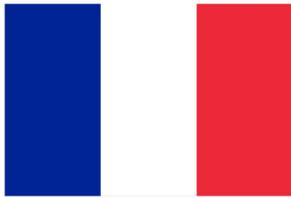
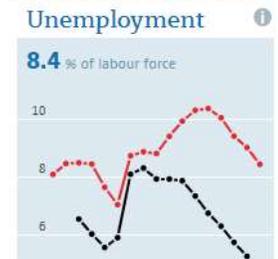
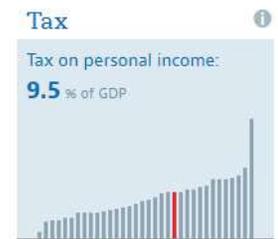
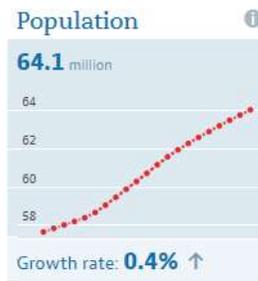


# FRANCE AT A GLANCE



**Chief of State:** President Emmanuel MACRON  
**Head of Government:** Prime Minister Edouard PHILIPPE  
**Government Type:** Semi-Presidential Republic  
**Capital:** Paris  
**Region:** 13 metropolitan France + 5 overseas entities (French Guiana, Guadeloupe, Martinique, Mayotte, and Reunion)



Source: OECD

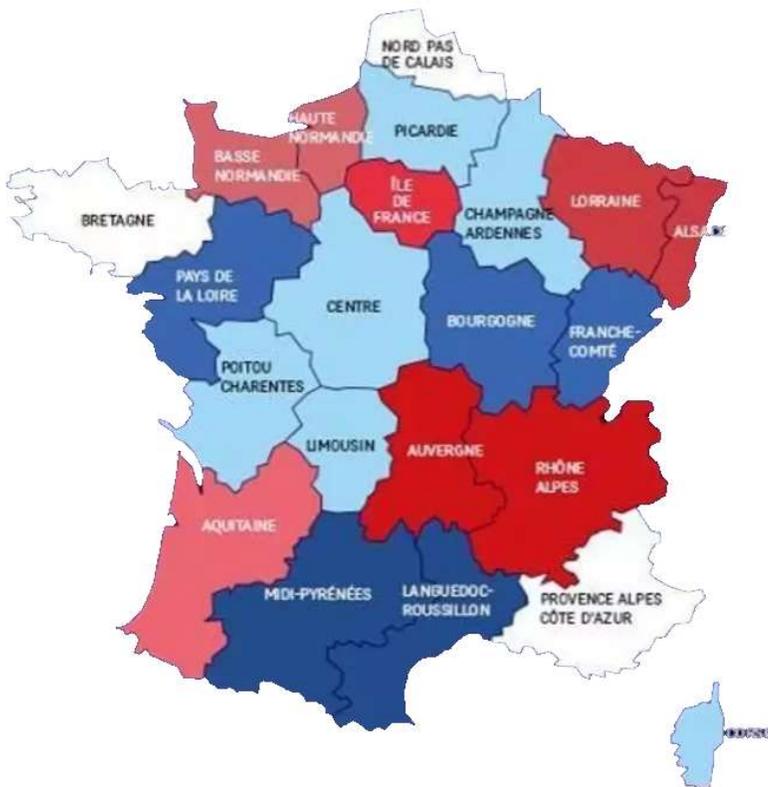
## OVERVIEW

France is one of the most modern countries in the world and is a leader among European nations. It plays an influential global role as a permanent member of the United Nations Security Council, NATO, the G-7, the G-20, the EU, and other multilateral organizations.

The French economy is diversified across all sectors. The government has partially or fully privatized many large companies, including Air France, France Telecom, Renault, and Thales. However, the government maintains a strong presence in some sectors, particularly power, public transport, and defense industries.

In 2018, France was the world's sixth largest economy after the United States, China, Japan, Germany and the United Kingdom. France's location and high quality, multimodal transport infrastructure makes it a potential hub for Europe.

France is the most visited country in the world with 89 million foreign tourists in 2017. France's leaders remain committed to a capitalism in which they maintain social equity by means of laws, tax policies, and social spending that mitigate economic inequality.



