INNOVATION CLUSTERS

## 71 OPEN AND INNOVATIVE ECOSYSTEMS

- France has 71 innovation clusters in which companies, public-sector educational institutions and research laboratories work on collaborative projects focusing on market-oriented projects and prototypes. They are positioning themselves on an international scale in cutting-edge and key technology sectors and their membership is open to international companies.
- More than 5,700 collaborative R&D projects have been undertaken since 2005; nearly 600 foreign companies established in France are already members of innovation clusters. *(Source: French Ministry for the Economy and Finance (DGCIS directorate), 2011)*
- Central and local government have awarded €2.7 billion since 2008<sup>1</sup>, in addition to which project partners have spent around €3 billion on R&D. *(Source: French Ministry for the Economy and Finance (DGCIS directorate), Assessment Report on Innovation Clusters, June 2012)*

<sup>1</sup>Total combined funding awarded in response to interministerial calls for projects from the Interministerial Fund, the French National Research Agency, the French innovation agency (OSEO) and the French Program for Strategic Innovation in Industry and the Regions

## France's innovation clusters



<ul style="list-style-type: none"> <li>● World-class clusters (&amp; world-class candidate clusters)</li> <li>● Other clusters</li> <li>--- Multi-regional clusters</li> <li>↪ Research field linked to an existing cluster</li> </ul>	<p>(1) Tropical Health (Lyoniopôle)</p> <p>FRENCH GUIANA</p>	<p>(2) Environmentally efficient Technologies (Capenergies)</p> <p>GUADELOUPE</p>	<p>Qualitropic (Agribusiness/ Nutrition in Tropical Climes)</p> <p>REUNION</p>
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Source: French Ministry for the Economy and Finance (DGCIS directorate) / French Interministerial Delegation for Regional Development and Economic Attractiveness (DATAR).

# SUPPORT FOR RESEARCH AND INNOVATION

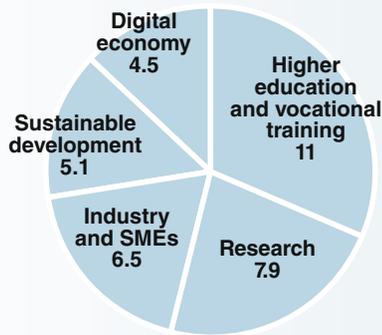
## THE “NATIONAL INVESTMENT PROGRAM”

- €35 billion to increase growth potential by stimulating both public-sector and public-private partnership research, and by fostering investment in cutting-edge fields and world-class industrial sectors.
- Five priorities: higher education and training, scientific and technological research, world-class industrial sectors and innovative SMEs, green technologies and the digital economy.
- Assessment of candidate projects by international panels, managed by the General Investment Commission (*Commissariat général à l’investissement* – CGI) a body that falls under the authority of the Prime Minister and has, since June 2012, been headed by former EADS Chairman Louis Gallois.
- A total of 933 projects have been selected via 91 calls for projects, involving more than 2,000 companies. A total of €26.9 billion had been allocated by summer 2012.

(Source: CGI – 2011-2012 report on the implementation of the “National Investment Program”)

### Breakdown of investments under the “National Investment Program” (€ billion)

Source: Appendix to the 2012 French Government Budget Bill  
Report on the implementation and monitoring of the “National Investment Program”



## FRANCE OFFERS THE BEST RESEARCH TAX CREDIT IN EUROPE

- Covers 30% of all R&D costs up to €100 million, and 5% above this threshold. Eligibility extended from 2013 to encompass innovation spending by SMEs (20% rate up to €400,000).
  - A powerful incentive to carry out public-private partnership research, as R&D expenditure contracted out to public-sector bodies is double-counted, thereby effectively doubling the tax credit (up to a maximum of €12 million).
  - To date, 17,700 companies have benefited from France’s research tax credit, 2,000 of which are foreign companies established in France. In 2010, the total tax benefit to companies amounted to €5 billion.
- (Source: French Ministry for Higher Education and Research, 2012)
- France is ranked first in Europe for corporate tax rates on R&D operations, taking into account tax bases, depreciation allowances, tax exemptions and tax credits.
- (Source: KPMG, *Competitive Alternatives*, 2012)

## UNIVERSITIES AND RESEARCH INSTITUTIONS OPEN TO PARTNERSHIPS WITH COMPANIES

- French universities can enter into partnerships with companies, access funding through university foundations and set up commercial subsidiaries to manage patent portfolios.
- “Excellence initiatives” will lead to the creation of five to 10 world-class multidisciplinary higher education and research centers. These projects will receive €6.35 billion in funding from the “National Investment Program”.
- Twenty-three “research and higher education hubs” are being set up, involving nearly 60 universities, hospitals, higher education institutions and research establishments (ENSAM Engineering School, *Institut de Physique de Grenoble*, *Institut de Physique du Globe de Paris*, etc.).
- “Technology research institutions” bring together manufacturing expertise and public-sector research in a public/private joint investment framework. Public funding for these institutions amounts to €2 billion.

