

FRANCE ATTRACTIVENESS SCOREBOARD

2010 Edition

French Ministry for the Economy, Industry and Employment

French Interministerial Delegation for Regional Development and Economic Attractiveness (DATAR)

French Strategic Analysis Center (CAS)

The Invest in France Agency (IFA)



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INTRODUCTION

INTRODUCTION

France plays a leading role in international investment. Over 20,000 foreign businesses have operations in the country, while 30,000 French companies have invested in the wider world. France is Europe's leading recipient of foreign direct investment and the third largest in the world after the United States and China.

French subsidiaries of foreign groups make an important contribution to France's domestic economy with over 2.5 million jobs, 20% of all R&D and almost 40% of exports associated with these foreign businesses. Since 2007, foreign companies have been making new investments in the midst of the global economic and financial crisis which have led to more than 30,000 jobs being created or maintained each year.

In most European countries, active policies to support competitiveness have been the impetus behind efforts to stimulate growth and jobs. In this respect, France is reaping the benefits of the structural reforms it has pursued which are having a direct impact on the economic attractiveness of its regions, specifically through:

- tax reforms: an improved tax scheme for expatriates (Law to Modernize the Economy), a simplified and unlimited research tax credit and the abolition of the local business tax (*taxe professionnelle*) on productive investments have all sent strong signals to foreign investors;
- labor market reforms: revised labor laws (including tax-free overtime, the new "fixed purpose" fixed-term contract and the option to terminate a contract by mutual consent) have been welcomed abroad as long-awaited changes to achieve greater flexibility in the labor market;
- the introduction of new visas to make it easier for foreign companies and talent to enter the country: the "Skills and Expertise", "Expatriate Employee" and "Exceptional Economic Contribution" residence permits provide solutions for foreign executives who are quick to compare and make judgments between European countries competing to attract job-creating investment projects.

Global rankings, which in most cases rely on composite competitiveness indices and opinion surveys of company executives, provide valuable indications on the relative attractiveness and competitiveness of different economies.

Yet, the annual rankings in these reports – from the World Bank’s “Doing Business” to the World Economic Forum’s “Global Competitiveness Report” to the International Institute for Management Development’s “World Competitiveness Yearbook” – also demonstrate enduring discrepancies between perception and reality.

When the first “France Attractiveness Scoreboard” was published in 2003, the ambition was to provide objective criteria against which to compare France with its partners. In the same vein, this report produced by the Invest in France Agency (IFA) and the French Strategic Analysis Center (CAS), in association with the Treasury Directorate at the French Ministry for the Economy, Industry and Employment and the Interministerial Delegation for Regional Development and Economic Attractiveness (DATAR), brings together data on the talent and investment projects that France has attracted, along with the primary determining factors in choosing a foreign investment site and key elements of economic attractiveness.

For each of these indicators, France is compared with 11 other countries: the United States, Japan, Germany, the United Kingdom, Italy, Spain, Ireland, the Netherlands, Belgium, Finland and Poland. These partners play a significant role in international investment and are countries with the most well-established trade relations with France. Poland, for example, is a prime example of countries that have recently joined the European Union, while Finland is a country strongly committed to research and development activities. Wherever possible, the performances of these 12 countries are compared with a European average*.

Two additional elements have been provided to enhance this “Scoreboard”. The first pertains to the perception that foreign investors hold of France and the place it occupies in key international rankings on attractiveness or competitiveness. The second addresses the dynamics of France’s regions and the economic contribution made by foreign businesses.

* Where data are available, the sample countries are compared with the average in the EU-15, the EU-19 or the euro zone.

FRANCE'S ATTRACTIVENESS TO INVESTORS: OBSERVED FINDINGS

The countries compared with France in this report are:

European:

- Belgium
- Finland
- Germany
- Ireland
- Italy
- Netherlands
- Poland
- Spain
- United Kingdom

Non-European:

- Japan
- United States

Indicators	France's ranking	Leading countries among the sample of 12
Foreign direct investment (FDI) inflows (US \$ billion, 2009)	2	United States, France
Inward FDI stock (% of GDP, 2008)	6	Belgium, Netherlands
Foreign company investment projects (2009)	3	United States, United Kingdom
Contribution of foreign subsidiaries to value added (% , 2007)	4	Ireland, United Kingdom
Proportion of foreign students enrolled in research programs (% , 2007)	2	United Kingdom, France
Market share for hosting international students by country of destination (% , 2007)	4	United States, United Kingdom

Indicators sorted from most to least favorable

Indicators	France's ranking	Leading countries among the sample of 12
Tax treatment of corporate R&D (Tax subsidy rate for US \$1 of R&D, 2008)	1	France, Spain
Market share of investment funds in European industry (% , December 2009)	1	France, Germany
Lowest income inequality (Gini coefficient, mid-2000s)	2	Finland, France
High-speed rail network (km in operation, 2009)	2	Japan, France
Electricity rates (€/kWh, H1, 2009)	2	Finland, France
GDP growth (% , 2008-2009)	2	Poland, France
Trademark applications (Per 100,000 inhabitants, 2008)	2	Finland, France
Ease of starting a business (Number of days of procedure)	3	Belgium, United States
Proportion of 25-34 year-olds with tertiary education (2007)	3	Japan, Ireland
R&D personnel (Per thousand labor force, 2008)	3	Finland, Japan
Broadband penetration rate (Subscribers per 100 inhabitants, June 2009)	4	Netherlands, Finland
Triadic patent families (Share of the world total, 2007)	4	United States, Japan
Productivity per employee (In US \$ at 2009 PPP)	4	United States, Ireland
E-government availability (Proportion of 20 government services fully available online, 2009)	4	United Kingdom, Finland
Domestic expenditure on R&D (US \$ billion at 2008 PPP)	5	United States, Japan
Technological advantage in nanotechnologies (Index, 2003-2007 average)	5	Ireland, Netherlands
Human resources in science and technology (Share of total employment, 2008)	6	Netherlands, Germany
Venture capital investment (% of GDP, 2008)	8	Finland, United Kingdom
Social security contributions (% of total tax receipts, 2008)	9	Ireland, United Kingdom
Nominal corporate tax rate (% , 2007)	10	Ireland, Poland

CHAPTER I

OUTCOME INDICATORS

- I. FOREIGN DIRECT INVESTMENT
- II. INTERNATIONALIZATION AND THE OPENING UP OF ECONOMIES
- III. STRATEGIC ACTIVITIES
- IV. FOREIGN SKILLS

I. FOREIGN DIRECT INVESTMENT

Since the onset of the current global economic crisis, France's particularly attractive economy has enabled it to maintain its place among the leading recipients of foreign direct investment. In 2008, UNCTAD (United Nations Conference on Trade and Development) ranked France in second place after the United States and in third place after the United States and China in 2009. Last year, FDI was down 37% worldwide and 44% in developed countries. France was less affected by this downturn in 2009 than its main European neighbors (France: down 4%; United Kingdom: down 50%; EU: down 33%).

The global economic crisis greatly reduced FDI flows worldwide. The decline recorded in 2008 worsened in 2009, as FDI flows fell from US \$1,771 billion to US \$1,114 billion.

In 2009, FDI inflows in developed countries were more affected (US \$566 billion, down 44%, although in Europe inflows were down only 31%) than investments going to emerging economies (US \$478 billion, down 24%).

Emerging economies saw only a 12% drop in FDI inflows in 2008.

UNCTAD reports that with nearly US \$60 billion of FDI inflows in 2009, France was the world's third largest recipient of FDI inflows, after the United States and China.

France remains the leading destination in Europe, ahead of the United Kingdom, Germany and Belgium.

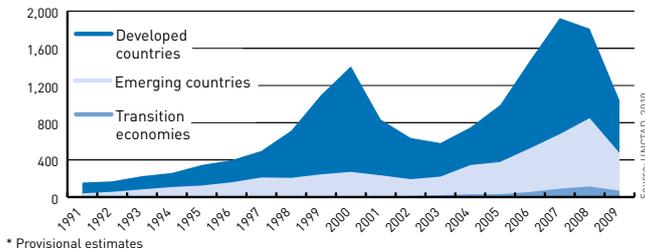
In terms of national wealth (FDI stock/GDP), France has received twice as much foreign investment as Germany, Italy or the United States.

France's position has improved considerably over the last 10 years: FDI inflows accounted for 34.7% of GDP in 2008, compared with 29.3% in 2003 and 16.7% in 1998.

The countries ahead of France are generally small economies, like Belgium, the Netherlands and Ireland, where a significant proportion of inward FDI stock is associated with the cross-border transactions of holding companies (see methodology hereafter).

Foreign direct investment inflows (1991-2009*)

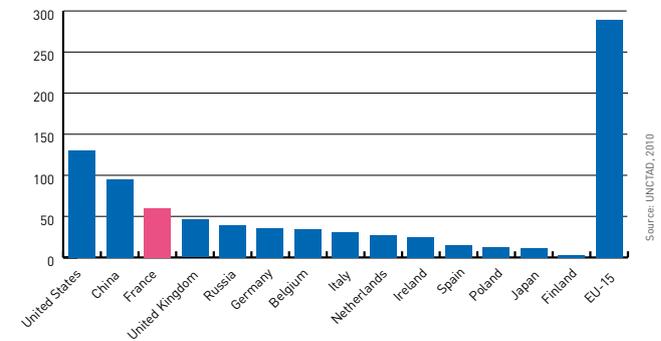
Current US \$ billion



* Provisional estimates

Foreign direct investment inflows (2009*)

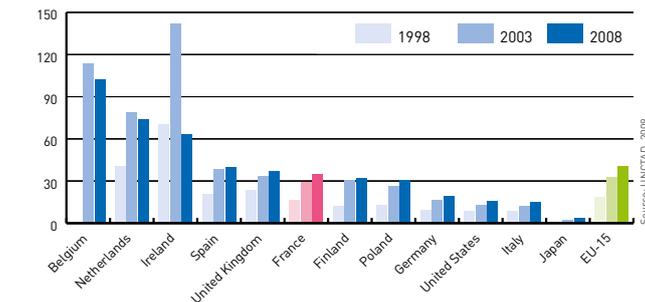
Current US \$ billion



* Provisional estimates for Poland, Japan and Finland.

Inward FDI stock

% of GDP

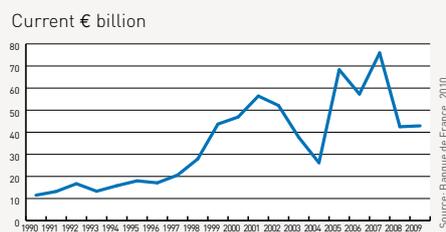


FOREIGN DIRECT INVESTMENT FLOWS, BANQUE DE FRANCE

Using the standard international method in the IMF's Balance of Payments Manual (Fifth Edition), the Banque de France estimates that FDI inflows to France in 2009 were €42.9 billion, a similar figure to the most recent estimation for 2008.

France's economy is becoming increasingly open: FDI inflows have grown steadily since the beginning of the 1990s.

FDI inflows to France (1990-2009)



• FDI flows from a Balance of Payments perspective and methodological concerns

The Banque de France specifies that the increase in FDI flows observed in the last few years is primarily the result of intra-group loans that partially reflect the growing role of Special Purpose Entities (*établissements à vocation spécifique*) (SPE).

	FDI inflows in France (€ billion)			
	2006	2007	2008	2009
Total FDI flows	57.3	70.3	42.5	42.9
Share capital	21.8	22.0	15.1	12.0
Reinvested earnings	9.5	10.7	-0.9	2.1
Other transactions	26.0	37.6	28.3	28.8

Source: Banque de France.

These SPEs are set up in tax havens and their main activity is to hold equity securities in foreign companies on behalf of their parent company and to manage the cash flow between the group's affiliates. These flows artificially inflate FDI flows and make it difficult to interpret foreign direct investment statistics.

Consequently, in the latest edition of its *Benchmark Definition of Foreign Direct Investment* (2008) the OECD recommends that the direct investment operations of (resident) SPEs are presented separately and that the so-called *directional principle* becomes standard for loans between fellow enterprises (i.e. without direct ties through share capital). In accordance with these guidelines, lending operations and loans between fellow enterprises are categorized by the Banque de France according to the group's ultimate investor

(i.e. the group's controlling parent company, determined on the basis of the INSEE [French National Institute for Statistics and Economic Studies] "Financial Links Between Companies Survey"), rather than according to the immediate investor (as is the case for transactions between a subsidiary and its parent company).

The conclusion to this is that the attractiveness of an economy cannot be ascertained solely on the basis of FDI flows that comprise such wide-ranging types of flows.

As such, data from individual firms must be used. The analysis should **consolidate data on job-creating foreign investment projects**, as well as data relating to the contributions that foreign subsidiaries make to economies (employment, R&D, value added). This is the strategy adhered to by the IFA in its Annual Report.

FOREIGN DIRECT INVESTMENT FLOWS, UNCTAD

UNCTAD collects global statistics on foreign investment flows and stocks from central banks, statistics agencies or national governments. A direct investment relationship is deemed to be established when an individual or company (the investor) owns 10% or more of the voting rights in the company (which is then referred to as the direct investment company) or, failing this, 10% of its share capital. Thereafter, all financial transactions between the two companies are recorded as foreign direct investment in the financial account of the host country's balance of payments⁽¹⁾.

Statistics concerning FDI flows illustrate the transfer of capital between foreign companies and their French subsidiaries. They include:

- Share capital operations in the strict sense of the term, including business creations, business acquisitions through the acquisition of shares or earning assets, balancing subsidies, loan consolidations, subordinated debt and bank capital;
- Real-estate investments;
- Reinvested earnings that represent the proportion of direct investment companies' operating income that

is transferred to the parent company over the course of a financial year, less any dividends distributed to the parent company during that year;

- Other transactions, including short-term and long-term deposits, advances and loan transactions between affiliated companies, with the exception of trade credits and loans and deposits between resident banks and their foreign correspondents, which are recorded under "other investments."

(1) Balance of payments method, 05-016z, November 2005.

The attractiveness of an economy should also be assessed by the number of job-creating foreign investment projects (creating new production facilities or service centers) and business expansions.

These physical investments from foreign sources have remained buoyant since the onset of the global economic crisis: France is the second most popular destination in Europe after the United Kingdom for job-creating foreign direct investment projects.

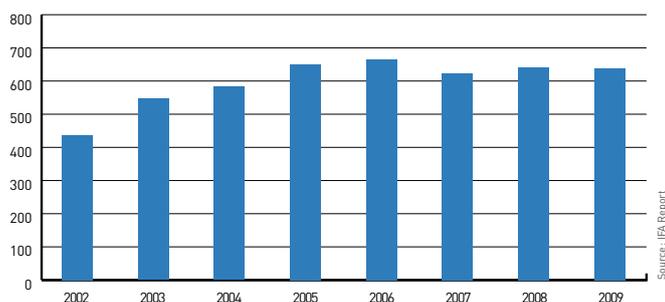
France has remained particularly attractive during the global economic downturn: 624 foreign direct investment projects were recorded in 2007, versus 641 in 2008 and 639 in 2009 (cf. IFA Report).

Over half of all foreign direct investment projects in Europe in 2009 were in four sectors: sales and marketing (22%), retail outlets (21%), business services (14%) and the manufacturing sector (10%).

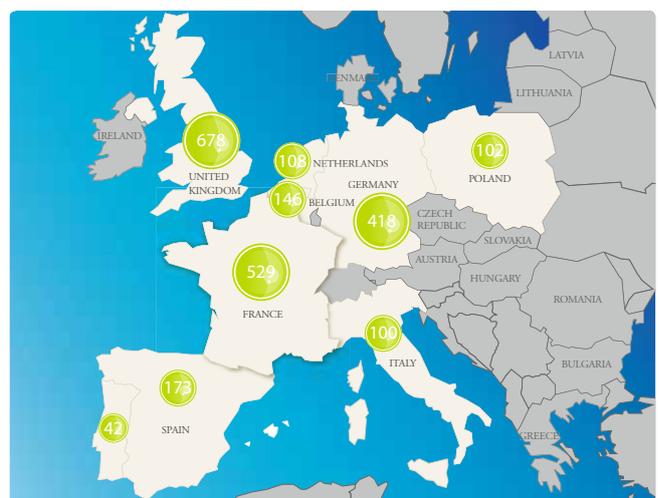
The distribution by sector of foreign direct investment projects in France was somewhat similar: nearly two-thirds of all projects were in sales and marketing (23%), retail outlets (22%) and business services (12%).

France remains a very attractive destination for manufacturing sector projects (20% of all investment decisions, a higher share than in the United Kingdom and Germany).

Change in the number of job-creating foreign investment projects in France (2002-2009)



Distribution of foreign investment projects in Europe (2009)
Number of projects



JOB-CREATING INVESTMENTS

The IFA “France Observatory”

Every year since 1993, the IFA Report has recorded the number of job-creating investment projects in France originated by foreign companies. The IFA Report is produced in association with France’s regional economic development agencies and also details the number of jobs created or maintained in the three coming years. It provides detailed statistics by

business sector, investment type and business activity, source country and host region.

• **Four types of job-creating investment are recorded:**

- Creations, which reflect the number of jobs created at a new site;
- Expansions, which generate new jobs at an existing site;
- Takeovers, which include jobs that are

saved when a foreign company acquires an ailing company.

- Expansions through takeovers, where the jobs counted are those created after a foreign investor acquires a French company (not an ailing company).

• **Definition of foreign direct investment**

Direct investment is classified as being foreign if it is made by a company that is under majority foreign ownership.

If the company is a joint venture owned by shareholders of different nationalities, the jobs are attributed to each country according to the level of investment. When ownership of equity is dispersed between shareholders of different nationalities, if more than 50% of the equity is owned by shareholders of the same nationality, the jobs are attributed to that country. If not, the origin of the investment is determined according to the majority shareholder, the board members and the company's decision-making center. In exceptional cases, involving joint ventures between French and foreign companies, the corresponding jobs are attributed according to the level of investment by each company.

Data gathering

The data in the IFA Report on foreign investment in France are compiled from three sources:

- Investment projects supported by the IFA. The COSPE Project Steering Committee shares data on foreign investment

projects with France's regional economic development agencies;

- Projects directly monitored by the IFA's regional partners in France;

- The IFA "France Observatory", which monitors the international financial press to identify foreign companies that are likely to make an investment in France. Every year, over 600 foreign investment projects are added to this observatory.

European Investment Monitor 2010, Ernst & Young

The EIM database considers job-creating foreign direct investment projects which are either new investment projects or site expansions such as production facilities, logistics platforms, back office centers, shared service centers, headquarters, R&D centers, sales and marketing offices, etc.

In contrast to the IFA Report, the EIM database excludes:

- takeovers where jobs are maintained following the acquisition of an ailing French company by a foreign investor;

- expansions through takeovers where jobs are created following the acquisition of a non-ailing French company by a foreign investor;

- retail outlets involving over 50 jobs in the country, with a minimum of 10 jobs per site.

Crossborder Investment Monitor, fDi Markets

Since 2003, the Crossborder Investment Monitor database, generated by fDi Markets using the same techniques as observatories, has been providing data on the investment projects of foreign firms around the world. Only "greenfield" projects (site creations) and expansions are counted. Mergers and acquisitions, privatizations and strategic alliances are not included.

This database only identifies some of the investment decisions that the IFA and its regional partners verify and record every year. Despite these limitations, it can be a useful resource to ascertain the relative positions of different European countries.

CONTROLLING INVESTMENTS

France is open to foreign investment. Article L.151-1 of the French Monetary and Financial Code sets forth the principle of freedom: "France is free to conduct financial relations with other countries."

Like other nations, France reserves the option to impose limited restrictions on this principle of openness.

As such, it has specified a set of restrictions for "sensitive" investments in the Decree of December 30, 2005:

French restrictions stipulate a distinction between investments from European Union or European Economic Area Member States and those from third-party countries in order to adhere to the obligations specified by European Union treaties;

There is a strict list of business activities that are subject to prior authorization: four

are in national defense and seven address public order concerns.

Not all countries have chosen to be as transparent and predictable. In many cases, restrictions governing foreign investment allow government authorities room for discretion, which can make investors wary:

- **United Kingdom:** Government authorities can intervene on the grounds of national security and plurality of media ownership. Decisions are made by independent commissions. No comprehensive list of restrictions exists on investment freedom.
- **The United States:** The regulatory authorities conduct the "Exon-Florio National Security Test for Foreign Investment". The Committee on Foreign Investment in the United States (CFIUS)

conducts a review. Once the procedure has been completed, it cannot be repealed and the final decision is taken by the President of the United States.