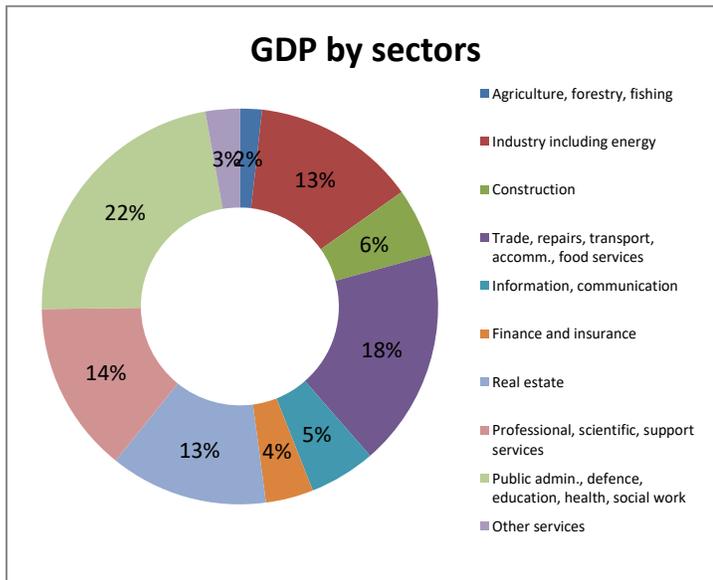
A series of reforms was firstly rolled out in Summer 2017, including lowering labor costs, stabilizing the research tax credit, reducing corporate and income taxes, labor market reforms, the PACTE\* Act removing obstacles to business growth, greater support for research and technological investment, simplified administrative and regulatory procedures, modernized transport and digital communication infrastructure, measures to strengthen the Paris marketplace and steps towards a carbon-free economy, with the latter being a factor that will play an increasing role in the future when measuring the comparative attractiveness of different countries.

\*Action Plan for Business Growth and Transformation, adopted by parliament on April 11, 2019 and the law was promulgated on May 22, 2019, is aiming at modernize companies' day-to-day operations, how they are funded and their role in society

## FRENCH ECONOMY

France is the world's 6<sup>th</sup> largest economy, the 2<sup>nd</sup> biggest consumer market in Europe and the world's 7<sup>th</sup> largest foreign investor.

In 2018, France was the world's sixth largest economy, with a GDP of US\$2,775 billion, after the United States (US\$20,494 billion), China (US\$13,407 billion), Japan (US\$4,972 billion), Germany (US\$4,000 billion) and the United Kingdom (US\$2,829 billion) (cf. Fig. 25). Moreover, the European Union was the world's second largest market: EU-28 GDP was estimated to be US\$19,613 billion at 2018 prices, compared with US\$22,310 billion in North America.



France's real GDP grew by 1.2% in 2019, down from 1.7% in 2018 and 2.4% in 2017. The unemployment rate (including overseas territories) increased from 7.8% in 2008 to 10.2% in 2015, before falling to 9.0% in 2017. Youth unemployment in metropolitan registered at 20% in 2018.

The darkening of the global outlook, with its collection of uncertainties, fed into a slowdown of activity in 2018, amid a context of social movements in France. However, foreign trade resisted in 2018 and contributed positively to growth for the first time since 2012 (+0.7 percentage points). With respect to its leading European partners, the French economy was relatively resilient to the slowdown in global activity and France should continue to grow at a rate higher than the euro zone.

Since entering office in May 2017, President Emmanuel MACRON launched a series of economic reforms to improve competitiveness and boost economic growth. President MACRON campaigned on reforming France's labor code and in late 2017 implemented a range of reforms to increase flexibility in the labor market by making it

easier for firms to hire and fire and simplifying negotiations between employers and employees. In addition to labor reforms, President MACRON's 2018 budget cuts public spending, taxes, and social security contributions to spur private investment and increase purchasing power. The government plans to gradually reduce corporate tax rate for businesses from 33.3% to 25% by 2022.

The lightening of capital taxation and reforms to the labor market should help investment growth and employment, producing in time greater productivity and competitiveness gains, while the strong trend for corporate investment will lead to a progressive modernization and expansion of French production facilities.