### PATENT APPLICATIONS

- ▶ France is ranked second in Europe and fourth in the world for the number of patents filed.
  - ▶ 7,664 international patents in 2011.
- (Source: WIPO, 2012)

### SINGLE EUROPEAN PATENT

- ▶ Starting in 2014, inventors will be able to request a single patent from the European Patent Office (EPO) to provide legal protection in 25 European Union Member States, thereby leading to reduced costs. Patent applications may be written in French. Paris has been chosen as the main location for the new Unified Patent Court’s central division.

“*The Saclay area is attractive because the investment in France in a major R&D center allows us to work closely with the university and allows us to work closely with external companies and technologies that we may not have internally.*”

**Chuck Davis**  
R&D Vice-President, Kraft Foods Europe

# PRIORITIZING THE DIGITAL ECONOMY AND SUSTAINABLE GROWTH

As drivers of innovation, growth and employment, the digital economy and green growth are at the heart of France's industrial and technological ambitions.

## FULLY COMMITTED TO THE DIGITAL ECONOMY

- The digital economy accounts for 3.7% of French jobs, 5.2% of GDP and 7.9% of total private-sector value added and more than a quarter of private-sector R&D activity. (Source : 2011 McKinsey report – Impact of the internet on the French economy)
- France's telecommunications networks are among the best in the world, with investments in cloud computing, 25% annual growth in e-commerce and five dedicated innovation clusters (Cap Digital, Images and Networks, Minalogic, SCS and Systematic) supporting development in this area.
- Foreign companies established in the French market include Ad Ultima, Yahoo, Brightcove UK Ltd., Celum France, Intel, Glam Media, Neovini, Jovent, Microsoft, Peppercan, Google, Teamquest Corp., Wave Software, TurboHercules, 360 Innovation, Experian CheetahMail and eCairn France.

### ROLLING OUT VERY-HIGH-SPEED INTERNET THROUGHOUT THE COUNTRY

- ▶ A plan to roll out very-high-speed internet, in phases by location, will be launched in 2013.

## TRANSITIONING TOWARDS GREEN ENERGY

### Legal and regulatory framework

- The “Energy and Climate Package” adopted by the European Union in 2008 calls for a 20% reduction in greenhouse gas emissions by 2020, along with a 20% increase in energy efficiency, and to achieve a 20% share of renewable energies in EU final energy consumption.
- As part of its “Green New Deal” (“Grenelle I” and “Grenelle II” Environment Acts passed in 2009 and 2010), France has set itself a more ambitious target of achieving a 23% share of renewable energy in domestic final energy consumption by 2020.
- Through the “**Environmental Conference**” round table launched in September 2012, France has kicked off a national consultation process focusing, in particular, on managing the energy transition and protecting biodiversity. An energy transition planning act will be submitted to parliament in 2013.

## An attractive market

- A growing, innovative market for renewable energies, low-carbon vehicles, smart grids, or sustainable transport and infrastructure. Seven innovation clusters dedicated to green technologies and nine innovation clusters dedicated to energy.
- A large number of foreign companies active in the French energy and green technology market, including General Electric, Siemens, Enercon, Vestas, Sunpower, Bombardier, Johnson Controls and Toshiba.
- The fourth-lowest CO<sub>2</sub> emissions intensity (CO<sub>2</sub> emissions / GDP) in the world, and a smaller carbon footprint than other European countries, including Germany and the United Kingdom. (Source: IMD, *World Competitiveness Yearbook*, 2012)