- **Japan:** Restrictions apply to companies that wish to acquire more than 10% of the shares in companies operating in specific sectors. The measures authorize consultations between investors and government authorities. They allow for an opinion from a third party, are governed by a time limit and can be repealed.
- **Germany:** The German authorities have the right to veto any planned acquisition of an arms company by foreign interests. Restrictions apply to companies domiciled in Germany that manufacture or develop weaponry, munitions or encryption systems once an investor holds more than 25% of the voting rights.

II. INTERNATIONALIZATION AND THE OPENING UP OF ECONOMIES

Foreign investments in production facilities in France allow companies to produce goods for both the domestic market and the European market while benefiting from France's competitive advantages.

Foreign subsidiaries have a high presence in the industrial sector, which is particularly exposed to international competition. Almost one employee in seven in France works in a subsidiary belonging to a foreign group; in the manufacturing sector this number is one in four.

This level of openness is similar to that observed in the United Kingdom, but higher than the estimated level in Germany, Spain or Finland.

In 2007, there were a substantial number of foreign-controlled companies (Foreign Affiliates Trade Statistics – FATS – recorded by the OECD) in the manufacturing sector in leading developed countries. Within the European Union, they were responsible for over 25% of the value added in the sector.

The contribution of foreign subsidiaries to employment (26% in 2007) and to value added (31% in 2007) reflect the high degree of internationalization in France's manufacturing sector.

However, across the entire French economy, the contribution of these subsidiaries to private-sector jobs (14% in 2007) and value added (10% in 2007) appears to be more limited. From 2003 to 2007, the contribution of foreign subsidiaries to value added in France actually fell, yet remained stable in terms of job numbers.

The internationalization of France's economy can also be measured by the contribution of foreign subsidiaries to domestic R&D spending: 21% in 2007, down slightly on 2003 (23%), although this was before the research tax credit was introduced in 2008.

While this rate is lower than in the United Kingdom and

Germany, it is higher than the rate in the United States, Japan and Finland.

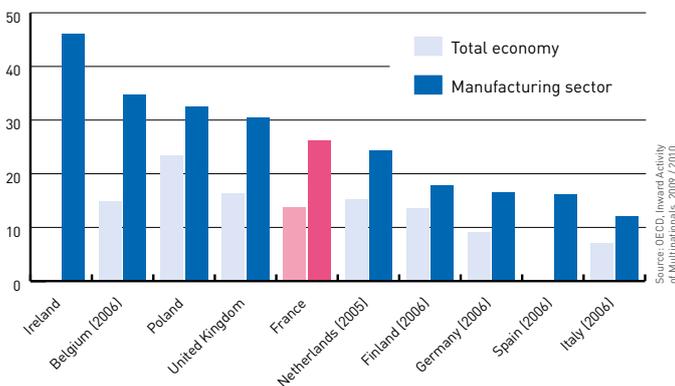
The extent of Ireland's internationalization appears to be quite unique. It is a result of economic development based on opening markets to investors from around the world, particularly American investors (e.g. Intel's move there in 1989) and European investors (investments related to the arrival of EU structural funds).

The strong presence of foreign investors in the market capitalization of French companies is further proof of the internationalization of France's economy. According to the Banque de France, non-resident equity holdings in CAC40 companies rose to 42.3% at the end of 2009, or €404.5 billion (compared with 40.2% in 2008). The increase in the proportion of total equity held is a result of net acquisitions by non-resident investors which amounted to a net positive of €31.5 billion in 2009, in contrast to a net negative of €4.3 billion in 2008.

The euro zone is the leading source region of non-resident shareholders in French companies (17% of market capitalization), followed by the United States (15.6%).

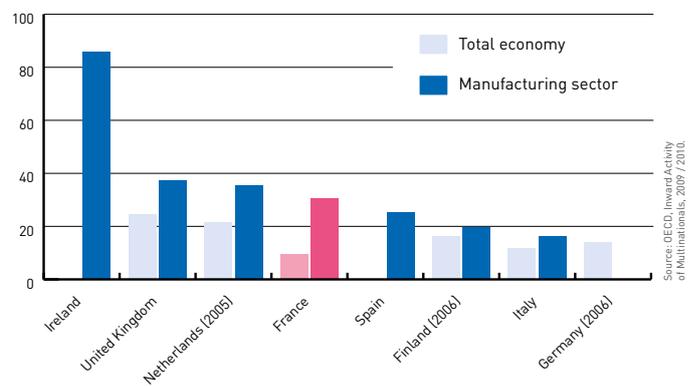
Contribution of foreign subsidiaries to employment (2007)

% of total employees



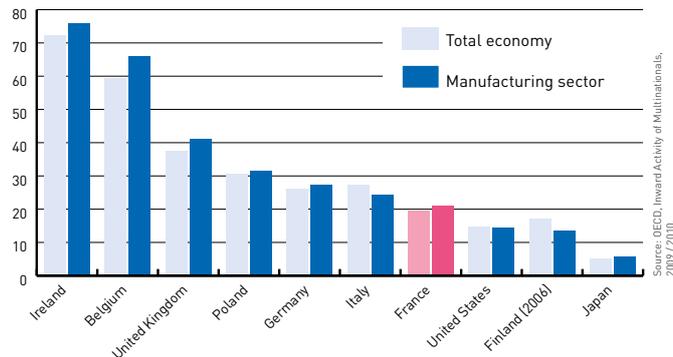
Contribution of foreign subsidiaries to value added (2007)

% of total value added



Contribution of foreign subsidiaries to R&D spending (2007)

% of domestic R&D spending



Non-resident equity holdings in CAC 40 companies



III. STRATEGIC ACTIVITIES

The presence of R&D centers and company headquarters or registered offices of multinational groups has a domino effect on the rest of the economy in terms of knowledge and technology transfers. As such, investment projects like these deserve recognition as “strategic activities”.

In 2009, France was the second leading recipient in Europe of strategic activities after the United Kingdom.

France received more of these types of investment projects in 2009 than in previous years, with 42 R&D-related projects and 17 projects to set up decision-making centers.

Projects to set up foreign research and development centers in France have been on the rise since 2003 at an average rate of around 4% per year.

This trend has been accelerating since 2007, with an

annual average of 11% more projects in 2007-2009.

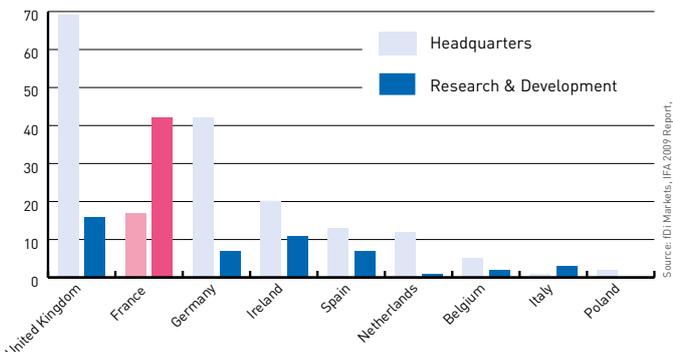
These projects accounted for 7% of all new physical investments recorded in 2009, compared with 5% in 2007.

France is one of Europe’s leading destinations for foreign R&D projects.

The number of investment projects to set up company headquarters has tripled since 2007.

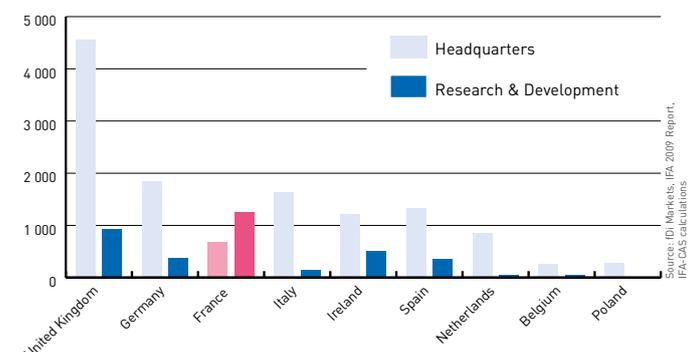
Foreign company investment projects (2009)

Total number of projects



Foreign company investment projects (2009)

Total number of jobs created



IV. FOREIGN SKILLS

Another aspect of a country's attractiveness to investors is the presence of international students. The ability to train foreign-born talent enhances as much as it determines a country's reputation, competitiveness and attractiveness. In this respect, France is the world's 4th most popular destination country (2007) with nearly 250,000 foreign students enrolled in tertiary education.

Although a considerable number of foreign students go to France to attend research programs, the share of non-national human resources in science and technology is relatively low.

There has been a significant rise in international students in the last few years. In 2007, more than 3 million of the world's students were educated abroad, a 60% increase since 2000.

With almost 250,000 of these students, France is the 4th most popular destination in the world for international students after the United States, the United Kingdom and Germany.

Foreign students accounted for slightly over 11% of all students enrolled in tertiary education in France in 2007, which is similar to the proportion in Germany, but lower than that in the United Kingdom (19.5%).

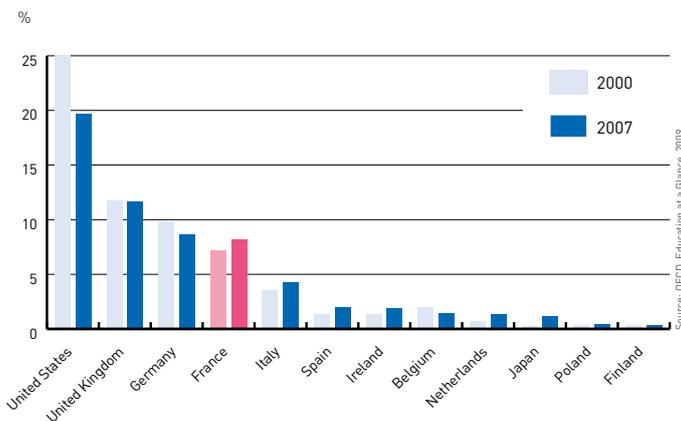
However, France stands out for its very high proportion of international students who have come to attend advanced research programs.

In 2007, the leading region of origin for foreign students enrolled in tertiary education in France was Africa (44%), ahead of Europe (22%) and Asia (20%). In Germany and the United Kingdom, the proportion of Asian students was much higher (37% and 46% respectively).

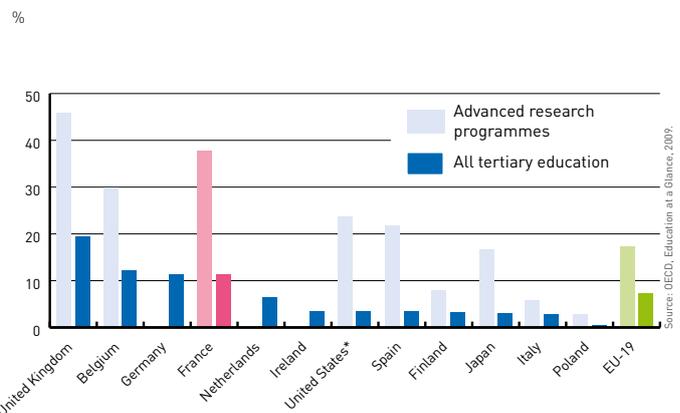
Employees working in the science and technology sector make a significant contribution to development in technological innovation.

In France, non-national human resources accounted for 2.9% of employees in the sector (and 12% of the total active population) in 2008. While this proportion is lower than in other European countries, it rose 0.5 percentage points between 2007 and 2008.

Market share for hosting international students by country of destination

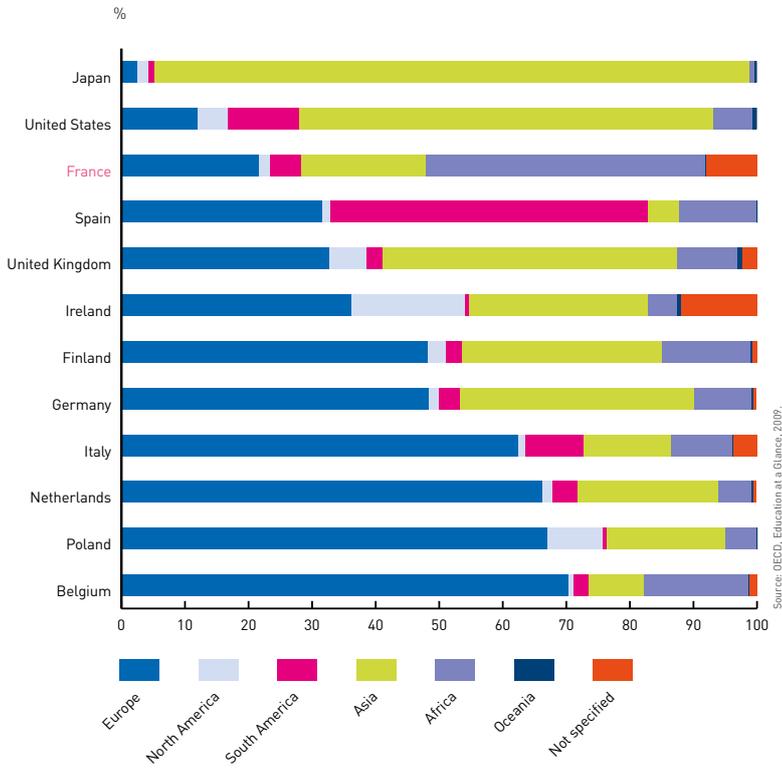


Proportion of international students* in higher education (2007)

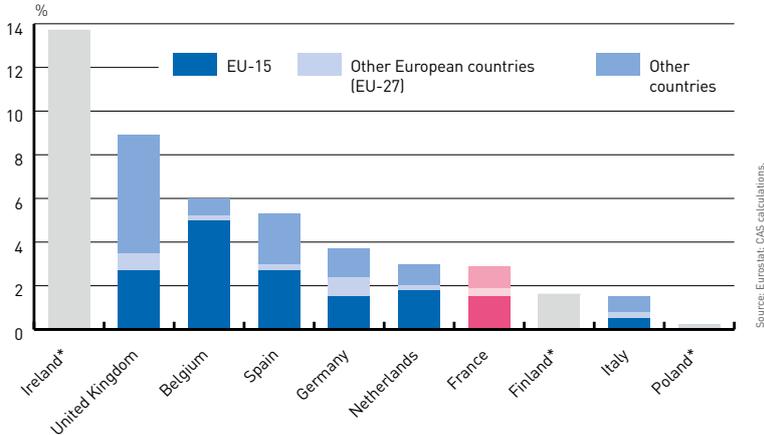


* 'International students' (proportion generally lower than for 'foreign students').

Distribution of foreign students by region of origin (2007)



Share of non-national human resources in science and technology (2008)



* In Ireland, Finland and Poland, no distinction is made between different foreign countries.

CHAPTER 2

ATTRACTIVENESS CRITERIA

- I. MARKET SIZE AND STRENGTH
- II. EDUCATION AND HUMAN CAPITAL
- III. RESEARCH AND INNOVATION
- IV. INFRASTRUCTURE
- V. ADMINISTRATIVE AND REGULATORY ENVIRONMENT
- VI. FINANCIAL ENVIRONMENT
- VII. COSTS AND TAXATION
- VIII. QUALITY OF LIFE
- IX. GREEN GROWTH

I. MARKET SIZE AND STRENGTH

The size and strength of the host country's market (measured inter alia by nominal GDP and per capita income) are often decisive criteria for multinational firms deciding where to locate.

In terms of GDP per capita, France is comparable to Germany, the United Kingdom and Belgium, but is behind the United States.

According to Ernst & Young's "European Attractiveness Survey" (2009), Europe was seen as a "safe investment" by international decision-makers during the global economic crisis.

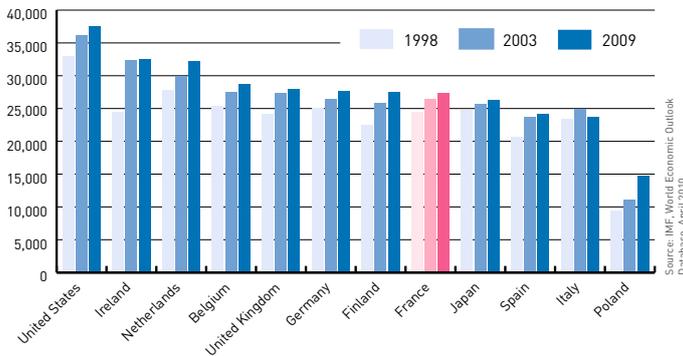
France has weathered the global economic crisis better than most developed countries. In 2009, its growth rate (-2.6%) compared favorably with the United Kingdom (-4.9%) and Germany (also -4.9%).

Between 2004 and 2009, France's average annual growth rate (0.9%) was in line with the average for the euro zone (0.8%).

Thanks to its location and the size of its domestic market, France is a springboard to other European markets. A foreign company will be minded to set up in a country where domestic demand is high and which offers easy access to other European markets. According to this proximity to EU-27 markets criterion, France was ranked joint third in 2009, along with Germany and the United Kingdom.

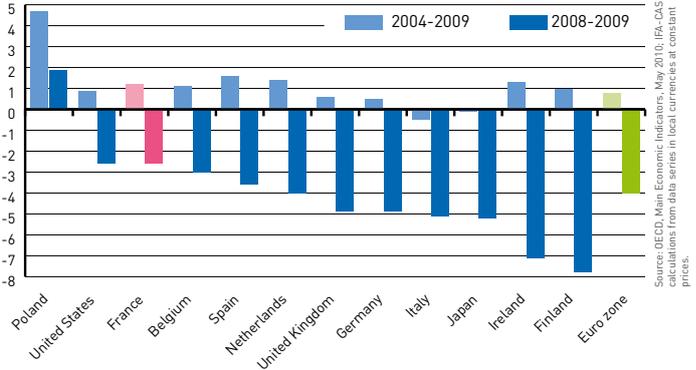
GDP per capita

US \$ at 2000 PPP prices



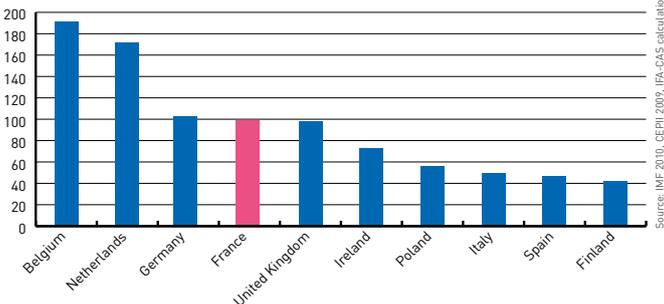
Average annual rate of real GDP growth

Series in local currencies
%



Access to EU-27 markets (2009) In comparison with France

Index France = 100



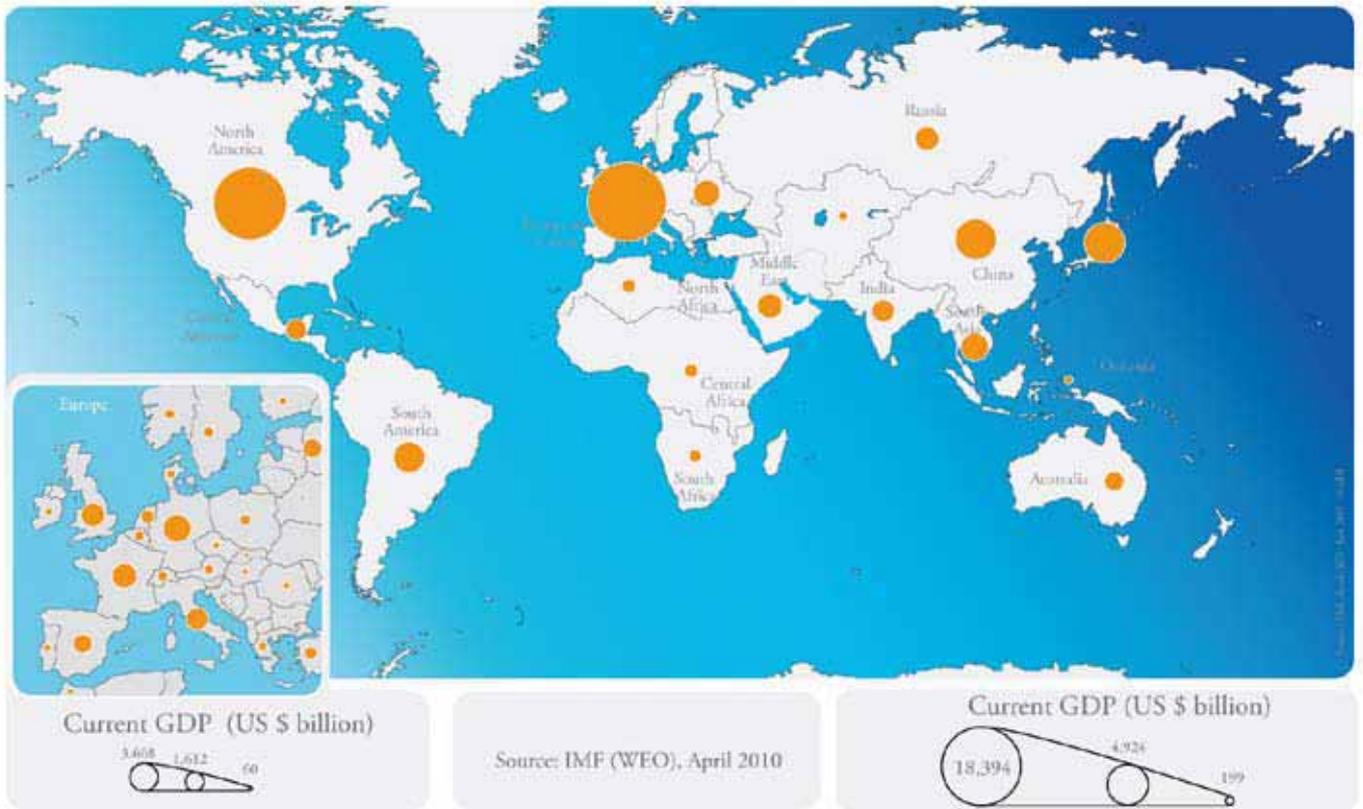
In 2009, with a GDP of US \$2,675 billion at current prices, France was the world's fifth largest market after the United States, Japan, China and Germany.