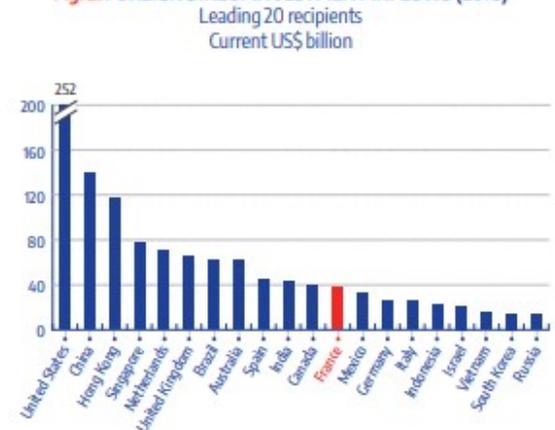
**Foreign trade contributed more to activity in France in 2018 than in 2017** (+0.7 percentage points, versus -0.1 points). French exports reflect renewed competitiveness and have resisted better than those of other countries to the current economic slowdown.

In 2018, with 3% of global goods export sales revenues, France is ranked seventh in the world and third in Europe, after China (12.8%), the United States (8.5%), Germany (8%), Japan (3.8%), the Netherlands (3.7%) and South Korea (3.1%).

France maintains its position as **the world's fourth leading economy for exports of services, with a market share of 5%, equivalent to US\$287 billion in exports.** The United States (14%) is top, followed by the United Kingdom (6.5%) and Germany (5.6%)

**Global foreign direct investment (FDI) flows declined by 13% in 2018.** The United States remained the largest recipient of foreign investment with US\$268 billion, followed by China (US\$204 billion) and the Netherlands (US\$114 billion). France remains attractive and open to foreign capital, with FDI inflows in 2018 amounting to €32 billion, compared with €26 billion in 2017. France is ranked tenth in the world for inward FDI stock (fifth at the European level, after the United Kingdom, the Netherlands, Germany and Ireland), a stable level compared with 2017.

Fig. 2. FOREIGN DIRECT INVESTMENT INFLOWS (2018)



Source: UNCTAD, 2019

## WHY INVEST IN FRANCE

**In 2018, France was, for the first time, the most attractive country in continental Europe.**

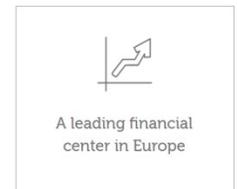
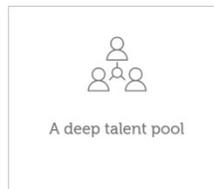
France brings in more than 1,100 foreign investments every year and is Europe's leading recipients of foreign investment in the manufacturing sector. The 30,000 foreign companies operating in France today employ nearly two million people and account for 25% of business R&D expenditure and 31% of French exports.

France's advantages consist of highly-skilled workforce and research tax credit, not to mention its extensive infrastructure, energy mix, and prime location at the heart of the euro zone and the European Single Market (500 million consumers). France is attracting an increasing number of investments targeting markets in Europe, the Middle East and Africa.

### WORLD-CLASS INFRASTRUCTURE

France has excellent transport, telecommunication and energy infrastructure; its airports and rail network offer fast and efficient connections with the rest of the world; the fixed broadband penetration rate is the highest among the countries surveyed; and its electricity rates are among the most competitive in Europe

- **1<sup>st</sup>** Europe's leading business aviation airport (Le Bourget) and leading airport for freight / **2<sup>nd</sup>** in terms of passenger traffic (Paris Charles de Gaulle)
- **2<sup>nd</sup> longest** high-speed rail network in Europe
- **3<sup>rd</sup>** in Europe for its national road system, with more than 11,000 km of motorways (7,000 miles)
- **2<sup>nd</sup> largest electricity supply** in the EU



### STRATEGIC POSITION

- Located in the heart of Europe, the world's second largest market, France has an important domestic market with more than 67 million inhabitants and direct access to more than 500 million consumers in the European Single Market
- Easy access to EMEA and African markets.
- The largest concentration of headquarters in Europe is in France (cf. Fortune Global 500).

### A LEADING AND OPEN ECONOMY

- France offers a wide array of business opportunities for investors and has a proven track record of attracting and retaining foreign companies and key talents.
- France has been the leading European country for hosting industrial projects for over 15 years
- **29,000 foreign-owned subsidiaries, 2<sup>nd</sup> in Europe after Germany**
- 1,323 new foreign investment decisions in 2018, resulting in 30,300 jobs being created or maintained.

