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OUTLINE

I. AN ATTRACTIVE PLACE TO DO BUSINESS

II. WIDE-RANGING REFORMS STRENGTHENING FRANCE’S COMPETITIVENESS

III. A PACKAGE OF MEASURES AIMED AT FOREIGN INVESTORS
I. AN ATTRACTIVE PLACE TO DO BUSINESS

An attractive place to do business, at the heart of the world’s largest market, already chosen by thousands of international companies.
ONE OF THE WORLD’S LEADING DESTINATIONS FOR FOREIGN INVESTMENT

- **8th** for inward foreign direct investment (FDI) stocks (UNCTAD, 2015)

- **20,000 foreign companies present** in France, employing 2 million people (INSEE, 2015)

- **19 foreign companies per week** choose France for new investments (Business France 2015)
1. ONE OF THE WORLD’S MAJOR ECONOMIES, OPEN AND AT THE HEART OF EUROPE

The European Union:
- **The world’s largest economy** (Eurostat, 2014)
- > 500 million consumers

France:
- **6th** largest economy in the world
- **2nd** largest market in Europe: > 65 million consumers
- **4th** in the Fortune Global 500
- **Leader** in many sectors, including tourism, aeronautics and space, R&D, luxury
2. HIGH-LEVEL INFRASTRUCTURES AND CONNECTIONS

- **Largest road network** in Europe
- **2nd largest high-speed rail network** in Europe
- **2nd busiest European airport**: Roissy-Charles-de-Gaulle (cargo and passengers)
- **No. 1 recipient country for FDI in logistics** in Europe
3. A HIGHLY OPEN MARKET

• **Open access to 32 markets**: EU and EFTA (European Free-Trade Agreement)

• **Over 30 free-trade agreements** between the EU and third countries

• **Almost 100 investor protection agreements**

93% of customs declarations processed in under 5 minutes, using a fully digitalized system
4. A HUB FOR DOING BUSINESS IN AFRICA

- Paris: main airline hub for Africa
  30 African countries and 30 airlines

- Legal and tax security for investors (monetary cooperation, bilateral treaties, etc.)

- Renowned expertise of French companies

- Many companies have already chosen France to coordinate their African strategies
5. A PRODUCTIVE WORKFORCE

6th in the world for hourly productivity and more competitive labour costs in industry than in Germany

Labour productivity, 2014 (dollars per hour worked)
Source: OECD

Hourly labour costs in industry (€)
Source: Eurostat
A HIGHLY QUALIFIED WORKFORCE

- **HEC and ESSEC** in the top 3 for Masters courses in Management *(Financial Times)*

- Among the 70 institutions offering the best management courses, 18 are French

- **Fields Medals**: 12 out of 55 awarded to French laureates

![Graph showing number of science graduates per 1000 residents, in the 20-29 years population, 2011, Eurostat](image)
6. DYNAMIC DEMOGRAPHICS

...which will preserve the size of the economically active population over the coming decades.
7. SET-UP AND OPERATING COSTS LOWER THAN IN THE UNITED STATES, GERMANY OR JAPAN

- **Energy**: lowest costs in Western Europe
- **Cost of office space** in the Paris business centre 50% lower than in London
- **Business creation**: France ranks higher than its major partners (28th in the World Bank’s “Starting a business” index; United Kingdom 45th, United States 46th, Germany 114th)

% cost advantage/disadvantage relative to US.

Source: Competitive Alternatives, KPMG

Operating costs over 10 years for a foreign investor, by recipient country
8. AN INNOVATIVE ECONOMY

- Patent registrations: 2\textsuperscript{nd} in Europe, 6\textsuperscript{th} in the world
- Top 100 innovative companies: 3\textsuperscript{rd} globally
- R&D, engineering, design: foreign investment up 9\% in 2014

![Chart showing average R&D expenditure as a % of GDP, 2000-2010. The United States has the highest expenditure.]
8. AN INNOVATIVE ECONOMY

SUPPORTED BY A STRONG FINANCIAL COMMITMENT FROM PUBLIC AUTHORITIES

Research tax credit (CIR) for all companies:
- 20,441 recipients in 2012
- €5 billion

A favourable ecosystem:
- 25% French start-ups at the 2015 CES (Las Vegas)
- 1,000 start-ups at the Halle Freyssinet incubator in Paris from 2016: the world’s biggest incubator
- 9 « Industrial Solutions »: strategic plans for accelerating innovation and modernisation in key sectors of industry
A PACKAGE OF MEASURES TO SUPPORT INNOVATION

Development of strategic sectors and of the digital economy:
• €47 billion: "Investing for the Future" programme (PIA) - High-Speed Broadband Plan

Attracting tomorrow’s talents
• “French Tech”: €215 million for start-ups and digital companies
• “French Tech Ticket”: pack for foreign entrepreneurs
9. A MODERN AND DIVERSIFIED FINANCIAL CENTRE

Paris: 7\textsuperscript{th} financial centre in the world
Euronext Paris

- Corporate bonds: \textit{3\textsuperscript{rd} in Europe}
- Financing and promotion of SMEs (Enternext)
- \textit{5\textsuperscript{th} global hub for offshore renminbi trading}
- Management of financial assets: \textit{3\textsuperscript{rd} in Europe}
10. GREATER PARIS: A DYNAMIC CAPITAL