France's success in weathering the global economic crisis better than some of its European neighbors was an important factor in a period when foreign investors keen to minimize risk were seeking stability and visibility.

Europe is the world's biggest market. EU-27 GDP was estimated to be US \$16,447 billion at current prices in 2009, compared with US \$14,256 billion for the United States.

Distribution of global wealth in 2009

US \$ billion



Companies tap into foreign demand by exporting or by basing their operations overseas. Their performances in this respect have a direct bearing on the competitiveness of the host country and improve the attractiveness of the country's economy.

In 2009, France accounted for 3.9% of world goods exports, placing it fifth* in the world rankings, after Germany, the leading European country (9.1%), and the United States (8.6%).

Over the last five years, growth in French goods exports has been weak compared with the other countries in the sample.

France did not escape the sharp contraction in global trade between 2008 and 2009. However, the decline in goods exports in 2009 was less pronounced in France (down 12.4%) than in Germany (down 14.5%).

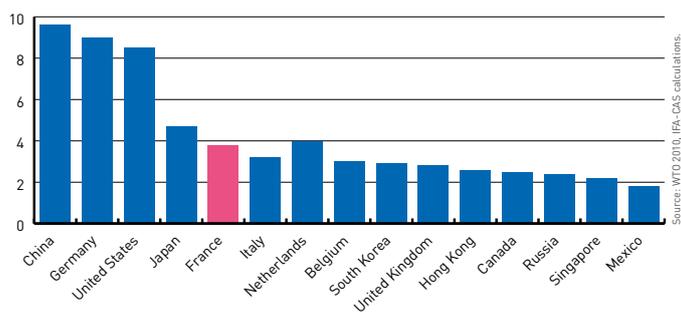
In 2008, France was ranked second in the world for FDI outflows (11.8% of world flows) after the United States (16.8%) but ahead of Germany (8.4%).

Although both Europe and the rest of the world experienced a sharp contraction in FDI outflows in 2008 (down 13.5% and 29.8% respectively), France only recorded a slight reduction in these flows (down 2.1%).

* According to the definitive WTO rankings, the Netherlands is the fifth largest exporter in the world, ahead of France (sixth), Italy (seventh). According to the IMF, France remains the fifth largest exporter, followed by Italy (sixth) and the Netherlands in seventh place. As the Netherlands acts as a platform for re-exportation, these re-exports significantly (but artificially) increase the total export figures for this country.

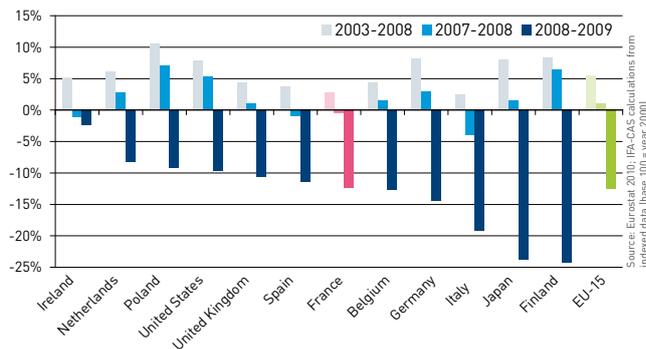
Goods exports (2009) Market share of 15 leading economies

% of global exports



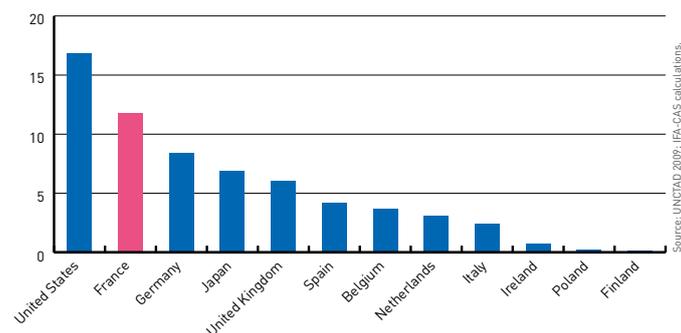
Average annual rate of export growth

%



Market share of FDI outflows (2008)

% of global FDI outflows



ACCESS TO EXTERNAL MARKETS

The access to external markets variable is based on a broader concept than GDP. It is similar to the concept of trade potential and takes external demand on a country into consideration. This indicator is calculated for the EU-27 market. Thus for the EU-27 country *i*, it corresponds to the total GDP of all other EU-27 countries, weighted by their respective distance from country *i*.

II. EDUCATION AND HUMAN CAPITAL

France is investing heavily in education and has a well-qualified and highly productive labor force. Nevertheless, total annual expenditure per student in tertiary education is lower in France than the average in OECD countries. France is consequently stepping up its investment in tertiary education to maintain its competitive advantage, highlighting it in late 2009 as one of five strategic areas for significant future investment.

With 6% of GDP being spent on education in 2006, France is among several countries which invest intensively in their education system.

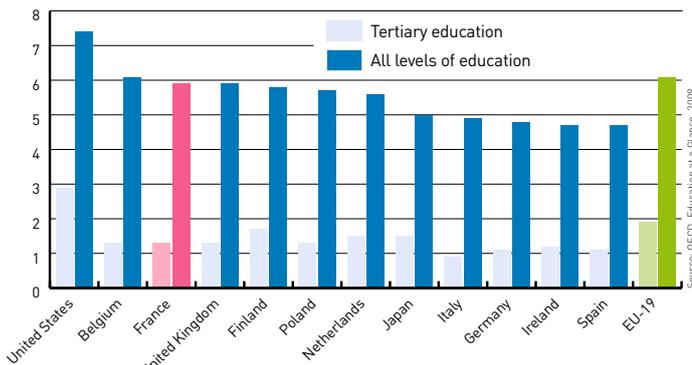
If all levels of education combined (from primary to tertiary) are considered, France spends an average of US \$8,400 (PPP) per pupil/student, which is more than Germany (US \$7,900) but less than the United Kingdom

(US \$9,300) and the United States (US \$13,400).

In tertiary education, annual expenditure per student is lower than the average for OECD countries. This disparity is mainly due to the **low level of private education expenditure**. In 2006, this accounted for only 16% of total tertiary education expenditure, compared with 19% in EU-19 countries and 66% in the United States.

Total expenditure on education* (2006)

% of GDP

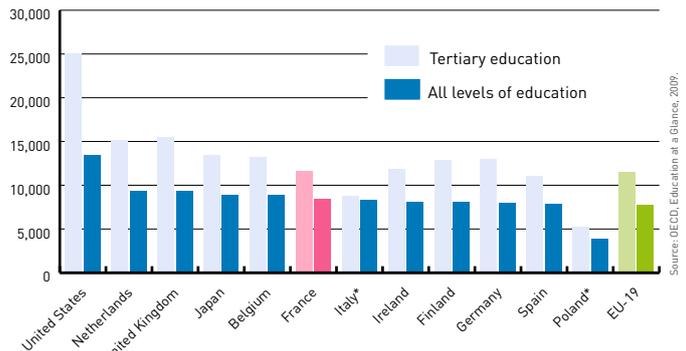


* Expenditure on educational institutions.

Total annual expenditure per student (2006)

In educational institutions, all services

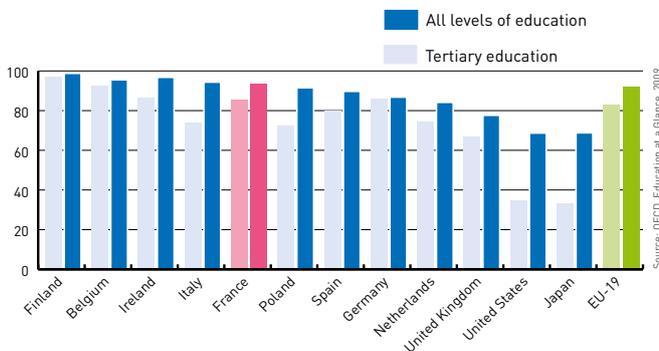
Equivalent US \$ converted using PPPs



* Public institutions only.

Public expenditure on education (2006)

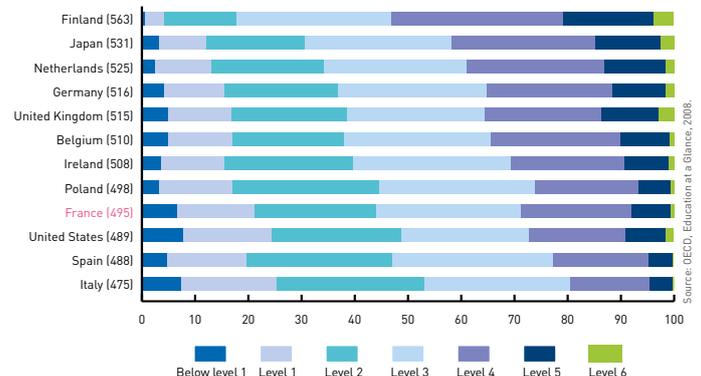
% share of total expenditure



Scientific literacy of 15-year-old students (2006)

% of pupils ranked by level

In descending order of mean score (in brackets)



The OECD PISA survey, which assesses the scientific literacy of 15-year old pupils, gives France an average ranking: 8% of pupils attained the two highest levels in 2006, compared with 12% in Germany, 14% in the United Kingdom, and 21% in Finland (but only 9% in the United States).

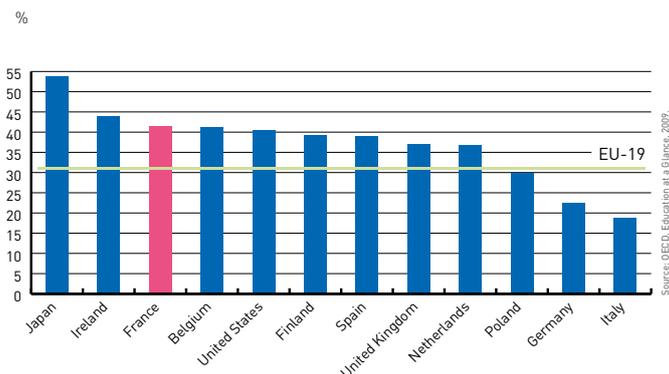
The mean score of French pupils is comparable to that of American, Spanish and Polish pupils.

In the 25-34 age group, France has a highly qualified labor force: 41% of this age group possessed a tertiary qualification in 2007, a level comparable to the United States (40%) and much higher than Germany (23%) and Italy (19%).

The qualification level for the whole population (25-64 years old) is 27% in France, which is lower than in the United Kingdom (32%) and the United States or Japan (both over 40%). However, this figure can be seen to be increasing steadily once the higher qualification level of younger cohorts is taken into account.

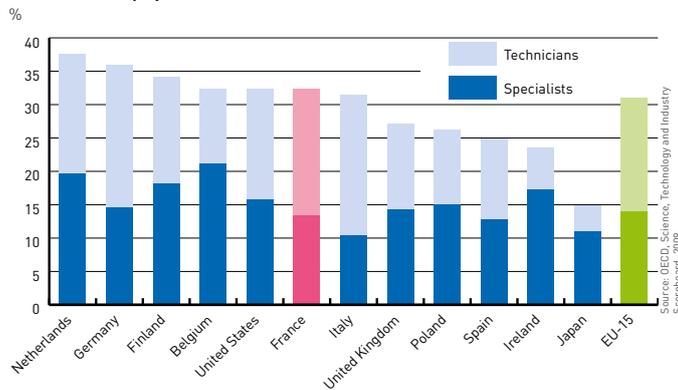
Population with tertiary education (2007)

Proportion of 25-34 year-olds



Human resources in science and technology* (2008)

Share of total employment



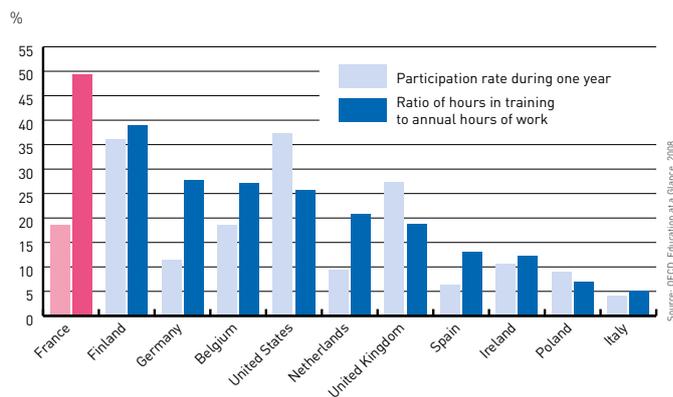
* HRST occupations.

As far as continuing education and training are concerned, France has an average participation rate, backed by high intensity. Accordingly, in terms of number of hours in training for 25-64 year olds, France is ranked first among the sample countries.

Human resources in science and technology (HRST) are regarded as one of the main drivers of knowledge-based economies. In addition to tertiary graduates, HRST include people employed in scientific or technological occupations that require advanced qualifications.

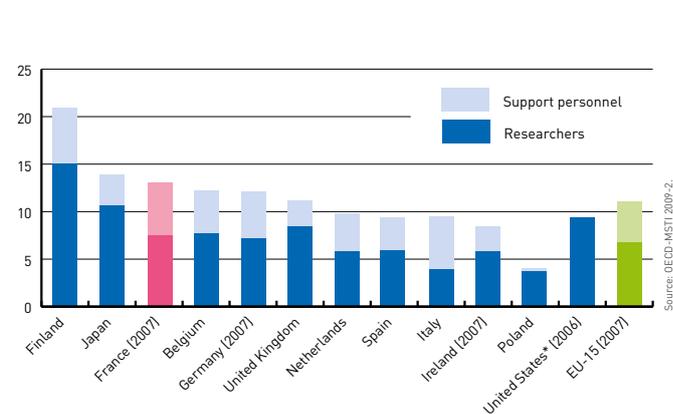
In France, this latter category accounted for 32% of total employment in 2008 (compared with 38% in the Netherlands, the highest scorer in the sample). France belongs to a group of countries whose share of total employment includes a significant proportion of human resources in science and technology.

Education and training for 25-64 year-olds (2003)



R&D personnel (2008)

Per thousand labor force



* Data for all R&D personnel not available.

Researchers are well represented: with a share of 7.6 researchers per 1,000 labor force in 2008, France was ranked fifth, ahead of Germany (7.0) but after the United Kingdom (8.4). This share has grown 9% since 2003, less than in the United Kingdom (up 13%), but far more than in Germany (up 2%).

France has one of the highest levels of labor productivity, as measured either per employee or on an hourly basis.

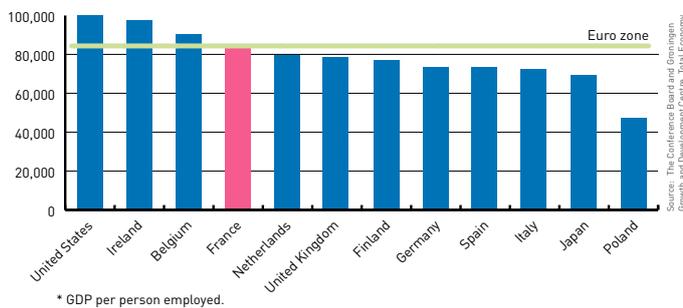
Between 2003 and 2009, hourly productivity has increased at a slightly higher rate in France than in the euro zone (a rise of 0.9%, compared with 0.7%), but less than in the United States (up 1.7%). Since 1995, the gap in hourly

productivity between the euro zone and the United States has steadily widened. Reasons for this include the lower flexibility of the European markets and higher job growth in Europe. Moreover, three sectors alone (wholesale, retail and financial services) account for most of the productivity growth differential between the United States and Europe.

Between 2008 and 2009, the widening of this differential (up 2.6% in the United States, down 1.1% in the euro zone) reflected the more rapid adjustment in hours worked in the United States, where companies prioritized productivity gains and allowed jobs to bear the brunt of the adjustment.

Productivity per employee* (2009)

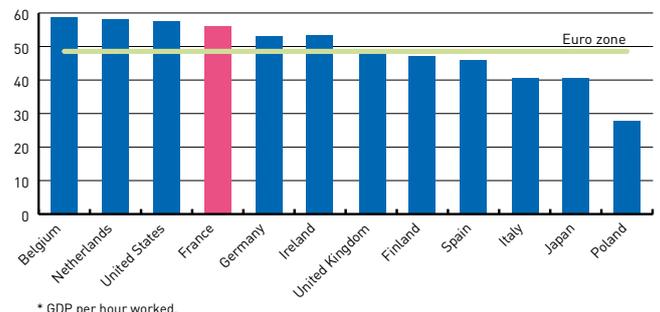
Total economy
In US \$ at 2009 PPP



* GDP per person employed.

Hourly productivity* (2009)

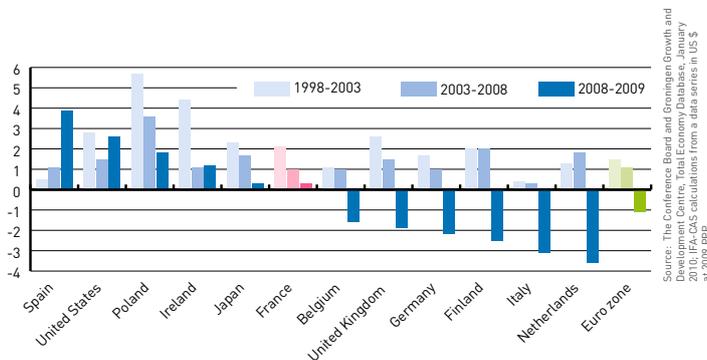
Total economy
In US \$ at 2009 PPP



* GDP per hour worked.

Trends in hourly productivity*

Average annual rate of growth - Total economy
%



* GDP per hour worked.

III. RESEARCH AND INNOVATION

The intensity and quality of existing research and innovation activities are a key factor in attracting technology- and knowledge-intensive investment projects.

Ranked fifth in the world in terms of R&D expenditure, France has a median ranking in the most profitable technological fields.

To stimulate corporate R&D expenditure growth, the French government has introduced one of the most generous tax incentive schemes in Europe to strengthen France's attractiveness in this respect.

With gross domestic expenditure on R&D (GERD) of US \$42.8 billion (PPP) in 2008, France is ranked 5th in the world, after the United States, Japan, China and Germany.

Compared with 2007, GERD has fallen slightly in France (down 0.6%), while it has grown in the United States and the United Kingdom (up 4.5%).

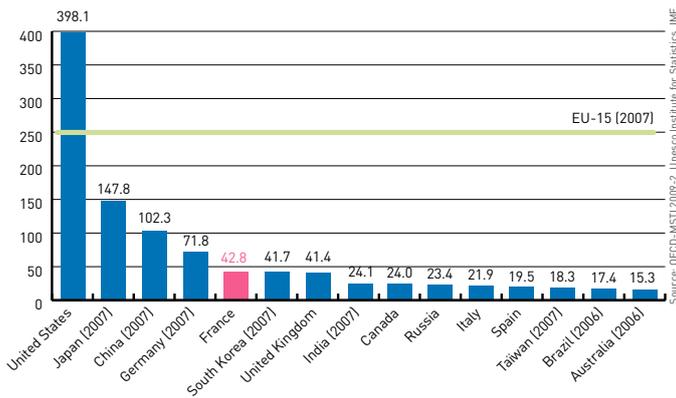
From 2003 to 2008, France posted a GERD growth rate of +0.5%, against +2.9% in the EU-15, +3.6% in the United States and +4.2% in Japan. This performance is mostly a result of the weak growth in GERD within companies during the last five years (+0.6% per year).