### A DEEP TALENT POOL

- High hourly labor productivity rate, ahead of Germany and the United Kingdom. (The Conference Board, 2017)
- 1.6 million scientists and engineers and 44% of 25- to 34-year-old have a tertiary education qualification, compared with 30.5% in Germany and 25.6% in Italy. (OECD, Education at a Glance, 2017)
- Some of the best business schools in the world
- Three of the six best establishments offering Master's courses in management are French. (FT, 2017)
- New and innovative players such as 42, a coding school in Paris, train 900 developers per year.
- France was the second leading non-Anglophone host country after Germany, with nearly 260,000 international students, while 40% of PhD students were also from overseas

### ENTREPRENEUR IS A FRENCH WORD!

- France is a 'Startup Nation' with no fewer than 12,000 startups and the largest startup campus in Europe, Station F, located in Paris
- Expatriates enjoy a tailor-made tax regime applicable for eight years, offering an income tax exemption of between 30% and 50% of their total pay
- **The best place in Europe for R&D tax incentives and effective corporate tax rate on R&D operations.**
- France is the leading source country of high-flying tech firms in the EMEA

### A LEADING FINANCIAL CENTER IN EUROPE

- In 2017, France was the **leading European market for venture capital**, with €2.7 billion funds raised (Q1-Q3) ahead of the United Kingdom. (Dealroom, 2017)
- **Paris is a leading financial market place in the euro zone** with more than 800,000 direct jobs and 400,000 indirect jobs in the financial industry (Paris region).



# FRANCE AT A GLANCE

## 2. Cosmetic Valley

<https://www.cosmetic-valley.com>

Started as an association in 1994, Cosmetic Valley was officially created in 2005 as competitiveness cluster. Cosmetic Valley represents 18% of French company manpower and 28% of French salaried employees and 53 % of national turnover. Beyond the core business of perfumery and cosmetics, cosmetics products require supplies from packaging, primary materials and testing industries. The majority of these suppliers is specialists in the perfumery cosmetics market and contributes to research and innovation of cosmetics products. French cosmetic and perfumery industry enjoys a position of market dominance with 25% of the global market. This performance is more than evident in the export sector as cosmetics is France's second biggest export, after aviation construction products and has the second largest trade surplus.



## 3. Nuclear Valley

<https://www.nuclear-valley.com>

Created in 2005 and initiated by a dozen or so local operators, today Nuclear Valley has more than 200 members, stakeholders in the French nuclear sector, mainly located in Burgundy, the Rhone Valley and the Paris region.



## KEY INDUSTRIES IN FRANCE

### Aerospace

French aerospace industry is the main contributor to the European space industry and among the best in the world, ranked second after the United States and ahead of China. France and the US are the only countries to export airliners, business jets, helicopters and fighter jets.

**In 2018, the French aerospace industry recorded revenues of €65.4 billion, thanks to the strong performance of its industrial export giants such as Airbus, Safran, Dassault and Thales.**

According to GIFAS\*, the French aerospace industry has reported record sales of €65.4bn (+1.2%) for 2018, including €44bn in export sales (stable), which represented 85% of consolidated sales. Civil sales accounted for 77% of the total. The industry posted a €27bn trade surplus, outperforming all the nation's other sectors in 2018. Orders dropped €58.2bn (-17%) due to an order slowdown in the civil sector compared with preceding years. The slowdown is considered as a pause after a series of years with strong orders, while production ramps up to meet market demand in line with air traffic growth forecasts.