## Dedicated structures and incentives to encourage partnerships between industry and the research sector

- Eleven “world-class institutions for low-carbon energy” to support long-term partnerships between higher education and research institutions and companies (€920 million in incentives under the “National Investment Program”).
- World-class research centers including the National Institute for Solar Energy (*Institut National de l’Energie Solaire* – INES), the Grenoble center for smart grids and the CNRS (French National Center for Scientific Research) PROMES laboratory on thermodynamic solar energy in Perpignan.
- Specific feed-in tariffs for electricity generated from renewable sources; interest-free “eco-loans” to finance thermal renovation work and tax deductibility for certain types of energy efficiency work (reduced-rate VAT and/or a specific tax credit); guaranteed subsidized “green loans” for SMEs.
- Under the “National Investment Program”, €2.8 billion dedicated to investment in low-carbon energy demonstrators and green chemistry, vehicles for the future, smart grids and the circular economy.
- Development of electric and hybrid vehicles, supported by the “Automobile Plan” launched by the French Government in July 2012.



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## **FOSTERING TALENT AND COMPETITIVENESS**

PROOF THAT FRANCE IS ATTRACTIVE TO INVESTMENT IS THAT EVERY YEAR MORE THAN 600 FOREIGN INVESTORS CHOOSE TO MAKE NEW JOB-CREATING INVESTMENTS HERE, DRAWN BY COMPETITIVE CONDITIONS IN WHICH TO ESTABLISH AND OPERATE THEIR BUSINESSES.

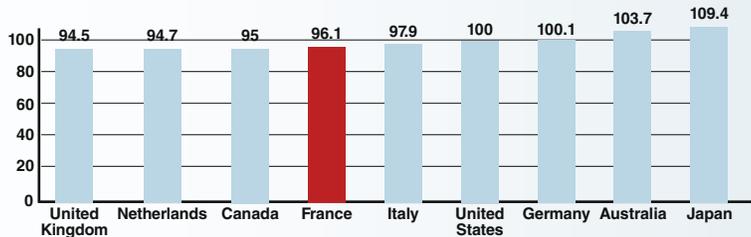
# A COMPETITIVE COST STRUCTURE

## SETUP AND OPERATING COSTS: FRANCE IN A STRONG POSITION

- KPMG’s “Competitive Alternatives” guide to international business location options, which compares the costs of setting up and operating companies in nine industrialized countries, ranks France ahead of the United States, Germany, Japan, Australia and Italy.

Index of business setup costs in industrialized countries. Base 100 = United States

Source: KPMG, Competitive Alternatives, 2012



- Total labor costs in France (salary, compulsory deductions and other contributions) are lower than in the United States, Germany, the Netherlands and Japan. (Source: KPMG, Competitive Alternatives, 2012)
- France is ranked first in Europe for R&D operations and sixth for manufacturing operations by effective corporate tax rates, which take into account different tax bases, capital depreciation rules, exemptions and tax credits. (Source: KPMG, Competitive Alternatives, 2012)
- The cost of renting office space (in euros per square meter per year) is lower in Marseille (€240/sq. m.) and Lyon (€260/sq. m.) than in Frankfurt (€408/sq. m.) or Amsterdam (€423/sq. m.); costs in Paris’s business district (€875/sq. m.) are lower than in London’s West End (€1,978/sq. m.). (Source: Cushman & Wakefield, Office space across the world, 2012)

## RECENT DECISION TO LOWER LABOR COSTS

- France’s “National Pact for Growth, Competitiveness and Employment” unveiled in November 2012 announced a €20 billion reduction in labor costs.
- Accordingly, a new competitiveness and employment tax credit (CICE) will be calculated in proportion to the company’s gross payroll costs (4% in 2013, then 6% from 2014), excluding salaries higher than 2.5 times the national minimum wage.
- SMEs and mid-size companies (defined under French law as *entreprises de taille intermédiaire* – ETIs) will be able to receive this tax relief in advance as a cash rebate.

## ONE OF THE WORLD’S MOST COMPETITIVE ENERGY MARKETS

- France is the leading country in the world for the quality, availability and accessibility of its electricity supply. (Source: KPMG / Institut Choiseul, 2012)
- Electricity rates for industrial use excluding VAT (0.08€/kWh) are lower than in Germany (€0.089/kWh) and the United Kingdom (€0.109/kWh). (Source: Eurostat, 2012)
- Natural gas rates for industrial use (excluding VAT) are lower in France (€0.037/gigajoule) than in Germany (€0.046/gigajoule), and remain lower than the European average. (Source: Eurostat, 2012)

## HIGHER TAX CREDIT FOR INTERNATIONAL FILM PRODUCTIONS

- The ceiling for France’s 20% tax rebate for international productions (TRIP) is to be increased from €4 million to €10 million per film by 2014.