In 2008, the intensity of R&D operations in France (GERD/GDP ratio of 2.02%) was higher than that of the EU-15

Domestic expenditure on R&D (2008)

The world's 15 leading economies

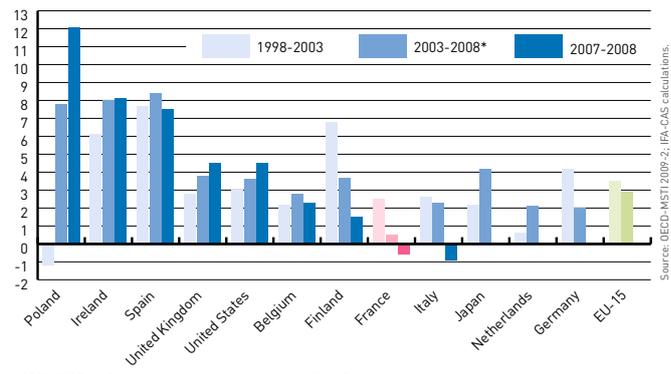
US \$ billion at current PPP



Trends in domestic expenditure on R&D

Real average annual rate of growth

%

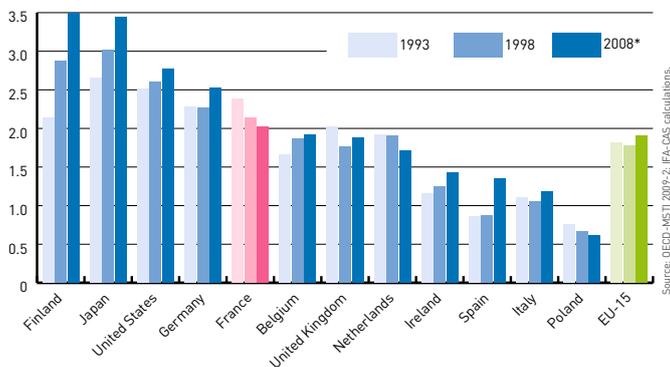


* 2003-2007 for Germany, Japan, Netherlands and EU-15 average.

Intensity of R&D operations

GERD / GDP

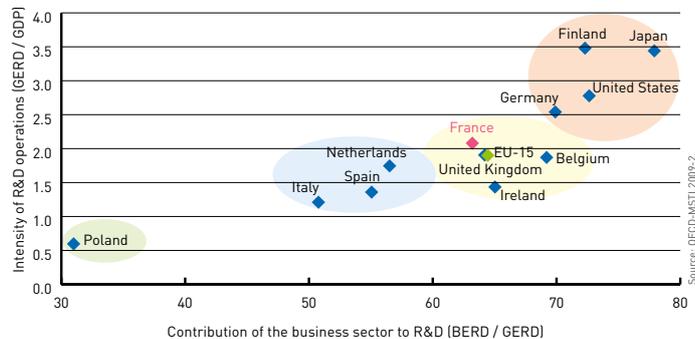
%



* 2007 for Germany, Japan, Netherlands and EU-15 average.

Intensity of R&D operations and contribution of the business sector to R&D (2008*)

%



* 2007 for Germany, Japan, Netherlands and EU-15 average.

(1.90%), but fell far short of the Lisbon objectives. It was lower than in Finland (3.49%), Japan (3.44%), the United States (2.77%) and Germany (2.53%). This ratio has been declining since 1993.

R&D expenditure in the business sector only accounted for 63% of GERD in 2008, compared with 78% in Japan, 73% in the United States and 70% in Germany.

The differences in intensity of private R&D expenditure are largely due to differences in sector-specific specializations. According to a recent study (*) for example, Germany, Finland and Japan do not have a higher intensity of R&D operations than that predicted by their specialization structure.

Compared with the sample countries, French businesses are in line with the average. France has a good standing in terms of non-technological innovations (marketing and organization innovations).

France's favorable position in this respect is confirmed by the number of trademark applications per inhabitant, which is much higher than in Germany or the United States.

[*] Mathieu A. and Van Pottelsberghe B. (2008), "A note on the drivers of R&D intensity", CEPR Discussion Paper, no. 6684.

France's share in triadic patent families remained stable (around 5%) between 1998 and 2007, while the share of many other countries declined. However, it still remains lower than in the United States (31%), Japan (28%) and Germany (12%).

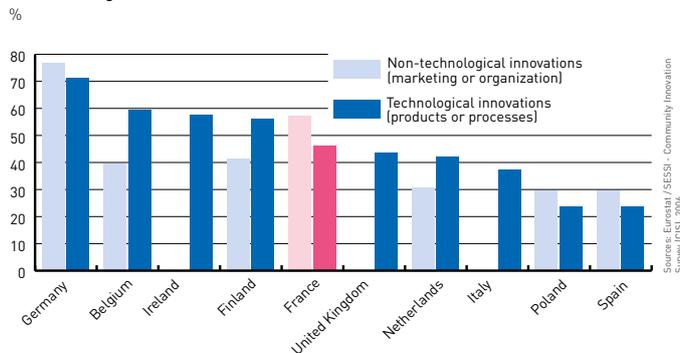
If we compare the number of (European) patents to the number of inhabitants, France comes after Germany, Finland and the Netherlands.

This position at least partly reflects a sector-specific specialization effect.

For several years, four research sectors have accounted for over half of the R&D operations carried out by businesses in France: the automotive industry, the pharmaceutical industry, the manufacture of radio, TV and communication equipment and aviation construction.

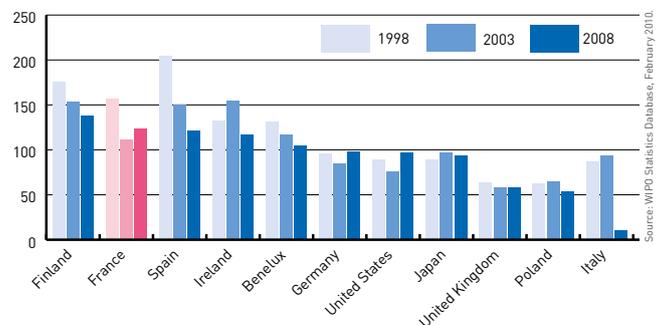
In terms of European patent applications, France appears to specialize in "Machinery, Mechanics, Transport" and "Domestic consumption, Construction" and in terms of American patent applications, France's specialization is more marked in "Pharmacy, Biotechnology" and "Chemistry, Materials".

Proportion of companies having developed innovations (2004-2006)



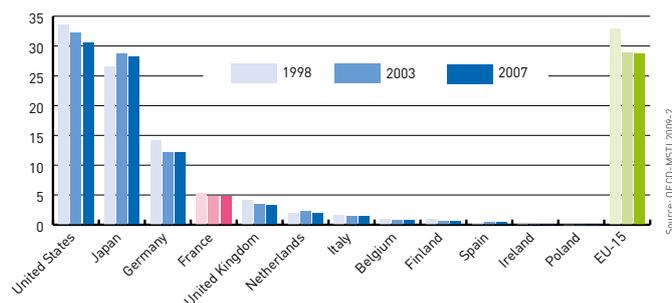
Trademark applications

Per 100,000 inhabitants
Total direct applications + applications via the Madrid system



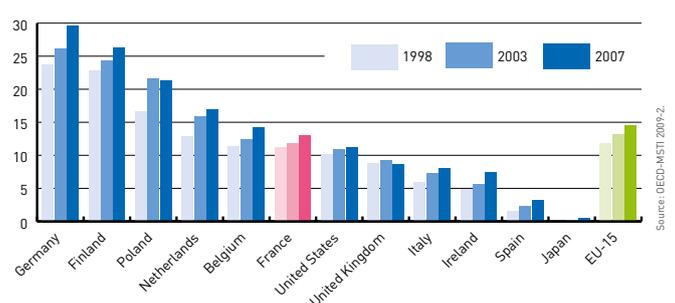
Triadic patent families

Share of the world total
% Priority year, inventor's country of residence



Patents filed at the EPO

Per 100,000 inhabitants
% Priority year, inventor's country of residence



In the sectors considered to be the most profitable (nanotechnology, biotechnology and information and communications technologies), France's position is

often low on the list, but the potential for development in nanotechnology appears to be high.

France's technological advantages in European and US patent applications (2006)

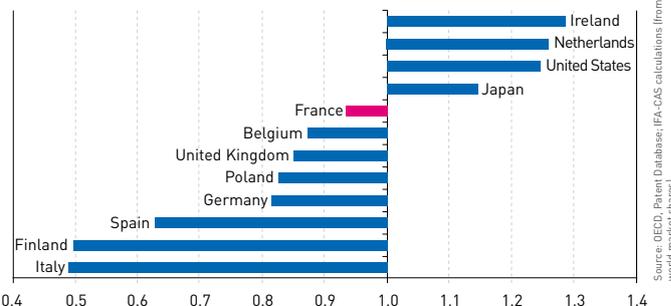
Technological field	Patent applications	
	in Europe	in the USA
Machinery, Mechanics, Transport	1.43	1.29
Domestic consumption, Construction	1.18	0.82
Pharmacy, Biotechnology	1.07	2.04
Industrial processes	1.01	1.18
Electronics, Electricity	0.90	0.80
Chemistry, Materials	0.84	1.48
Instruments	0.79	0.79

Source: Observatoire des Sciences et des Techniques (Science and Technology Indicators, 2008)

Indicators calculated using world market shares.

Technological advantage in nanotechnologies (2003-2007 average)

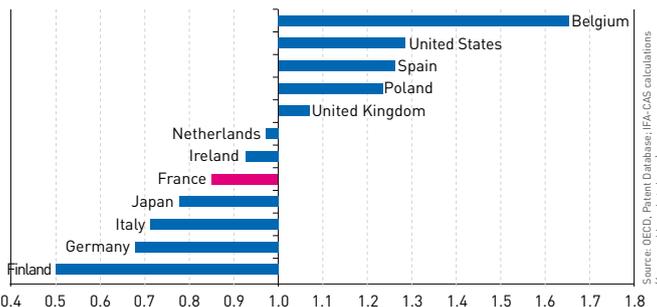
Patent applications via the PCT procedure; priority year; inventor's country of residence



Source: OECD, Patent Database; IFA-CAS calculations (from world market shares).

Technological advantage in biotechnologies (2003-2007 average)

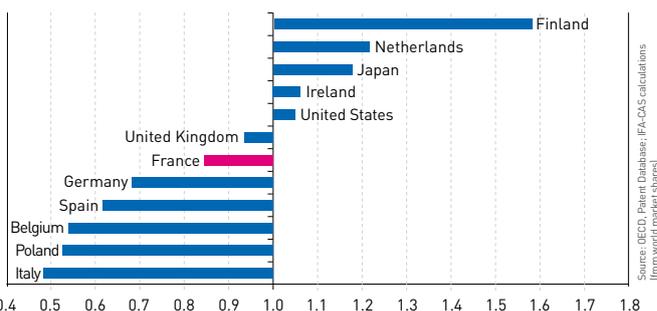
Patent applications via the PCT procedure; priority year; inventor's country of residence



Source: OECD, Patent Database; IFA-CAS calculations (from world market shares).

Technological advantage in ICT (2003-2007 average)

Patent applications via the PCT procedure; priority year; inventor's country of residence



Source: OECD, Patent Database; IFA-CAS calculations (from world market shares).

PATENT APPLICATIONS AND SCOPE OF PROTECTION

A patent is an intellectual property title which confers on its holder an exclusive right of use to the patented invention, for a limited period (normally 20 years) and in a specified territory. **A patent application is "international"** when it is filed under the Patent Community Treaty (PCT – signed

by 133 countries, including France); the application must list the countries for which protection is required. **A triadic patent family** is a group of patents intended to protect the same invention, and filed with the three main patent offices: the European Patent Office (EPO),

the United States Patent and Trademark Office (USPTO) and the Japan Patent Office (JPO). The advantage of this concept is that it improves international comparisons (by eliminating the host country advantage and the influence of geographical location) and targets high-value patents.

TECHNOLOGICAL ADVANTAGE INDICATOR (TA)

This indicator of technological specialization of a country i , in a technological field j , is defined by the following ratio:

$$TA = \frac{\text{Market share of country } i \text{ in patent applications for specific field } j}{\text{Market share of country } i \text{ in patent applications, all technological fields combined}}$$

If $TA > 1$, country i is relatively specialized in technological field j (its market share in field j is greater than its overall market share).

IV. INFRASTRUCTURE

As an investment location, France is characterized by high quality transport infrastructure, providing fast, efficient connections with the rest of the world, especially Europe, North Africa and the Middle East.

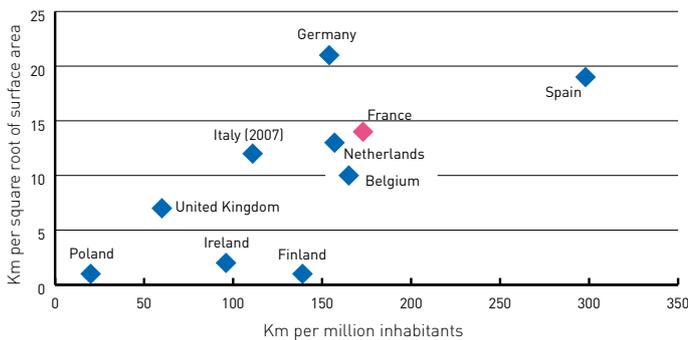
This factor in France's attractiveness is an advantage that can often be key to the geographical distribution of production activities.

With over 11,000 km (nearly 7,000 miles) of motorways and a rail network of over 31,000 km (nearly 20,000 miles), France has an extremely dense transport network.

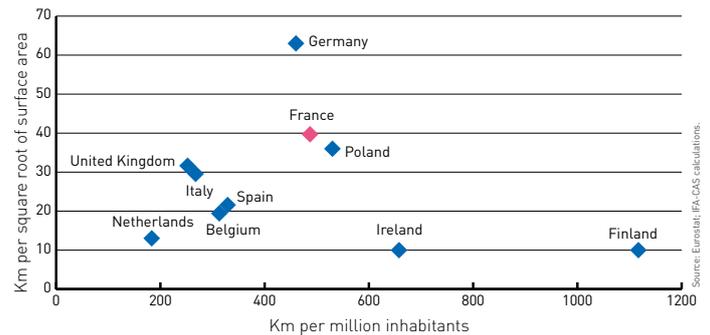
It is the leading European country for the length of its high-speed rail network, which connects the French mainland to the main capitals of Europe.

This land network is supplemented by a large air network: 65 airports, including 6 international airports, record more than 15,000 passenger movements per year.

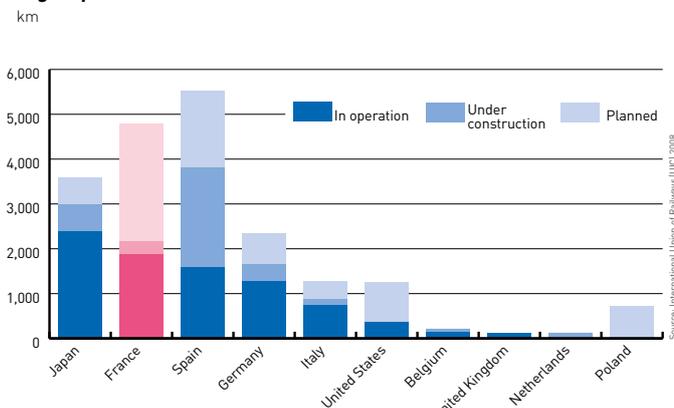
Motorway network density (2008)



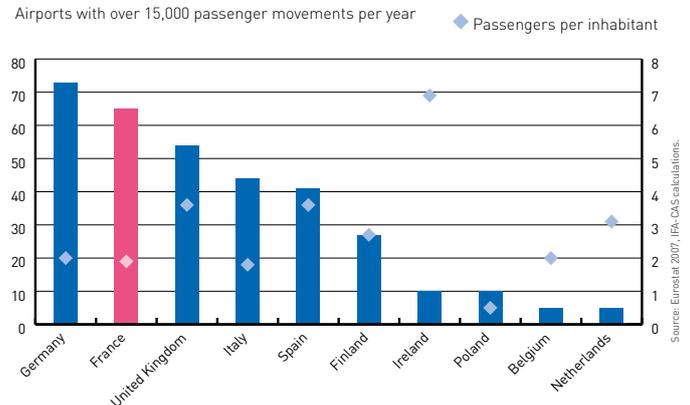
Rail network density (2008)



High-speed rail network (2009)



Air transport: infrastructure and passenger transport (2007)



Lastly, the port of Marseille was Europe's 4th port* for goods transport in 2008, handling 96 million metric tonnes of goods, after Rotterdam (Netherlands), Antwerp (Belgium) and Hamburg (Germany).

France has high levels of public investment (3.3% of GDP in 2009, compared with 2.8% in the euro zone and 1.8% in Germany). Gross fixed capital formation in public services also continues to grow steadily.

Investment in ICT by the economy as a whole (17% of GDP in 2007) is low however compared with that of the United States and the United Kingdom (26%) and has declined since 1998, as has been the case in Germany and the United States among others.

*Ports Statistics, Port of Rotterdam 2009.

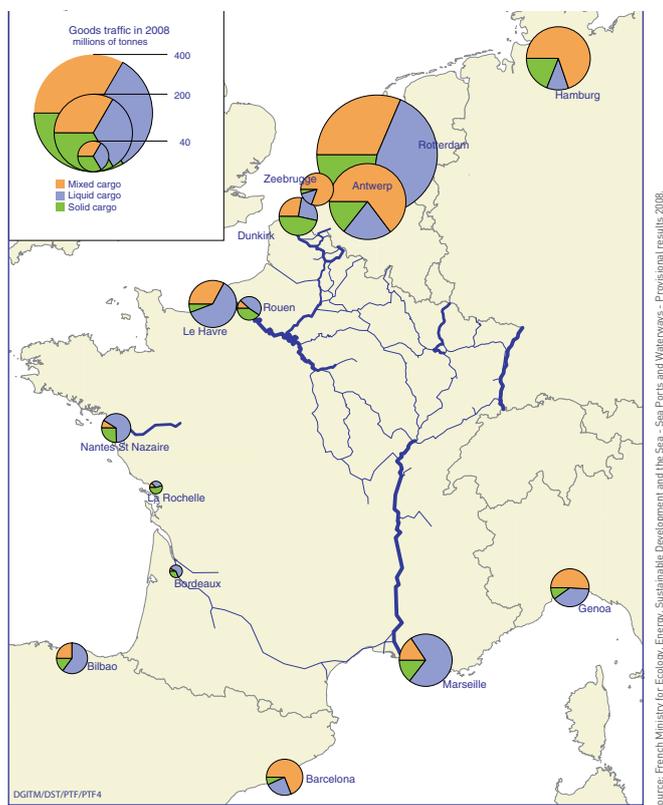
As in all the sample countries, the broadband penetration rate has risen sharply in France over the last six years (up 7.3-fold). With almost 30% more subscribers in 2009, France is now broadly level with the United Kingdom and Germany, and ahead of the United States.

The French market remains dynamic in terms of corporate real estate.

Although the volume of transactions fell 27% between 2008 and 2009, Paris is well ahead of Europe's other major capitals.

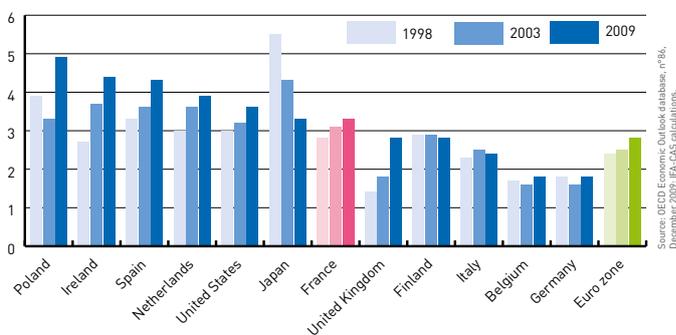
Electricity prices in France are among the most stable and competitive among the sample countries, due to successful control of the network and secure supplies.