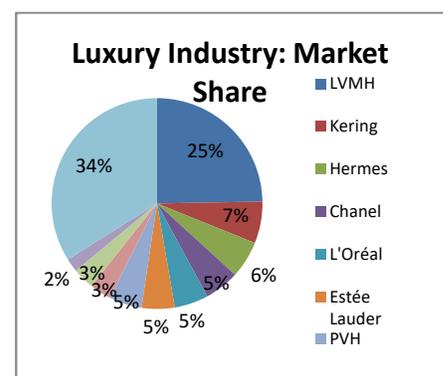
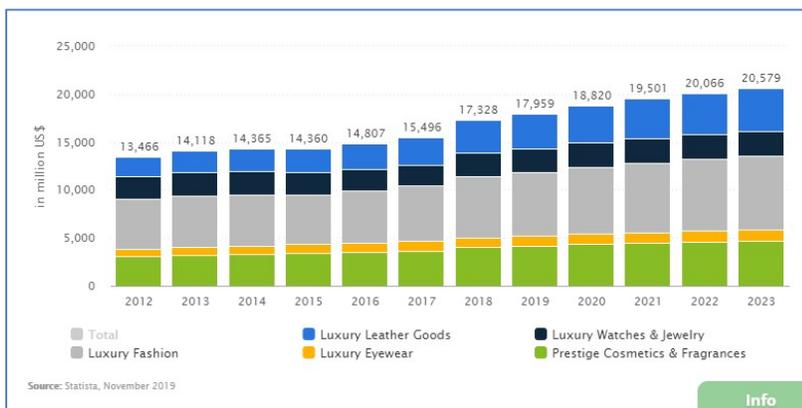
2018 also marked a banner year in terms of jobs — the French workforce reached 195,000 (vs. 190,000 the previous year), with 15,000 new hires and a net total of 4,000 jobs created.

\*GIFAS stands for "Groupement des industries françaises aéronautiques et spatiales", the French Aerospace Industries Association, created in 1908, groups 397 members, including 157 equipment manufacturers and 203 SMEs.

### Luxury

France continues to dominate the world luxury goods market. According to the latest annual survey by consulting firm Deloitte, published on Tuesday, the country's top luxury names like LVMH, L'Oréal, Kering and Hermès account for nearly one quarter of the total sales of the industry's top 100 corporations.

- Revenue in the Luxury Goods market amounts to US\$18,820m in 2020. The market is expected to grow annually by 3.0% (CAGR 2020-2023).
- The market's largest segment is the segment Luxury Fashion with a market volume of US\$6,991m in 2020.
- In global comparison, most revenue is generated in the United States (US\$63,119m in 2020).
- In relation to total population figures, per person revenues of US\$288.32 are generated in 2020



## Nuclear Power Plants in France



Source: World Nuclear Association

## Nuclear

France has 58 nuclear power reactors in operation, supplying 63 130 Mw(e), and one EPR reactor under construction at the Flamanville site. Nuclear power plants accounted for 71.7% of total French electricity generation in 2018, and about 90% of France's electricity comes from low carbon sources (nuclear and renewable). The development strategy for nuclear power is related to the goals set forth by the Energy Transition for Green Growth Act (ETGGA) and the Multiyear Energy Plan (MEP), whose draft was published in January 2019. Future implementation of the plan will depend, in particular, on developments in the renewable energy sector and criteria related to the security of supply.

- France derives about 75% of its electricity from nuclear energy, due to a long-standing policy based on energy security. Government policy is to reduce this to 50% by 2035.
- France is the world's largest net exporter of electricity due to its very low cost of generation, and gains over €3 billion per year from this.
- The country has been very active in developing nuclear technology. Reactors and especially fuel products and services have been a significant export.
- About 17% of France's electricity is from recycled nuclear fuel.
- France is heading towards renewable energy for power and closing down dozen reactors that will soon exceed their 40-year age limit. French dependence on nuclear energy will decrease from three-quarters of its electricity to about half by 2035.

## Tech/Startup

Digital technology currently represents **5.5%** of French GDP. According to a recent study from McKinsey firm, France may increase the share represented by digital technology in its GDP by €100 billion by 2020, provided that companies noticeably speed up their digital transformation.

La FrenchTech is the brand that represents the French startup ecosystem and all those in it—from bioscience to online marketplaces—wherever in the world they come from. It is also a government-backed movement bolstering France as one of the best countries in the world to start and scale global tech champions.

Rooted in almost 100 cities worldwide, French Tech Communities are nodes in our global network. Together, they give first, power the movement locally and increase the mobility of French startups by welcoming them to their city. For more information on La FrenchTech Bangkok, contact <http://www.lafrenchtechthailande.com>



France's tech ecosystem, powered by President Macron, proved to attract Tech Talents including a special tech visa. In the first half of 2019, French start-ups raised €2.79bn, +43% from 2018, and the trend continues. France is behind the UK, which raised €5.30bn (+75%) but ahead of Germany, which raised €2.47bn (+4%).