# A HIGHLY SKILLED AND PRODUCTIVE WORKFORCE

The quality of France's education system is widely acknowledged. Combined with the quality of its workforce, it is a decisive factor when deciding where to locate a company.

## A HIGH PROPORTION OF TERTIARY EDUCATION GRADUATES

- France is ranked sixth in the European Union for the percentage of 25- to 34-year-olds with a university-level degree (France: 43%; Germany: 26%).  
*(Source: OECD, Education at a Glance 2012)*
- In 2009, France had the highest rate in the European Union of 20- to 29-year-olds completing tertiary qualifications in science and technology.

Percentage of tertiary graduates in science and technology (per 1,000 population aged 20-29 years)

*Eurostat, 2012*

<b>France</b>	<b>20.2</b>
<b>United Kingdom</b>	<b>17.5</b>
<b>Germany</b>	<b>13.5</b>
<b>Sweden</b>	<b>13</b>

## AN EXCELLENT EDUCATION SYSTEM

- The Financial Times "European Business Schools Ranking 2012" included three French business schools among its top 10: HEC Paris, INSEAD and ESCP Europe.
- Twenty of France's universities and *Grandes Ecoles* feature in the top 500 of the Academic Ranking of World Universities 2012 ("Shanghai list").
- Out of 392 higher education institutions with the most former students now in executive positions at Fortune Global 500 companies, 25 were French.  
*(Ecole des Mines – International Professional Ranking of Higher Education Institutions, 2011)*
- France is ranked fourth in the world for hosting foreign students, after the United States, the United Kingdom and Australia, with more than 285,000 foreign enrolments in higher education. *(Source: Campus France, 2011)*

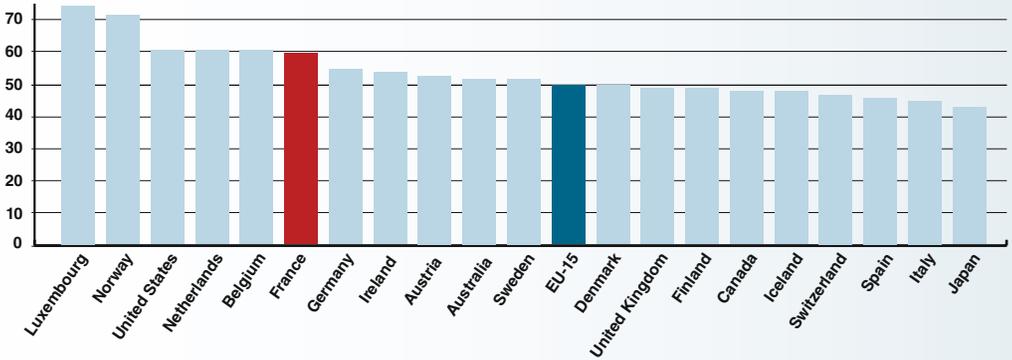
## A PRODUCTIVE WORKFORCE

- France is ranked fourth in the European Union for the **hourly productivity** of its workforce, after the Benelux countries but ahead of both Germany and the United Kingdom.

(Source: The Conference Board, 2012)

### Hourly productivity

The Conference Board  
Total Economy Database, January 2012



### Average number of hours worked per week (2011)

Eurostat, 2012

Country	Average number of hours worked per week by employees (2011)
Spain	37.1
France	36.6
EU-27	36.4
United Kingdom	36.2
Italy	36.1
Sweden	35.9
Belgium	35.1
Germany	34.6

Country	Average number of hours worked per week by skilled employees (2011)
France	44.6
United Kingdom	43.8
Spain	43.2
Germany	43
Italy	42.9
EU-27	42.8
Belgium	42.6
Sweden	39.7

“The French are probably one of the most productive workforces that we have. They bring an extraordinary amount of talent and innovative thinking.”

Narayana Murthy,  
Chairman, Infosys

# WORLD-CLASS INFRASTRUCTURE

Helped by its central position in Europe, France offers efficient infrastructure, easy links to export markets and an ideal location for logistics operations.