Goods traffic at major French ports and leading ports in other European countries (2008)



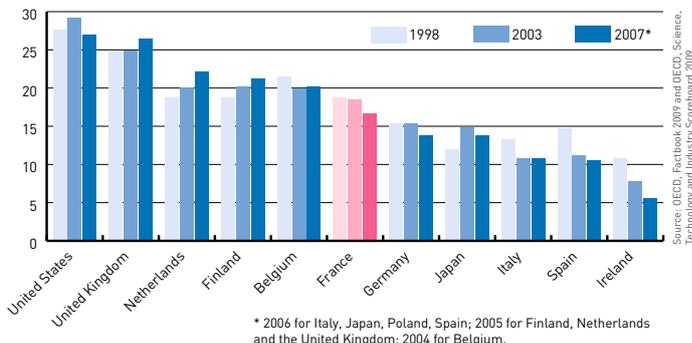
Gross fixed capital formation in public services

% of GDP



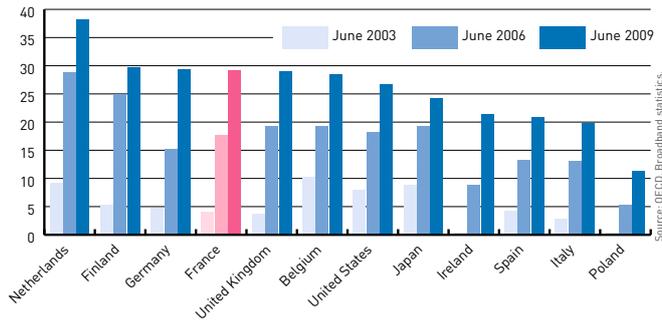
Investment in ICT: Share of non-residential gross fixed capital formation

%



Broadband penetration rate

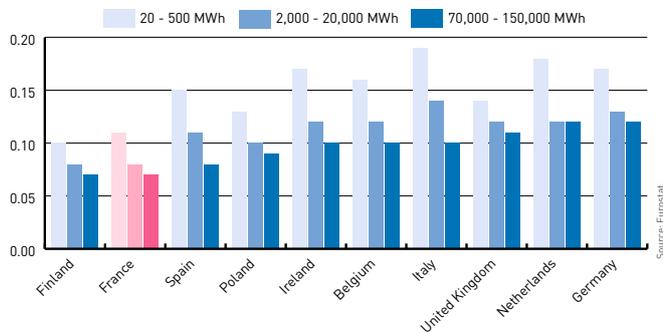
Subscribers per 100 inhabitants



Electricity rates (H1, 2009)

Industrial consumers by level of consumption

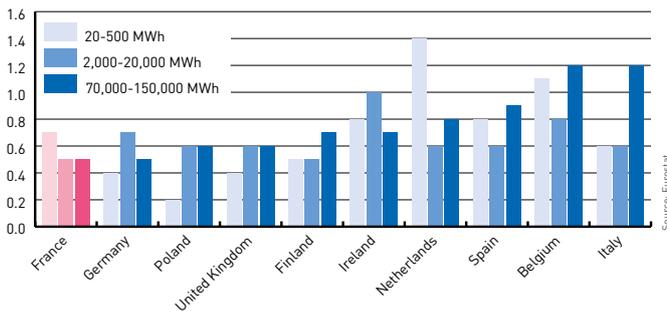
Rate inc. VAT (€/kWh)



Variability of electricity rates (H1, 2007 - H2, 2009)

Industrial consumers by level of consumption

Standard deviation of rates inc. VAT



Indicators for leading European office property markets

	Transactions (m ²)		Vacancy rates (%)	
	2009	2008	2009 Q4	2008 Q4
Paris	1,433,000	1,956,000	8.0	5.5
London	990,000	851,000	10.3	7.2
Munich	542,000	786,000	8.6	8.4
Brussels	433,000	463,000	10.9	9.3
Frankfurt	422,000	596,000	13.8	12.2
Berlin	414,000	468,000	7.6	7.7
Hamburg	390,000	544,000	7.4	6.1
Madrid	297,000	490,000	12.5	8.9
Cologne	228,000	290,000	8.9	8.3
Dusseldorf	220,000	424,000	11.3	10.0
Amsterdam	220,000	323,000	20.2	18.2
Milan	192,000	271,000	9.6	7.0
Barcelona	180,000	319,000	13.3	8.7
Lyon	162,000	244,000	7.1	5.4
Lille	143,000	148,000	n/a	n/a

Source: BNP Paribas Real Estate - Property report Office markets in Europe Q4 2009

Transactions = surface areas for which a lease or a contract of sale has been signed.

V. ADMINISTRATIVE AND REGULATORY ENVIRONMENT

France's administrative and regulatory environment is often seen as a weak point in opinion surveys. While the burden of administrative procedures remains relatively high, France is nevertheless committed to systematic reform of its regulatory setup.

According to OECD studies, France occupies a median position on barriers to entrepreneurship, after English-speaking countries. These assessments specifically highlight the burden of barriers to competition, notably barriers to entry into services, and the degree of transparency of administrative procedures and regulations.

In terms of attractiveness, these classifications must be put into perspective. The important role of jurisprudence in the English-speaking legal world should not be underestimated. Moreover, barriers to entry into services mainly concern regulated professions (pharmacists, notaries, taxis, etc.), which have little impact on the dynamics of international investment.

France is in a good position as regards the ease of starting a business: this took 7 days in 2009, compared with 18 in Germany.

France is also one of the top 5 countries in terms of e-government availability, with 16 of the 20 basic services fully available.

France's ranking for the administrative burden of labor market regulation is mainly determined by:

- measures that are perceived to be **brakes on hiring** (regulations on fixed-term contracts, minimum wage) and to a lesser extent,
- the **rigidity of the working week** (non-standard working week, paid leave days).

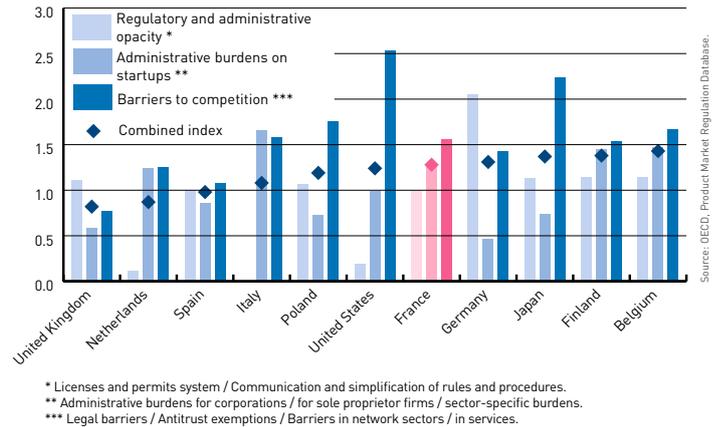
By contrast, difficulties associated with redundancy procedures are not considered particularly significant in France.

The measures that France has implemented since 2007 have radically altered the legislative and regulatory framework, introducing new flexibility into the labor market: the "TEPA" law which introduced tax exemption of overtime hours, fixed-purpose contracts, termination of employment contracts by mutual consent etc.

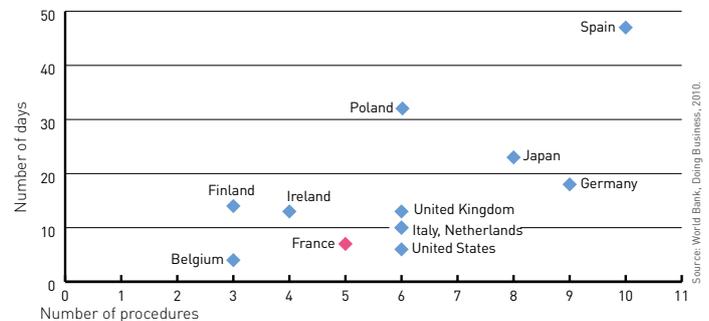
In this respect, the World Bank believes that France is among a number of countries whose reforms reflect a firm commitment to boost domestic competitiveness. (France and Germany were among the first countries to reform their bankruptcy systems in December 2008 in response to the current economic crisis.)

Barriers to entrepreneurship (2008)

On a scale from 0 to 6, from least to most restrictive

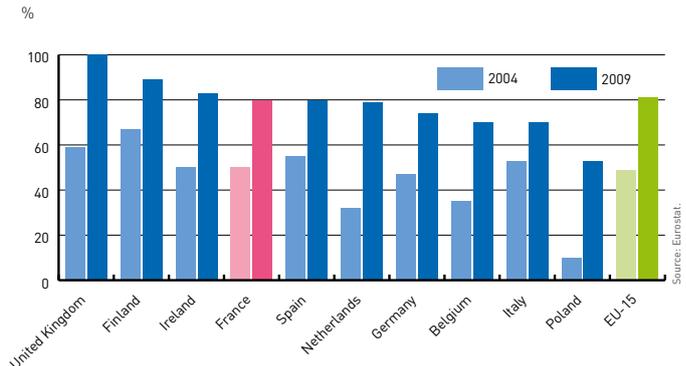


Ease of starting a business (2009)



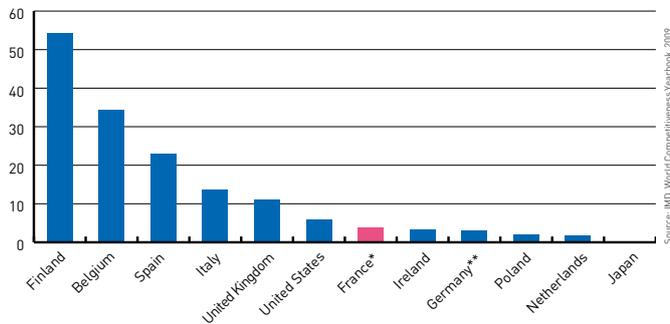
E-government availability

Proportion of 20 government services fully available online



Strikes are much less frequent in the private sector in France than in many other European countries (Finland,

Number of working days per year lost to strike action (2005-2007)

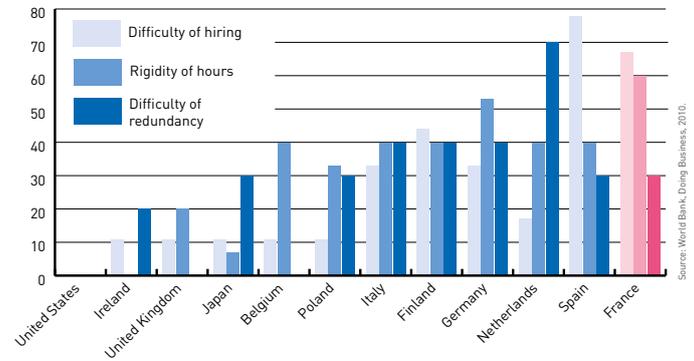


* Excluding the public sector, ** Excluding public services

Belgium, Spain and the United Kingdom in particular) and the United States.

Administrative burden of labor market regulation (2009)

Indexes from 0 to 100, ranking by the mean of the 3 indexes



VI. FINANCIAL ENVIRONMENT

The vibrancy of Paris as a financial center is a key factor in France's attractiveness, backed by a strong position in asset management.

Venture capital financing is vital to the creation of new businesses in innovative technological sectors (ICT, biotechnologies). Despite the efforts focused on research and development, France is lagging behind on venture capital.

Euronext Paris has been Europe's second largest stock exchange for several years now.

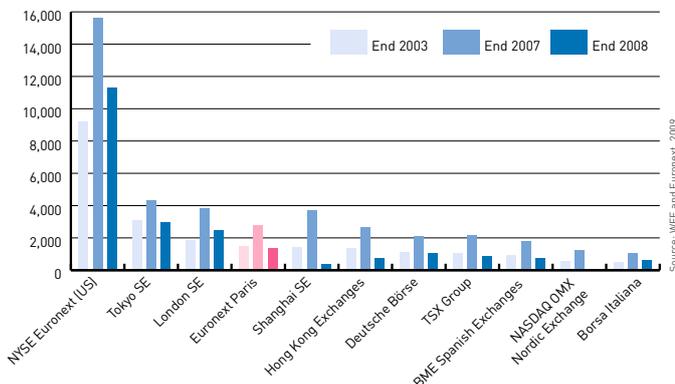
Since 2008, the Paris stock exchange has weathered the recession better than other leading stock markets: market capitalization values on the Paris stock exchange fell 43% in 2008, compared with a drop of 51% on the London Stock Exchange and Borsa Italiana, and 54% on Euronext Brussels.

In terms of assets, France tops the sample countries for domiciliation of funds under collective management, with a European market share of around 20% in December 2009.

Venture capital financing has stagnated (0.09% of GDP in 2008, unchanged from 2003); in this area, France remains below the European average (0.15%) and some way behind the United Kingdom (0.22%).

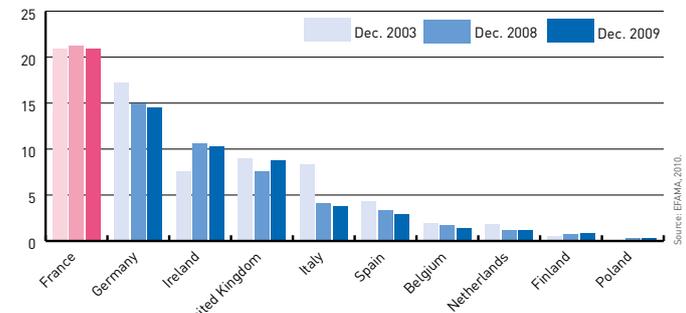
Capitalization of leading stock markets

US \$ billion



Market share of investment funds in European industry*

%



* Total net assets (mutual funds under European and French regulation) by country of domicile.

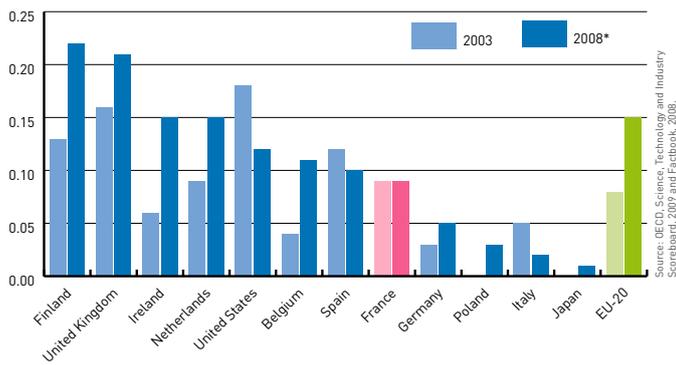
Credit default swaps protect against credit risks on corporate or sovereign bonds. They help to reduce banks' equity capital requirements by providing a guarantee against default risk. CDS premiums make it possible to estimate the probability of default expected by the markets. They act as an early indicator of fears concerning

the solvency of businesses or governments.

The level of CDS premiums in France is far lower than that in other leading European countries, which demonstrates that France's economy has remained robust and reliable during the global economic crisis.

Venture capital investment

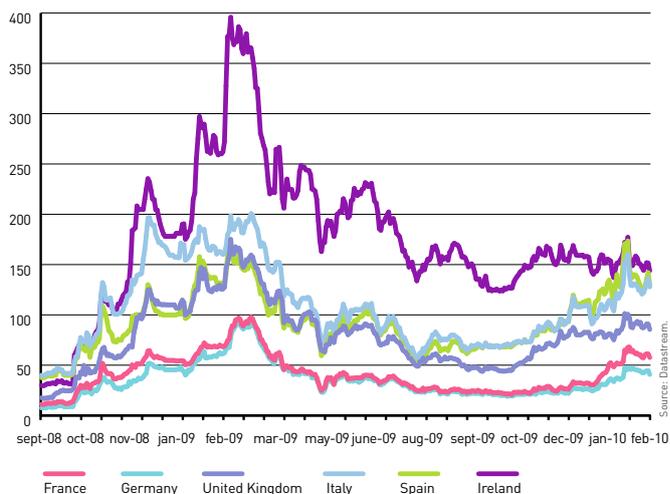
% of GDP



* 2006 for Japan and EU-20 average.

CDS* premiums on sovereign debt (September 2008 - February 2010)

US \$



* 5-year credit default swap premiums.

VII. COSTS AND TAXATION

Taxation is often presented as a weak point for France in opinion surveys. However, attractiveness in terms of operating costs and taxation should be considered in the round.

As such, France has the lowest business setup costs of any European country. Moreover, the effective tax burden on businesses in France appears to be much lower than the nominal corporate tax rate would suggest.

One of France's strengths lies in the very low business setup costs it offers foreign companies.

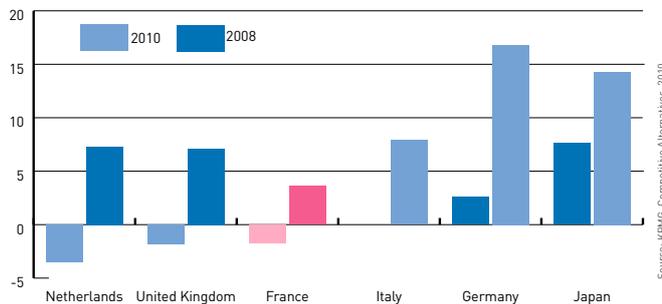
According to KPMG's *Competitive Alternatives 2010* survey, the total sum of these costs (labor, facility, transport, taxes and duties, equipment and energy, etc.) is similar in France to those paid in the United Kingdom and lower than in Germany.

France is ranked sixth in the world and third in Europe in terms of business setup costs.

France's cost-competitiveness compared with the United States has improved since 2008, with business setup costs now 1.7% lower. This cost-advantage is more marked in the manufacturing sector (costs 2.1% lower than in the United States) and the R&D sector (6.2% lower than in the United States). Conversely, KPMG believes that in the business-to-business services and IT sectors, setup costs are 4.1% higher in France than in the United States.

Business setup costs

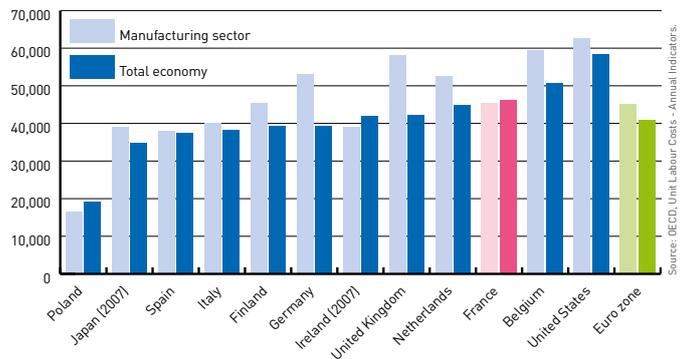
In comparison with the United States - Total economy
%



Key: In 2010, business setup costs in France are 1.7% lower than in the United States.

Labor compensation per employee (2008)

US \$ at current PPP



COMPETITIVE ALTERNATIVES 2010, KPMG

This survey compares the cost competitiveness of 136 cities in ten countries: Australia, Canada, France, Italy, Japan, Germany, Mexico, the Netherlands, the United Kingdom, and the United States. Costs are estimated for a series of indicators (27 variables) associated with the startup of an industrial project.

The study covers 17 types of industry:

aerospace, agri-food, automotive, chemicals, pharmaceuticals, biotechnology, clinical trials, web and multimedia, etc. Each representative business project is defined, modeled and analyzed in detail.

Costs cover the following variables in particular: labor costs, utility costs, real estate costs, tax burden, transport costs, construction costs, healthcare costs and education costs.

This study also considers other non-cost related factors which may impact on the attractiveness of a setup area. These include availability and training of labor, economic conditions and market accessibility, innovation level, quality of infrastructure, the regulatory framework, and also the cost of living and quality of life.

Moreover, France has extended its lead, which can be explained by a more favorable taxation policy –the research tax credit – and very competitive labor costs.

In 2008, out of the sample countries and across the entire economy, **employee income levels in France were among the highest in Europe** (approximately US \$46,000 at PPP), but lower than in the United States (approximately US \$58,000 at PPP).

In the manufacturing sector however, labor compensation per employee was lower than in the United Kingdom, Germany and the Netherlands.

Over the last five available years (2003-2008), labor compensation per employee has risen faster in the manufacturing sector (up 4.5% per year) than in the economy as a whole (up 3.7%).

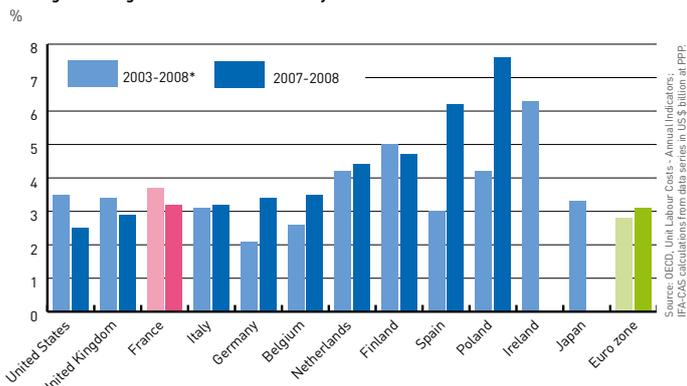
Between 2007 and 2008, the increase in labor compensation per employee in France was equivalent to that in the euro zone across the entire economy (up 3.2% in France and up 3.1% in the euro zone), but higher in the manufacturing sector (up 3.9% in France and up 2.7% in the euro zone).

In 2009, unit labor costs in most of the sample countries rose sharply in the manufacturing sector (especially in Italy: up 12.9% and in Finland: up 10.3%). France recorded one of the lowest rises (up 1.4% in 2009).