## Pharmaceuticals and Medical Devices

France is the fifth largest market in the world for human medicines, and the second largest in Europe. Revenues from pharmaceuticals exceeded €54.5 billion, nearly half of which were generated by exports.

France is ranked fourth in the world and second in Europe for medical devices and technologies (PIPAME, 2017). The medical devices sector covers products and equipment in a wide range of fields, from syringes and in vitro diagnostics to MRI scanners. There are more than 1,340 companies in the French medical device sector, generating revenues of €28 billion. More than half of these businesses conduct R&D – 13% are entirely focused on research, while 60% have manufacturing operations, and 80% undertake commercial activities. In all, nearly 85,000 people work in the French medical device sector, including 50% who are employed by foreign-owned subsidiaries. 92% of businesses are SMEs. France boasts nine innovation clusters involved in medical technology R&D projects, and has a range of different structures to support the medical devices sector, including business clusters (Pôle des technologies médicales, Eurasanté), other clusters (I-Care), technology centers (Pôle technologique de Haute-Champagne) and associations (BioMedical Alliance).

## TIPS TO BUILD UP A SUCCESSFUL PARTNERSHIP WITH FRENCH

1. **FIRST IMPRESSION IS THE KEY:** when you do business with French, it is important to be very professional. This means that your words are important. When you promise the deadline for delivery, it must be on time right at the start to build their trust and partnership for long term.
2. **QUALITY, QUALITY, QUALITY:** French can afford higher price for a better quality or best product. Quality means certifications, standard, traceability. Quality control is therefore a must!
3. **DON'T TAKE THEM WRONG:** French tend to be critical and direct. They tend to speak their mind and sometimes you may feel offended beyond their intention. It is important to communicate regularly and be frank with them to build up long term partnership.

## ABOUT FRANCO-THAI CHAMBER OF COMMERCE (FTCC)

### ► FTCC Key Figures

- A network of 350 French and Thai company members, representing all business sectors
- 60 events organised per year
- A team of 18 staff
- 2 staff dedicated to Business Support
- Response to 400 requests from French companies per year
- Business Center “LeBooster Bangkok” offering 22 desks in 9 private offices with staff hosting service
- Recrutement Service for members only
- 2 staff dedicated to representing French trade fairs to promote 10-12 trade fairs per year



### ► History and Missions

Founded in Bangkok in 1966 by 20 French entrepreneurs, the Franco-Thai Chamber of Commerce is a non-profit organisation under Thai law with objective to promote Franco-Thai trade exchanges and investment. Its principal missions are :

Mission	Department in charge	Contact person at the FTCC
<b>Animation of Franco-Thai Business Community in Thailand</b>	<b>Business club &amp; communication</b> <ul style="list-style-type: none"> <li>• Networking Events, Breakfast/Lunch Talk</li> <li>• Communication : newsletter, site web, social media</li> <li>• Representation &amp; lobbying via working committees</li> </ul>	<b>Sukanya UERCHUCHAI</b> Sukanya@francothaicc.com
<b>Business Support</b>	<b>Business Support Department</b> <ul style="list-style-type: none"> <li>• Business Services provided to French companies + Business Center « LeBooster BANGKOK »</li> <li>• Business Services provided to Thai companies + Promosalons (French trade fairs promotion)</li> </ul>	<b>Sommawan LOWHAPHANDU</b> sommawan@francothaicc.com
<b>Human Resources</b>	<b>HR Department</b> <ul style="list-style-type: none"> <li>• Assist French in finding a job in Thailand</li> <li>• Recruitment service for FTCC company members</li> </ul>	<b>Alexandra COSTET ALBERTIN</b> alexandra@francothaicc.com

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contact@francothaicc.com- Site: <http://www.francothaicc.com/>

### Source:

- OECD: <https://data.oecd.org/france.htm>
- Business France: France Attractiveness Scoreboard 2019 [https://www.businessfrance.fr/Media/Production/PROCOM/Articles%20-%20News/TdB\\_2019\\_UK.pdf](https://www.businessfrance.fr/Media/Production/PROCOM/Articles%20-%20News/TdB_2019_UK.pdf)
- Les poles de competitivité <https://competitivite.gouv.fr/en>