## FAST, EFFICIENT LINKS TO EXPORT MARKETS

- France is ranked second in Europe for high-speed rail lines. *(Source: International Union of Railways, 2012)*
- Europe's leading road network. *(Source: Eurostat, 2012)*
- Paris-Charles de Gaulle airport: Europe's largest passenger airport and second largest cargo hub. *(Source: Airport Council International, 2012)*
- Le Bourget airport: Europe's leading business airport. *(Source: ADP, 2011)*
- Two French ports among the top 10 European ports by tonnage: Marseille (5<sup>th</sup>) and Le Havre (8<sup>th</sup>). *(Source: Port of Rotterdam, 2012)*

## A PRIME LOCATION FOR EUROPEAN LOGISTICS HUBS

- Numerous foreign companies specializing in logistics are established in France, including Kuehne + Nagel (Switzerland), DHL Supply Chain (Germany), Wincanton (United Kingdom) and FedEx (United States).
- France is the leading European recipient of foreign investments in logistics. *(Source: European Attractiveness Survey, Ernst & Young, 2011)*
- Amazon has opened three logistics centers in France (in the Centre region in 2007, Rhône-Alpes region in 2010, and Burgundy in September 2012) and has announced the creation of a further center in the Nord-Pas de Calais region in 2013.
- In 1999, FedEx chose to locate its Europe/Middle East/Africa hub – now one of its three global hubs alongside Guangzhou (China) and Memphis (United States) – at Paris-Charles de Gaulle airport.

“France was ready for e-commerce earlier than some of its neighbors and is a very mature market in this respect.”

Marc Onetto,  
Vice-President, Amazon

## HIGH-PERFORMANCE TELECOMMUNICATIONS INFRASTRUCTURE

- The broadband penetration rate in France was 35.9% in 2011. *(Source: OECD, Broadband Statistics, December 2011)*
- With 23.1 million subscribers in the first quarter of 2012, the high- and very-high-speed broadband market is rapidly expanding. *(Source: ARCEP (French telecoms and post regulator), May 2012)*
- As of March 31, 2012, there were 69.5 million clients of mobile internet services in France. *(Source: French Ministry for the Economy and Finance (DGCIS directorate), 2012)*

## EXCEPTIONAL REGIONAL DIVERSITY AND LAND RESOURCE POTENTIAL

- France is Europe's largest country by surface area, 1.5 times the size of Germany and 2.5 times that of the United Kingdom.
- France's regions are attractive to investment and are connected by high-performance infrastructure networks. Every region in mainland France has received new foreign investment in the last three years.
- Industrial and technological specialization are being boosted at a local level by innovation clusters; France's regions and major cities are open to Europe and the world.
- Paris has more headquarters of Fortune Global 500 companies than any other city in Europe.

Rank	City	Country	Number of companies Fortune Global 500
1	Tokyo	Japan	48
2	Beijing	China	44
3	Paris	France	19
4	New York	United States	18
5	London	United Kingdom	17

Source: Fortune Global 500, 2012

## THE “GREATER PARIS” PROJECT, DELIVERING A NEW PUBLIC TRANSPORT NETWORK BY 2025

- The “Greater Paris” project is designed to promote economically sustainable, solidarity-based, job-creating development in the Paris region. The emphasis will be placed on research, innovation and industrial development across an area that currently boasts 80,000 researchers, seven innovation clusters and 850 research laboratories.
- Between now and 2025, €20 billion will be dedicated to building an automated high-speed metro system spanning 100 miles, linking major economic and urban centers (57 new stations), while a further €12.5 billion will be spent on modernizing the existing network.
- Between now and 2020, Europe's largest science and technology campus will be developed on the Saclay Plateau (south of Paris).

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THE IFA WORKS IN PARTNERSHIP WITH REGIONAL DEVELOPMENT AGENCIES TO OFFER INTERNATIONAL INVESTORS BUSINESS OPPORTUNITIES AND CUSTOMIZED SERVICES ALL OVER FRANCE.

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- **Choose a site for your project:**

Our experts can prepare a shortlist of sites and arrange visits with local partners.

- **Get in touch with key authorities:**

The IFA can facilitate or arrange contacts with national or local government authorities.

- **Analyze your entitlement to state aid:**

The IFA can identify financial advantages available for your project at regional, national and EU level.

- **Obtain information on innovation cluster opportunities**

In addition, the IFA produces and distributes information on France's advantages and attractiveness as an investment location and provides analysis of international investment flows and the factors determining investment attractiveness.

The IFA makes recommendations to the French authorities concerning measures that would make France more attractive to foreign investors.

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