Over the period 2003-2008, the largest increase in unit labor costs in the manufacturing sector occurred in Italy and Spain (average annual increase of 3.1% and 2.6% respectively), whereas France managed to stabilize unit labor costs, with an average annual increase of only 0.6%.

Trends in labor compensation per employee

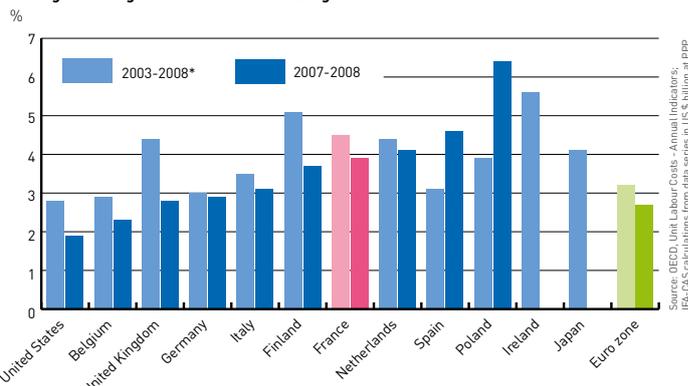
Average annual growth rate - Total economy



* 2003-2007 for Ireland and Japan.

Trends in labor compensation per employee

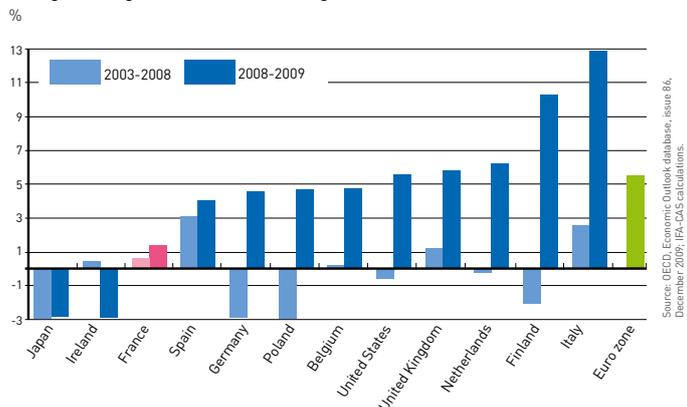
Average annual growth rate - Manufacturing sector



* 2003-2007 for Ireland and Japan.

Trends in unit labor costs

Average annual growth rate - Manufacturing sector



Since 2000, cost competitiveness in the manufacturing sector has deteriorated in the euro zone, particularly in Spain and Italy. France has been one of the most successful euro zone countries to control its relative unit labor costs. Germany is seen as the exception, showing an improvement in its cost competitiveness from 2003.

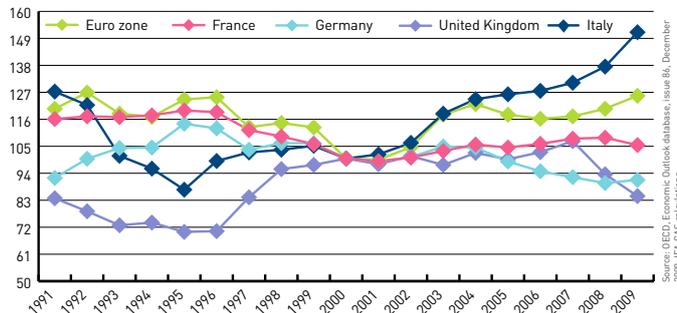
Compared with the euro zone, cost competitiveness in the United States and Japan has improved significantly, but this trend is mainly due to changes in exchange rates.

The French tax system is noteworthy for the level of social security contributions (37% in 2008, compared with 28% on average in the EU-15), and conversely, for its low tax burden on income, profits and capital gains (24% in 2008, compared with 35% on average in the EU-15).

The rate of tax and social security deductions (43% in 2008) is one of the highest, but the social security contributions cover a wide range of benefits. The level of social security contributions reflects a **high level of social consumption** (see section VIII, Quality of life).

Trends in cost competitiveness* (1991-2009)

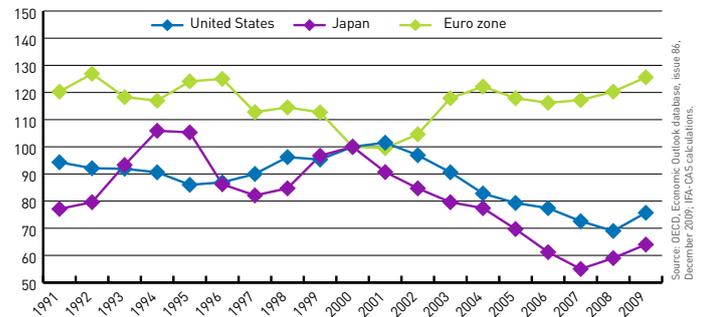
Manufacturing sector
Indexes (base 100 = 2000)



* Domestic unit labor costs / unit labor costs of competitors.
Note: An increase indicates a decline in cost competitiveness.

Trends in cost competitiveness* (1991-2009)

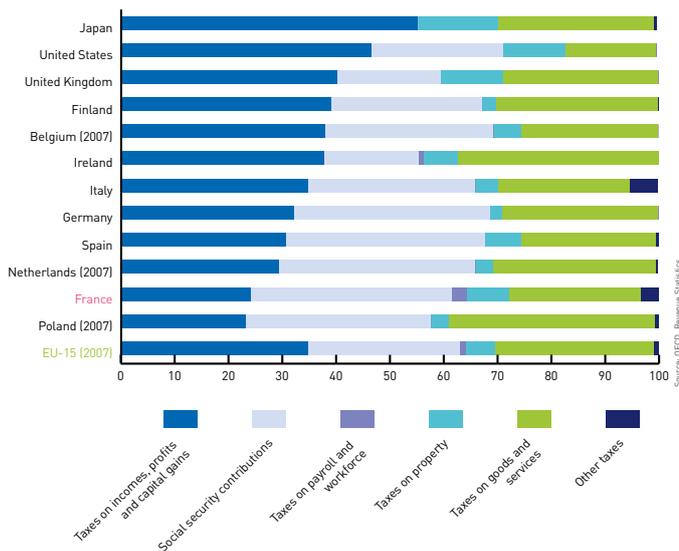
Manufacturing sector
Indexes (base 100 = 2000)



* Domestic unit labor costs / unit labor costs of competitors.
Note: An increase indicates a decline in cost competitiveness.

Structure of tax receipts (2008)

% of total receipts



The tax burden on labor is high in France. In 2009, only Germany imposed a higher tax burden on a single person without children earning 100% of average earnings. For a one-earner married couple with two children at 100% of average earnings, France imposes the highest tax burden. Despite one of the highest nominal rates of tax on profits, **corporate tax receipts only account for a small share of GDP in France** (less than 3% in 2008, compared with 4% in Japan), owing to a relatively narrow tax base.

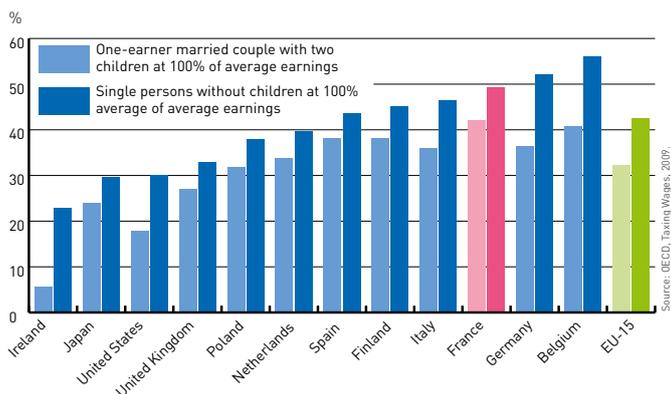
When corporate tax receipts are compared with corporate

gross operating profits, France's position appears even more favorable, with an **implicit corporate tax rate of around 17%.**

However, international comparisons should be treated with caution in that the calculation of an implicit corporate tax rate is strongly influenced by capital depreciation rules and the deductibility of borrowing interest, as well as the extent to which different economies are capitalized.

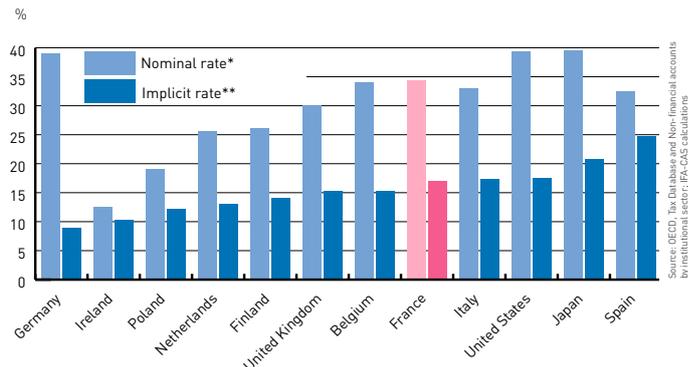
Following the reform to the research tax credit in 2008, France is now the country that offers businesses the most generous R&D tax treatment.

Tax burden on labor* (2009)



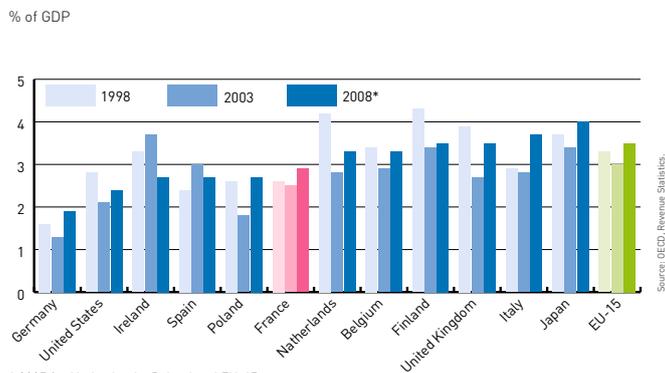
* Tax and social security deductions (income taxes plus employee and employer social security contributions less social benefits) as a % of labor costs.

Nominal and implicit corporate tax rates (2007)



* Adjusted central government rate.
** Income tax revenues / Corporate gross operating profits.

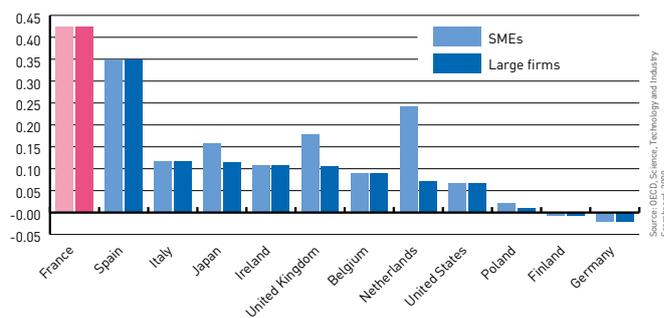
Corporate tax receipts



* 2007 for Netherlands, Poland and EU-15 average.

Tax treatment of corporate R&D (2008)

Tax subsidy rate for US \$1 of R&D*



* In France, 1 spending unit of R&D yields 0.425 units of tax relief.

RESEARCH TAX CREDIT REFORM PUTS FRANCE TOP AMONG OECD COUNTRIES FOR R&D SUPPORT

As globalization accelerates, international competition between countries is intensifying. In this context, several European countries have announced major public investment programs and tax measures seeking to improve companies' cash flows and to stimulate investment and innovation.

Tax relief varies from one country to the next, but it can take the form of an immediate write-off of in-process R&D, tax credits, or corporate tax relief such as in the United Kingdom.

The research tax credit is France's flagship tax measure to encourage companies to expand their R&D operations. All companies with R&D operations, regardless of their size or business sector, are eligible for this measure.

The 2008 Loi de Finances (French government budget law) enhanced the

research tax credit, transforming it into a very generous incentive and simplifying its administration.

- The research tax credit is calculated solely on the basis of total R&D spending (the "increase-based" component, determined on the basis of the increase in a company's R&D spending, has been abolished).
- The research tax credit is applied at a rate of 30% on the first €100 million of R&D spending (compared with the previous rate of 10% for the volume-based component and 40% for the increase-based component). This rate is double-counted (60%) when R&D is carried out with public-sector bodies.
- The previous cap of €16 million has been abolished and replaced by a new, much less restrictive ceiling: once R&D expenditure exceeds €100 million, a rate of 5% applies to further spending.

- An "entry bonus" is granted to all businesses claiming the research tax credit for the first time or those which have not received it in the last five years. These companies are entitled to a 50% tax credit in the first year and a 40% tax credit in the second year.

- The waiting period for an advanced tax ruling or *rescrit fiscal* (request for preliminary advice on the eligibility of a research project for the research tax credit) has been reduced from six months to three months.

- All companies can now request that the tax authorities verify their compliance with tax regulations. In the event of any errors, omissions or inaccuracies, companies can then settle the difference without incurring any penalties.

VIII. QUALITY OF LIFE

The contribution made by government authorities to the provision of collective and individual services (education, healthcare, housing, transport, culture, etc.) has a direct influence on the quality of life of households. The relationship between the public and private sector in the provision of individual services varies greatly from one country to the next. The public-sector dominated setup in France provides access to a range of free-of-charge high-quality services, particularly in education and healthcare.

The international “Quality of life” index published by *International Living* ranks France as the best place to live in the world.

This index is based on variables relating to cost of living, environment, culture and leisure, political freedom, health, infrastructure, safety and risk, and climate.

Income inequality is far lower in France than in Germany, the United Kingdom and the United States.

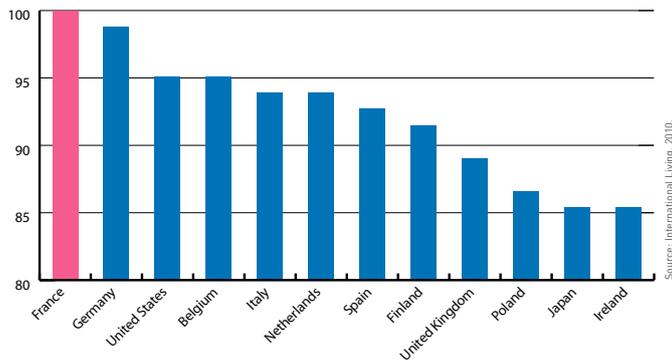
During the last twenty years, income inequality has increased in the majority of OECD countries, but has decreased in France and Spain.

Analysis of social security expenditure – covering benefits for disability, families/children, housing, social exclusion, old age, illness and healthcare, social security services and unemployment – **highlights the scale of welfare benefits and measures provided in France.**

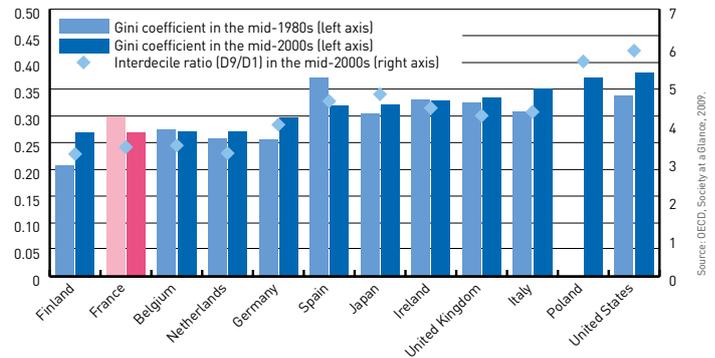
The public sector share of this expenditure is particularly high in France, amounting to 80% of health expenditure and over 90% of education expenditure.

Quality of life index (2009)

Index France = 100



Income inequality



Note: Countries are ranked in ascending order of the Gini coefficient. The income concept used is that of disposable household income in cash, adjusted for household size with an elasticity of 0.5.

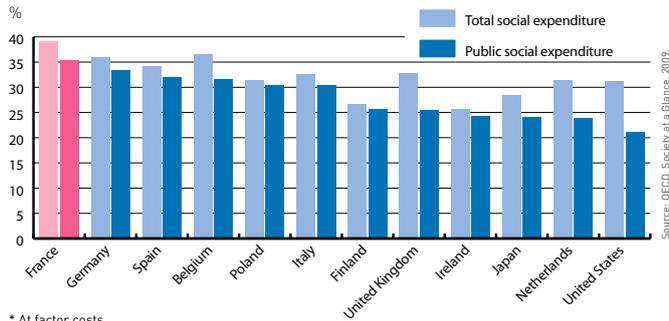
MEASURING INCOME INEQUALITY

Income inequality in a country is usually measured using the **Gini coefficient**, which ranges from 0 (where all incomes are identical) to 1 (where a single

individual receives all the income). Income inequality can also be measured using the **income interdecile ratio**, the ratio between the income level above

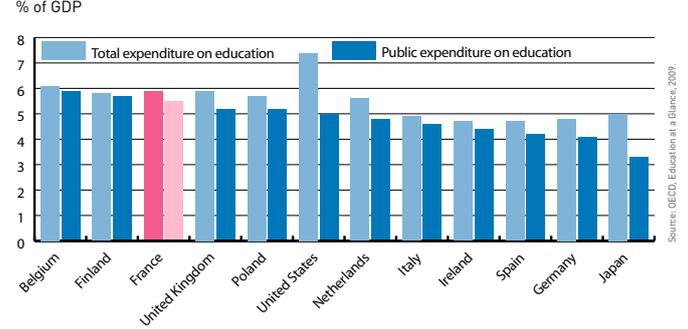
which the wealthiest 10% of individuals are situated and the income level below which the poorest 10% of individuals are situated.

Net social spending (2005) - Share of net national income (NNI)*

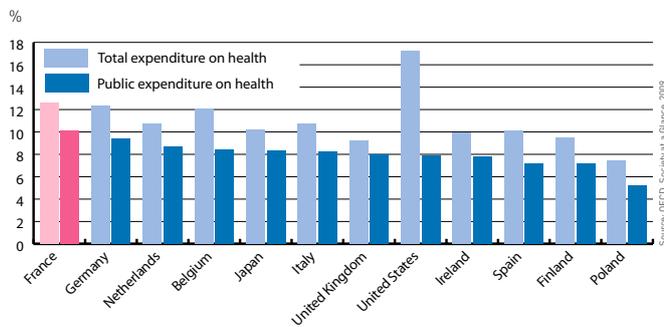


* At factor costs.

Spending on educational institutions (2006)



Health spending (2006) - Share of net national income (NNI)



REPORT BY THE COMMISSION ON THE MEASUREMENT OF ECONOMIC PERFORMANCE AND SOCIAL PROGRESS

Statistical indicators are important when it comes to designing and assessing policies seeking to ensure progress in society. However, disparities exist between the statistical measurement of socio-economic realities and the way that citizens perceive them.

In an environment radically changed by the global economic crisis, the President of France, Mr. Nicolas Sarkozy, appointed leading economist Mr. Joseph Stiglitz in February 2008 to chair a commission tasked with determining the limits of GDP as an indicator of economic performance and social progress, re-examining the problems which arise in measuring it accurately and identifying additional information that might merit consideration with a view to devising

more relevant indicators of social progress.

One of the distinctions the report made was between assessing present well-being and sustainable well-being. Present well-being is contingent not only upon financial resources, such as income, but also non-financial dimensions (subjective perception, natural environment). Although the full list of these aspects inevitably depends largely on value judgments, there is consensus that quality of life depends on health and education, conditions of everyday life (including the right to decent employment and housing), participation in the political process, people's social and natural environment and factors which define personal and financial security.

The report emphasized the need to

focus on well-being and made several recommendations accordingly, including:

- Placing greater emphasis on income, consumption and wealth distribution.
- Improving estimated measurements of health, education, personal activities and environmental conditions.

This approach has been tested by various composite indices that combine averages in different objective areas, such as the Human Development Indicator (HDI) created by the United Nations Development Program (UNDP). This indicator assesses the level of development in different countries by looking beyond a basic calculation of GDP (Gross Domestic Product) to incorporate social factors as well.

IX. GREEN GROWTH

As energy demands continue to grow and the environmental protection movement gathers momentum, the ability of countries to position themselves in energy and renewable energy sectors has now become a factor in their competitiveness.

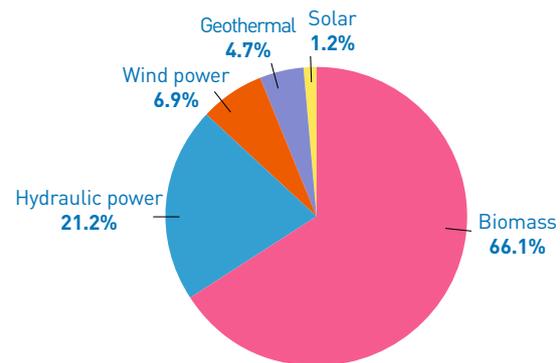
Accelerating global growth has led to a sharp increase in demand for energy products, contributing to a rise in commodity prices and greater greenhouse gas emissions. In 2008, the EU committed itself to reduce its greenhouse gas emissions by at least 20% by 2020, cutting energy consumption by 20% through improved energy efficiency and increasing the share of renewable energies in EU final energy consumption to 20%.