3rd city globally for foreign investment projects in 2014

- 12 million inhabitants
- GDP of €624 billion
- 47 million tourists annually
- R&D expenditure equivalent to that of the Silicon Valley

An exceptional investment opportunity: major projects in transport, housing, R&D, etc.
11. RENOWNED QUALITY OF LIFE AND ENVIRONMENT

An attractive destination

World rankings:

- Conference venue (Paris): 1\textsuperscript{st}
- Tourism: 1\textsuperscript{st}
- Foreign students: 3\textsuperscript{rd}

Solid results in terms of well-being

Quality of life index, 2014

0-10 (0 lowest, 10 highest)

Source: OECD (2014), OECD Better Life Index
II. WIDE-RANGING REFORMS STRENGTHENING FRANCE’S COMPETITIVENESS

• Cost competitiveness: €40 billion cuts in taxes and social contributions for businesses by 2017

• Non-cost competitiveness: cutting red tape, supporting innovation

• Reform of the goods and services markets

• Reform of the labour market

• Supporting investment
1. COST COMPETITIVENESS: TAX AND SOCIAL CONTRIBUTION CUTS FOR BUSINESSES

- Competitiveness and Employment Tax Credit (CICE) and Responsibility and Solidarity Pact
  - €30 billion cut in labour costs
  - €10 billion cut in corporation tax

→ €40 billion reduction in production costs for businesses by 2017 – almost 2 GDP points

→ A boost to economic activity: 1.7 GDP points and 500,000 jobs by 2020
2. NON-COST COMPETITIVENESS: CUTTING RED TAPE

- Creation of the « Simplification Council » in January 2014
- Business Simplification Act (December 2014)

First results already: France 1\textsuperscript{st} in Europe for e-administration, 4\textsuperscript{th} globally (UN)

2013-2014: €3.3 billion saved by businesses and individuals. 2015-2016. €1.6 billion through the single individual social declaration
3. MAJOR REFORMS OF THE GOODS AND SERVICES MARKETS

More competition, lower prices, efficiency gains

- **Electricity and gas for businesses**: liberalized prices
- **“Consumer Act”** (2014): intensification of competition (e.g. in health and financial services)
- **“Growth and Activity” Act** (2015):
  - reform of regulated professions;
  - simplification of the real estate market;
  - more competition in commercial premises development;
  - facilitation of employee mobility;
  - transport sector reform;
  - better financing of the economy;
  - labour market reform (see below).
4. MAJOR LABOUR MARKET REFORMS

... going beyond cuts in labour costs

- **Social dialogue**: simplified employment tribunal and social dialogue procedures, abolition of custodial sanctions for employers’ infringement of employees’ representation rights.

- **Flexibility**: more flexible workplace agreements, less conflictual redundancy procedures, greater flexibility for evening and Sunday work ("Growth and Activity” Act, Social Dialogue Act)
5. SUPPORT FOR INVESTMENT

- **Exceptional tax mechanism** for accelerated amortization of investments (between mid-April 2015 and mid-April 2016)
- **3rd phase** of the "Investing for the Future" programme, on top of an initial €47 billion
- **Increased resources for Bpifrance**: development loans increased to €8 billion.
- **European investment Plan** (« Juncker Plan ») co-financed by the *Caisse des dépôts et consignations* and Bpifrance)
REFORMS: A MAJOR IMPACT ON ECONOMIC ACTIVITY

• Growth should accelerate in 2015
• Trade deficit down 60% in 3 years, current deficit now close to balance
• Falling public deficit: €50 billion savings plan over 2015-2017

Impact of these structural reforms on growth (OECD):
• +1-2 points in 5 years
• +3-4 points in 10 years

GDP growth forecast, by year (2013-2020)
III. A SET OF MEASURES AIMED SPECIFICALLY AT FOREIGN INVESTORS
DEDICATED AND ATTRACTIVE TAX SCHEMES

FOR BUSINESSES, MANAGERS AND EMPLOYEES

• **Dedicated tax regimes** for headquarters and employees

• **Tax conventions with over 120 countries** (avoidance of double-taxation)

• **Tax stability commitment**: tax rulings, non-retroactivity charter, etc.

• **Single contact point for international investors on tax matters**: Tax4Business

• **Taxation of employee stock options** (Growth and Activity Act) now comparable to Germany and the United Kingdom
MAKING THINGS EASIER
FOR INTERNATIONAL INVESTORS AND THEIR STAFF SETTLING IN FRANCE

- **Specific residence permits** – creation of the "Talents Passport" in 2015, replacing various pre-existing permits

- **Speeding up issuance of visas** and procedures adapted to business needs

- **Dedicated VIP service** for international investors: personalized reception, high-level meetings (+ privileged access to museums, cultural and sporting events)

- **Education system** suited to expatriates – "international sections" in French high schools

- "French Tech Ticket" pack for foreign entrepreneurs
AN ATTRACTIVENESS ACTION PLAN – WHAT HAS ALREADY CHANGED IN THE PAST 2 YEARS

Actions
- Lower corporate tax and social contributions for businesses
- Reforms of goods and services markets (Growth and Activity Act)
- Labour market reforms (Social Dialogue Act)
- Support for investment

Method
- Strategic Council on Economic Attractiveness
- Simplification Council
- Creation of Business France
WE LOOK FORWARD TO SEEING YOU IN FRANCE

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ANY QUESTIONS?

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