The global economic crisis threatens to delay certain investments in the construction of production infrastructure, especially ambitious projects that require high levels of financing. At the same time it accentuates the need for energy efficiency and may yet provide the impetus for structural reforms that would benefit both the economy and the environment.

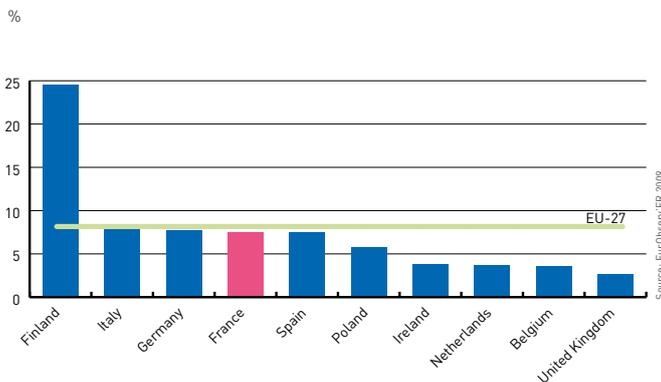
In Europe, renewable energies account for around 8% of primary energy consumption (target of 20% by 2020). The two best represented sources in terms of renewable primary energy consumption in 2008 were biomass (66.1%) and hydroelectricity (21.2%).

At nearly 25%, Finland is by far the biggest contributor to renewable primary energy consumption within the European Union, followed by Germany, Italy, Spain and France, at nearly 8%.

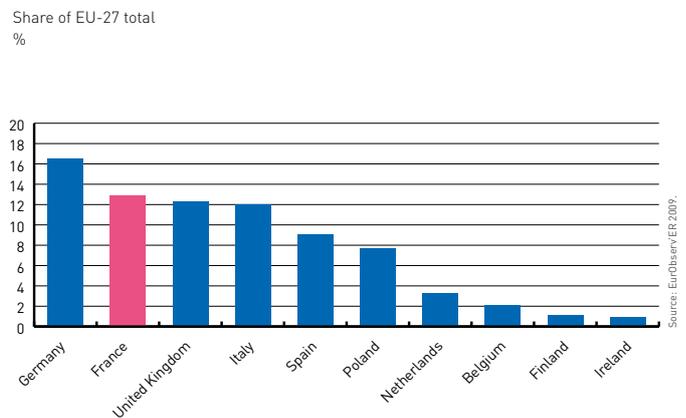
Share of each resource in renewable primary energy consumption by EU-27 countries (2008)



Share of renewable energies in primary energy consumption (2008)



Primary energy production from renewable sources (2008)



France is Europe's second largest producer of primary energy from renewable sources (13%), after Germany (16.5%), but ahead of the United Kingdom and Italy (around 12%).

Carbon dioxide emission levels per unit of GDP in European economies are relatively low compared with other regions in the world, and relatively uniform within the EU-15.

France's low carbon intensity is partly due to its "energy mix" (particularly its nuclear component).

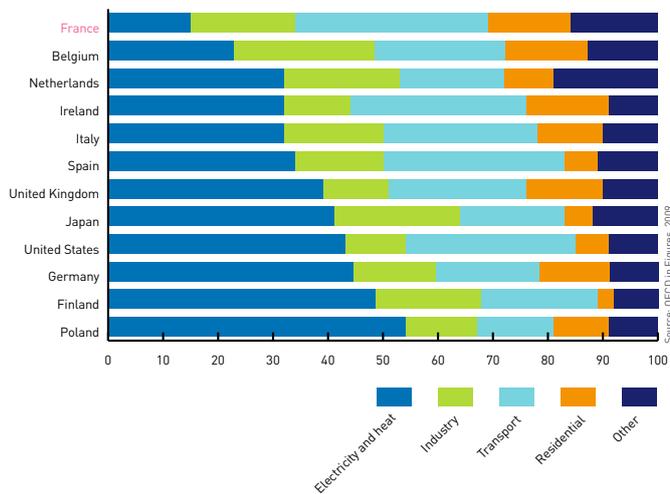
Consequently, electricity and heat production account for only 15% of CO₂ emissions in France compared with 45% in Germany.

In France, the transport sector produces the highest emissions (35% of total CO₂ energy emissions in 2007).

In 2008, solid biomass remained one of the main sources of renewable energy production. At almost 13% of European production, France is Europe's second largest producer of primary energy from solid biomass after Germany (14.7%).

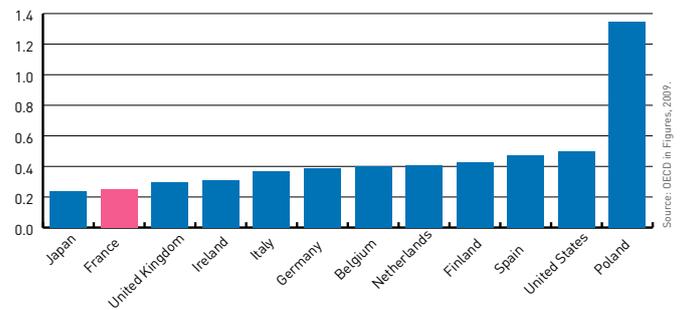
When related to population however, this rating changes: at 140 Ktoe (thousand tonnes of oil equivalent) per 1,000 inhabitants, France is at the same level as the rest of Europe, trailing well behind Finland (1,348 Ktoe per 1,000 inhabitants).

CO₂ emissions from fuel combustion by sector (2007)



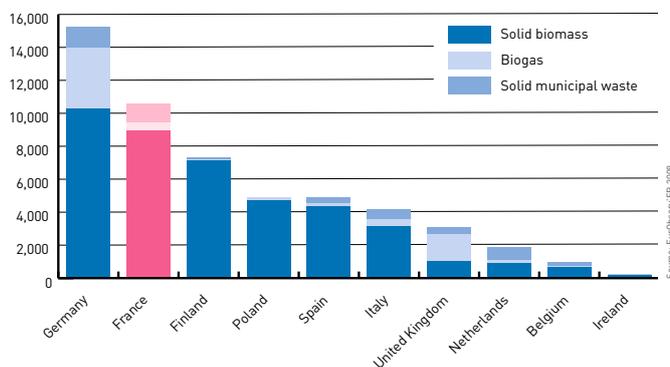
Carbon intensity (2007)

CO₂ emissions from fuel combustion per unit of GDP
kg / GDP (2000 US \$)



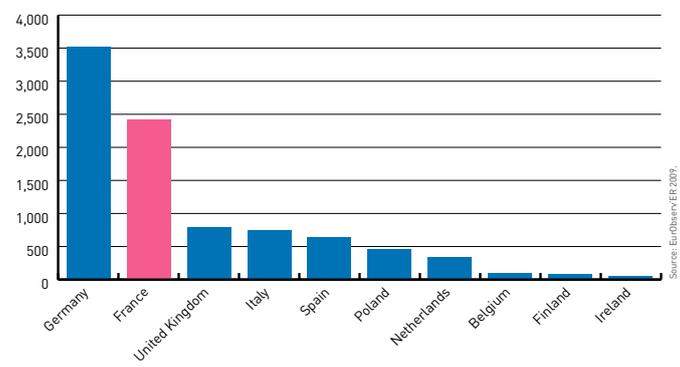
Primary energy production from biomass (2008)

'000 tonnes of oil equivalent (Ktoe)



Consumption of biofuels for transport (2008)

'000 tonnes of oil equivalent (Ktoe)



Primary energy production from biogas and incineration of renewable urban waste is far more limited in the EU-27 (7,542 Ktoe and 6,806 Ktoe respectively in 2008).

In 2008, consumption of biofuels continued to rise in the European Union, although at a less steady rate than during the previous two years.

France is the second largest consumer in Europe in this area, after Germany.

In 2008, the share of biofuels in fuel energy consumption for transport stood at 5.75%, in line with the target which has been set (compared with 1.8% in 2006).

In 2008, France was Europe's leading producer of hydroelectricity (6,389 Ktoe). Hydroelectricity production is on the rise in France, up 11.3% between 2007 and 2008.

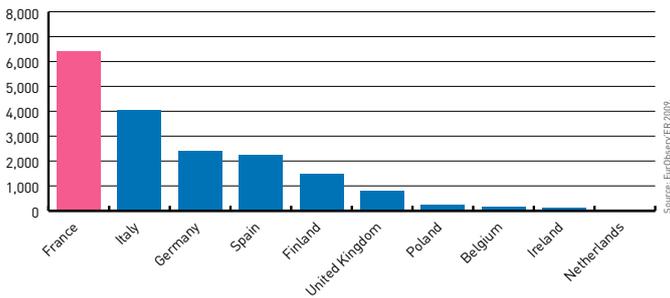
The wind power market in the European Union is sustained by Germany and Spain (34.3% and 29.4% respectively of primary energy production in Europe); France accounts for only 4.3% of Europe's wind power.

In 2008, aggregate wind power increased by nearly 15% in the EU-27, and by 43% in France.

Primary production of geothermal and solar energy is still limited in France, at 310 Ktoe and 89 Ktoe respectively in 2008. More than 70% of Europe's primary geothermal energy is produced in Italy, while Germany is the European leader in solar energy production (35% of European solar thermal energy production and 57% of European solar photovoltaic energy production).

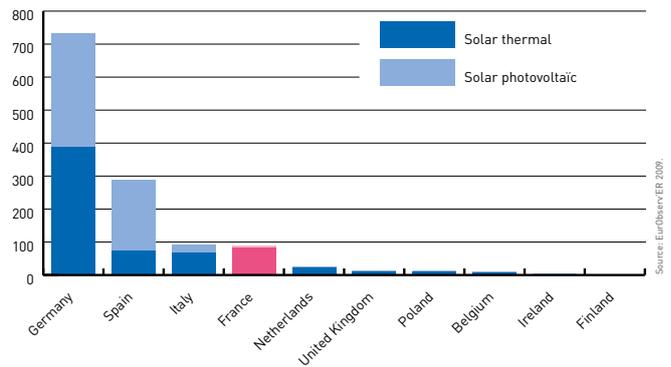
Primary energy production from hydraulic power (2008)

'000 tonnes of oil equivalent (Ktoe)



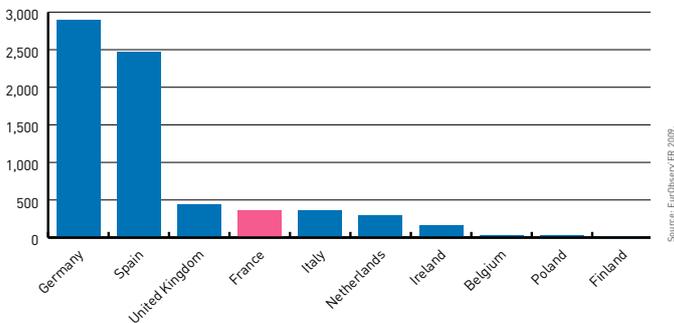
Primary energy production from solar power (2008)

'000 tonnes of oil equivalent (Ktoe)



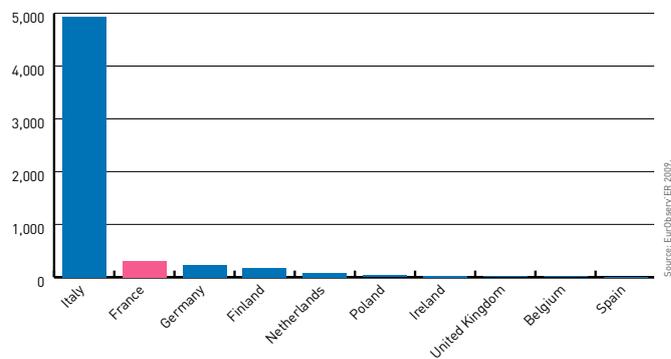
Primary energy production from wind power (2007)

'000 tonnes of oil equivalent (Ktoe)



Primary energy production from geothermal power (2008)

'000 tonnes of oil equivalent (Ktoe)



APPENDIX A

THE PERCEPTIONS OF FOREIGN INVESTORS

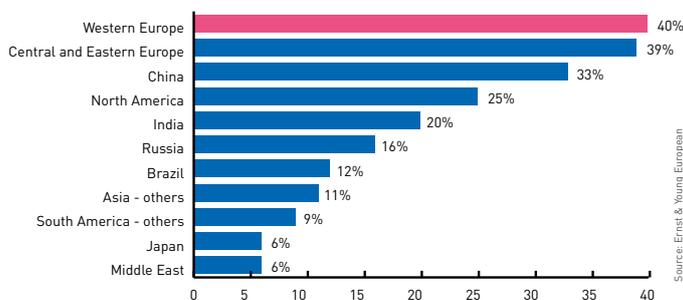
THE PERCEPTIONS OF FOREIGN INVESTORS

A majority of the foreign executives surveyed in a poll commissioned by the IFA (conducted by TNS-Sofres in June and November 2009) consider France to be an attractive investment location in Europe. Many responses to surveys on France's competitiveness cite the quality of life on offer, as well as France's excellent infrastructure and highly qualified workforce. Foreign investors also show great confidence in France's ability to weather the global economic crisis.

According to the Ernst & Young "European Attractiveness Survey 2009", 40% of foreign decision makers polled consider Western Europe to be the most attractive region in the world for foreign investment projects (compared with 33% in 2008).

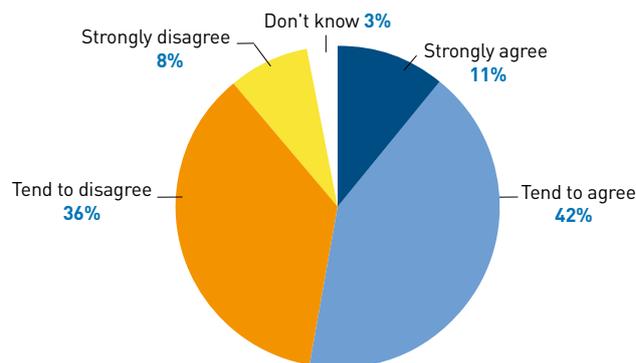
In the TNS-Sofres/IFA survey conducted in June 2009, 53% of foreign investors emphasized France's attractiveness over other European countries.

The most attractive regions in the world for foreign investment projects in 2009



France's attractiveness to foreign investors

Compared with other European countries, is France an attractive location for foreign investment projects?



TNS-SOFRES SURVEY ON FRANCE'S ATTRACTIVENESS

In June 2009, TNS-Sofres conducted a survey of foreign executives who had chosen to set up businesses in France. The aim was to identify how France is perceived in terms of economic

attractiveness and gain an insight into how investment decisions are made. The survey was conducted by telephone and polled 300 executives of foreign companies established in France.

In November 2009, TNS-Sofres supplemented its initial survey with a poll of 350 foreign executives in the United States, Spain, Brazil, China, India and the Middle East.

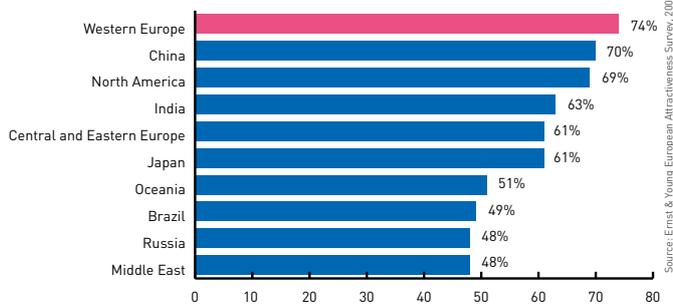
Confidence is very high in Western Europe's ability to weather the global economic crisis (74% of decision makers polled by the Ernst & Young Survey).

According to the TNS-Sofres/IFA survey, 75% of the executives polled said they were confident in France's ability to weather the global economic crisis and 71% of them believe that France is responding better to the downturn than other major European countries. For

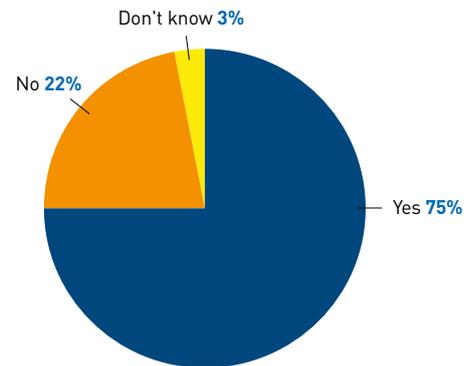
79% of those surveyed, this confidence also extends to France's long-term competitiveness.

According to the American Chamber of Commerce in France AmCham/Bain 2009 Survey, 67% of American investors in France believe that the global economic crisis has not adversely affected France's attractiveness while 16% of them feel that France is a more attractive location than other countries during a downturn.

Confidence in the ability of world regions to weather the global economic crisis

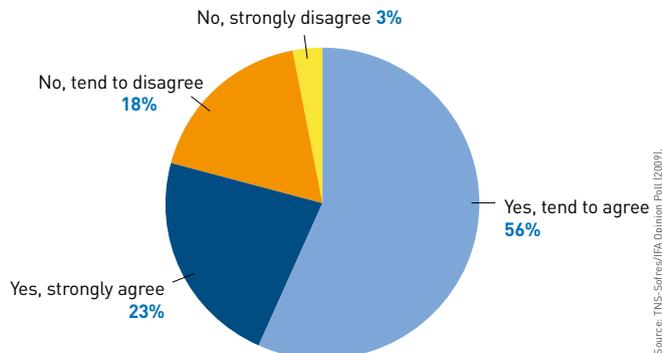


Would you say that you are confident in France's ability to weather the global economic crisis?



Robustness of France's long-term competitiveness

In the long run, would you say that you are confident of France's robustness and competitiveness?



When asked about France's advantages over other European countries, an overwhelming majority (over 80%) of CEOs of multinational companies doing business in France cited the **quality of life and transport/communication infrastructures**.

Next, they pointed to the **quality of human resources** in France. Among France's other advantages, a large majority of them also cited the education and training of the workforce and labor productivity (73% and 58%, respectively).

The **size of the French market** was a contributing factor as well (64% of those surveyed).

Lastly, 52% of foreign company executives noted **the quality of innovation and R&D operations**.

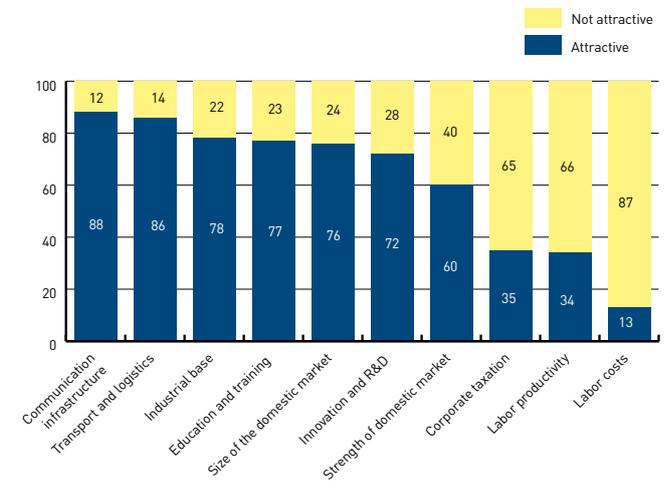
However, 79% of those polled felt that corporate tax policy in France is a drawback. 80% had the same view about legislation governing working hours and 69% on employment law.

France's advantages and drawbacks

Which of the following criteria, with respect to other European countries, would you say represent an advantage or a drawback for France?

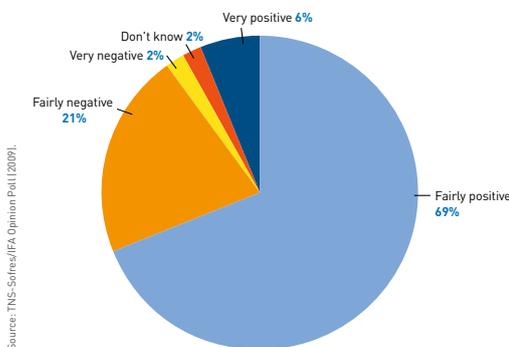


How attractive is France with respect to the following criteria?



Experience of investing in France

How would directors in your company describe the experience of your investment in France?

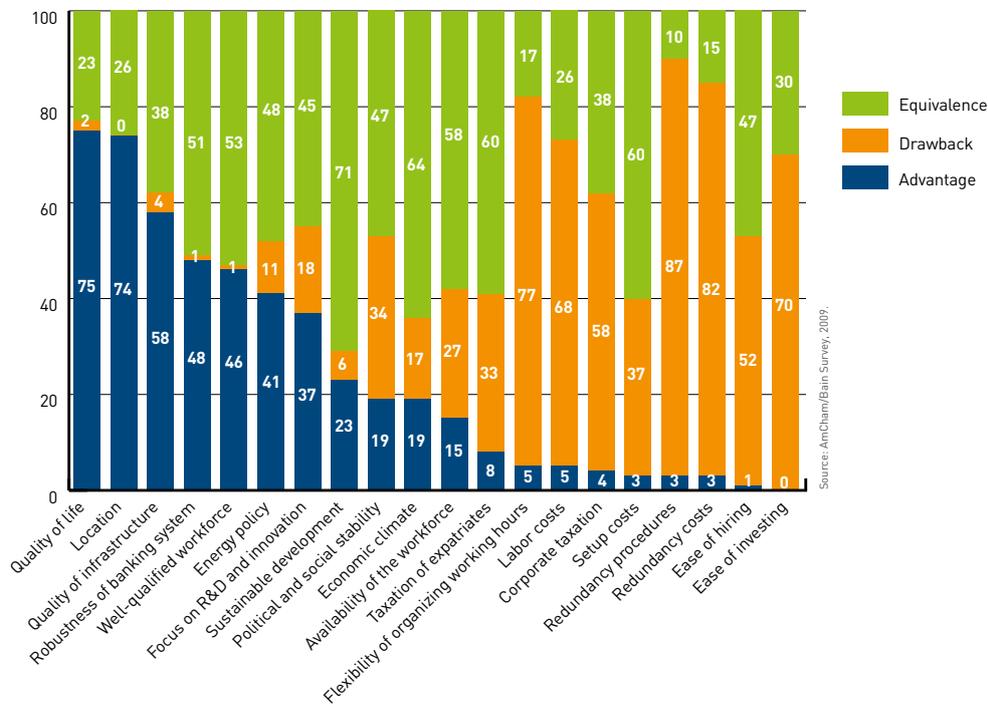


The AmCham-Bain Survey 2009 revealed that the primary factors influencing the decisions of American investors in France are quality of life, location, quality of infrastructure and a well-qualified workforce. These are followed, in order of importance, by energy policy, availability of the workforce and the focus on innovation and R&D. Forty-eight percent of those surveyed cited the robustness of the banking system as one of the key reasons behind their investment decisions.

Finally, 75% of CEOs polled by TNS-Sofres in June 2009 reported that their investment in France had been a positive experience.

France is also recognized as a country that is actively passing reforms to modernize its economy (over 60% of investors surveyed).

France compared with other European countries



AMCHAM-BAIN SURVEY 2009

First conducted in 1997, the American Chamber of Commerce in France AmCham-Bain Survey gauges the mood of American investors in France. The principal aim is to determine how satisfied American

investors are and what they perceive to be the advantages and drawbacks of the country's business environment.

In September 2009, questionnaires were sent out to most of the top executives

at French subsidiaries of American companies. Responses were gathered from 92 companies accounting for a total of over 120,000 employees and a combined turnover of more than €62 billion.

APPENDIX B

THE DYNAMICS OF FRANCE'S REGIONS

THE DYNAMICS OF FRANCE'S REGIONS

Over the last two decades, France's regions have undergone profound changes, wrought by the combined effects of a variety of factors such as globalization, the expansion of the European Union and new information and communication technologies. These regions now operate as a network comprising numerous business, science, technology, culture and tourism partnerships. In this manner, France's regions seek to increase their attractiveness, improve their competitiveness and play a full part in France's open and globalized economy.

1- With this objective in mind, national government policies on economic attractiveness seek to find ways for each region to amass a sufficient quantity of business and research activity, companies and services to ensure their competitiveness.

This 'concentration' or 'polarization' model is crucial in fostering a strategy of innovation and growth.

First and foremost, the model applies to France's large cities throughout the country.

These large cities are already home to high value-added business activities along with national and multinational companies, which in turn serve to increase the number of high value-added services in the area and help form ties with other regions, notably by establishing subsidiaries.

Boosting the potential attractiveness and competitiveness of large cities is a priority for French regional development policy. Consequently, these cities are expected to contribute not only to national growth, primarily through their excellent business activities, but also to national cohesion, through the economic development they can spur in the surrounding region.

Regional attractiveness policy also facilitates contact between individuals and companies. This second model complements the first by focusing on partnerships, with a particular focus on transport, innovation clusters and business mini-clusters.

The new paradigm for attractiveness and competitiveness lies in the development of innovation clusters and business mini-clusters, research and higher education hubs and the emergence of internationally renowned universities.

By encouraging and accelerating partnerships amalgamating the country's economic, scientific and technological potential, these nationally led policies lend France's regions greater visibility in Europe and around the world.

2- France's innovation clusters policy generates and supports initiatives set in motion by corporate and academic stakeholders in a region.

In any given region, a partnership approach (joint development strategy) between companies, research centers and educational institutes gives rise to synergies for innovative joint projects oriented at any given market(s).

By building networks between innovation stakeholders, France's cluster-building policy has set the following targets:

- To improve the competitiveness of the French economy by stepping up innovation efforts;
- To strengthen businesses which have a strong focus on technology or creation in French regions, primarily in the industrial sector;
- To increase France's economic attractiveness through heightened international visibility;
- To encourage growth and employment.

Business mini-clusters are clusters mainly comprising very small independent businesses and SMEs. They provide companies with material services and, more specifically, help them develop their competitiveness and position themselves in new markets, particularly by offering every opportunity to benefit from innovation. The regional commitment made by these business mini-clusters underpins the strategies undertaken by local authorities to encourage the emergence of these types of clusters.

This policy helps to include business sectors that are either not part of the innovation clusters setup or which have not yet gained sufficient critical mass to be considered as an innovation cluster.

Like the research and higher education hubs, France's innovation clusters are scattered throughout the regions and are concentrated in major metropolitan areas.

3- Another essential aspect of France's economic attractiveness policy is the development of essential road, rail and digital technology infrastructures.

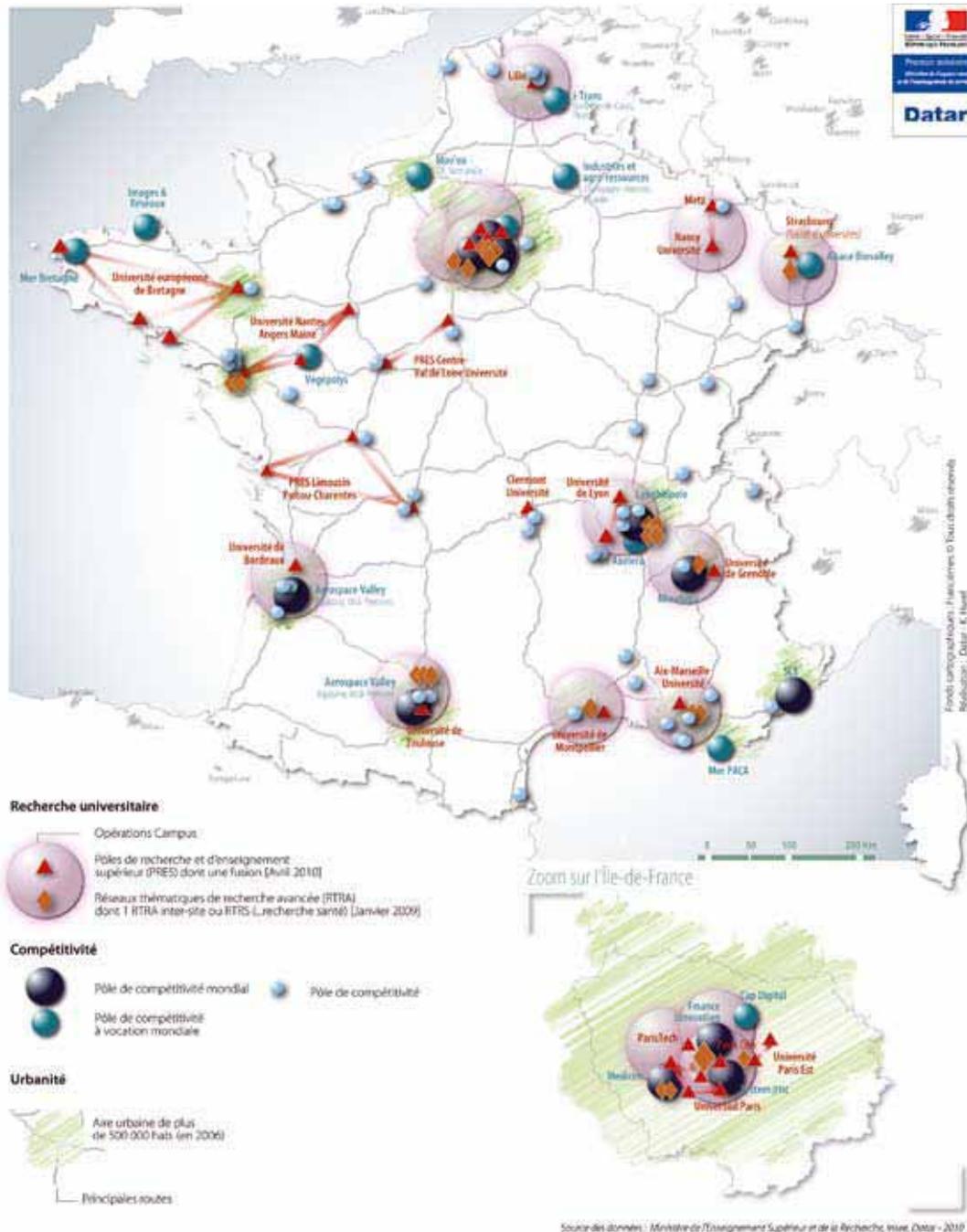
Rail connections, particularly high-speed TGV lines, are one of the most prominent factors in France's regional development. They create links between Paris and other major and minor cities throughout the country, as well as direct connections between these cities avoiding a change of train in the capital.

The same approach is being implemented for very high-speed broadband connections. These physical and virtual infrastructures play a vital role in the attractiveness of France's regions.

From now on, France's regions must embrace every

scope for high speed. The challenge is to increase the potential for competitiveness within companies, and thereby in the French economy as a whole, by making the circulation of people, information, capital and goods both easier and faster.

Innovation clusters and research hubs



REGIONAL DISTRIBUTION OF FOREIGN INVESTMENT PROJECTS IN FRANCE

As of January 1, 2008, 12.5% of employees in France's private-sector economy (all business activities not related to the government or defense sectors) were working for companies under majority foreign ownership. These foreign-owned groups have a considerable presence to the north of a line running from the north-west of Bretagne (Brittany) down to the south-east of France, but are also present in other employment areas (cf. the map below).

In fact, this geographic distribution of foreign direct investment stock corresponds closely to conventional locations for industry in France.

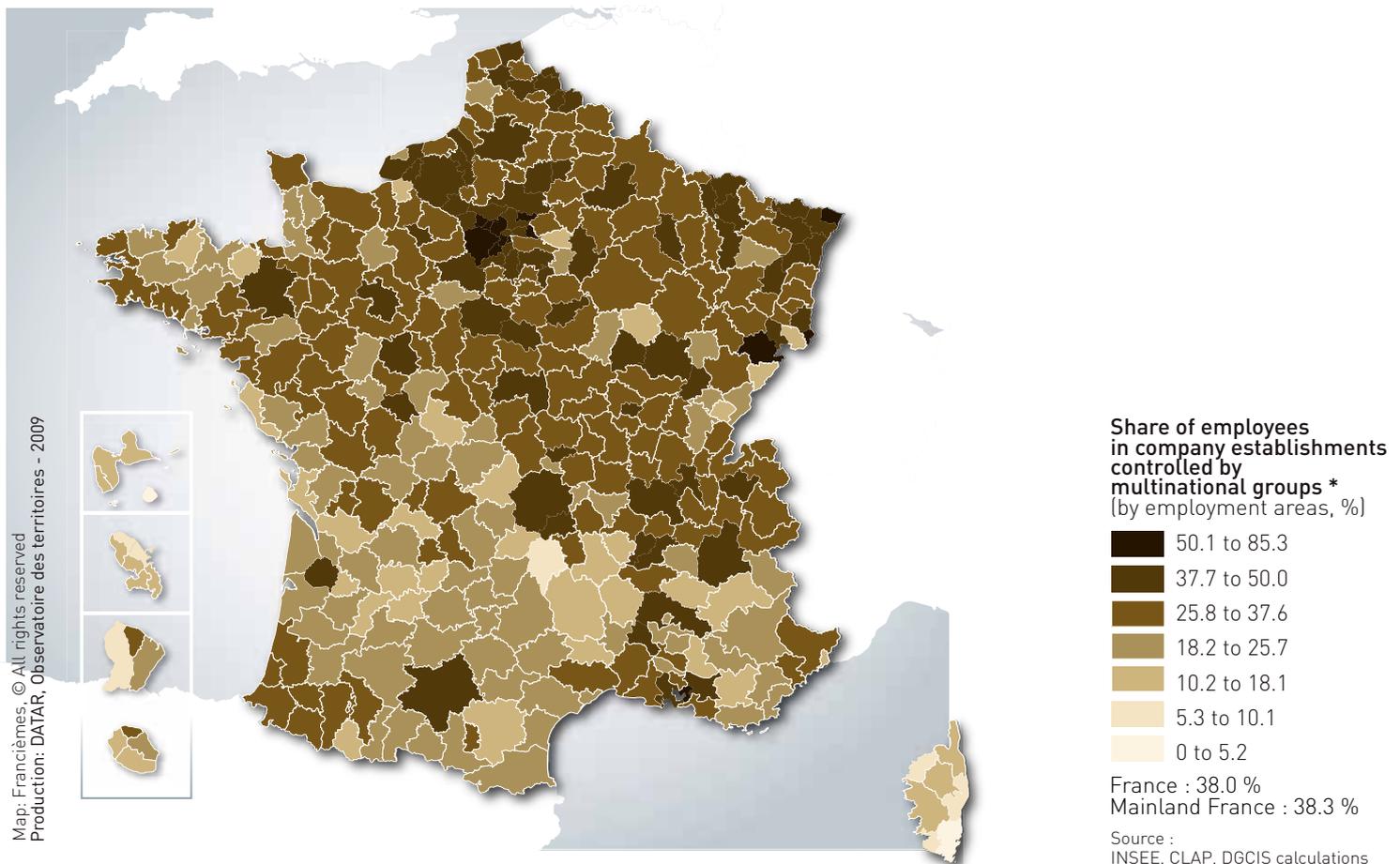
This is largely a consequence of industry being the first sector to be opened up to foreign investment.

Today, more than a third of the employees in the industrial

sector (nearly one million people) are employed by industrial subsidiaries of foreign groups.

These subsidiaries of foreign groups contribute up to 40% of the turnover and value added in French industry.

Share of employees working for multinational groups *

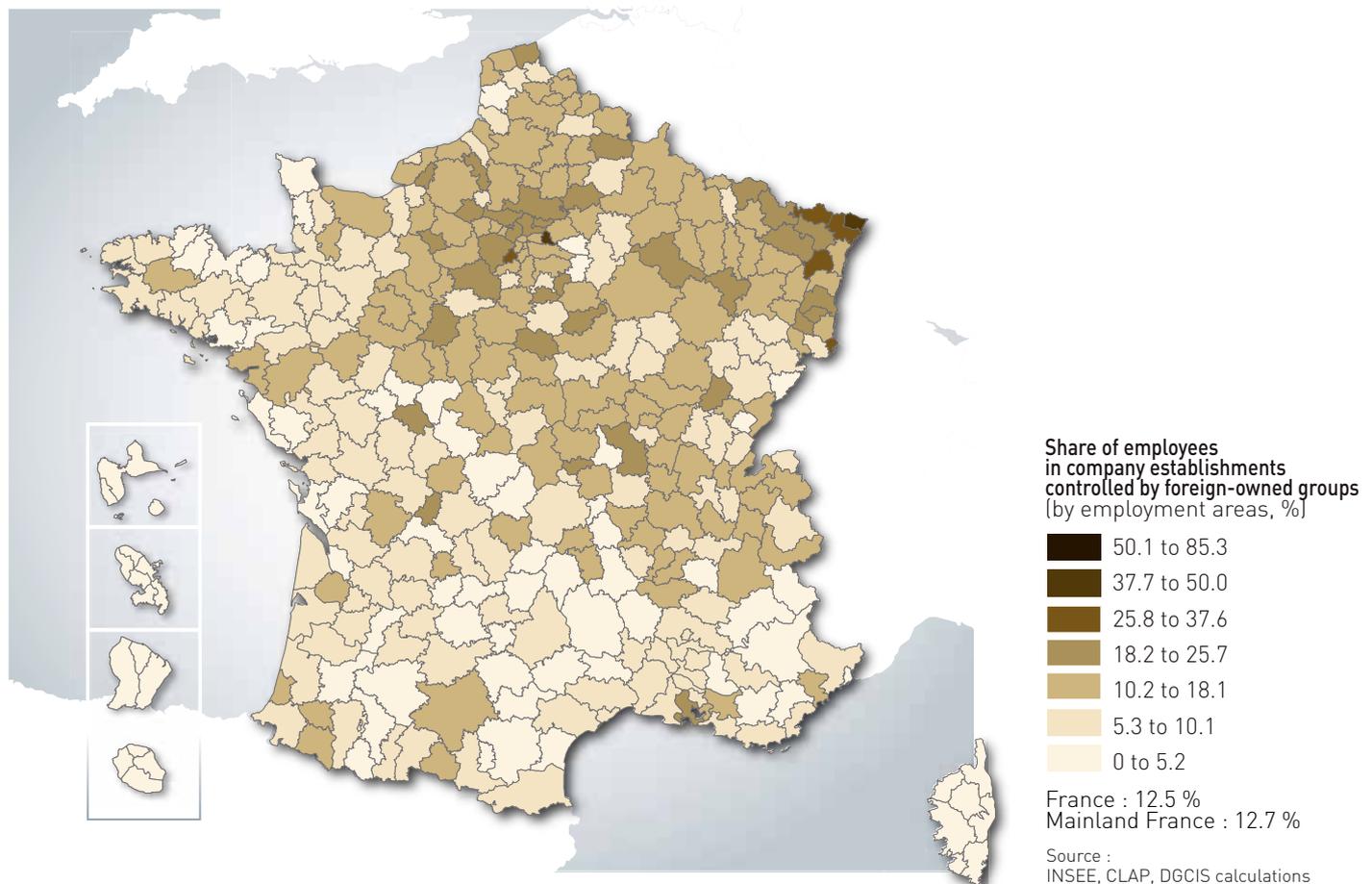


* A multinational group is a group where the group headquarters are located abroad, or a French group which has at least one subsidiary abroad

Service-sector businesses are particularly concentrated in the southern half of the country and still remain less open to foreign investment, although this situation is constantly improving. Services make up a large proportion of the foreign investment flows recorded each year by the IFA or the Banque de France.

This increase in foreign investment should serve to cover the country more evenly, as shown by the more equal distribution of businesses owned by multinational groups, most of which are under majority French ownership, proposing a high degree of service-sector activities (map on left).

Share of employees working for foreign-owned groups in 2007



CONCLUSION

Investors share the view that the global economic crisis has reshaped the basic tenets of economic attractiveness. France has a lot to offer businesses, including a strong market, a robust financial system, a diversified, powerful industrial base, excellent infrastructure and a highly qualified workforce, not to mention strong demographic growth and efficient public services.

Yet economic attractiveness is also at work in other respects. It now acts as a compass for economic policy in a climate where the competition between European countries to attract job-creating foreign investment projects has intensified. From this standpoint, the reforms France has been implementing during the last three years, along with the government's responsiveness to the global economic crisis, have greatly improved the country's image in the eyes of foreign investors.

At the same time, international rankings and dialogue with foreign executives offer ways to enhance what France has to offer. More specifically, foreign investors remain attached to certain expectations regarding labor market flexibility, tax stability and their relations with government. France's competitiveness and attractiveness would be well-served by further moves to simplify laws and regulations and to develop e-government solutions.

Finally, the comparisons in the France Attractiveness Scoreboard essentially reflect the current state of affairs. There should also be a more future-oriented view, because choosing where to set up a business has consequences for a company's future and the success of international projects depends much on how the host country's market and economy evolve over time.

As such, the attractiveness of France's regions requires more than just short-term strategies, as foreign investors expect to see more than this when looking for visibility and stability over the longer term.

In deciding to invest €35 billion in strategic areas such as the knowledge economy, business competitiveness and sustainable growth, France is preparing its economy to emerge stronger from the current global economic crisis and to leave no doubt in the minds of foreign investors as to its future direction.

This document was written with assistance from the following French government departments:

The French Treasury Directorate (DG Trésor) advises on and oversees French economic policy under the authority of the Minister for the Economy, Industry and Employment. It also promotes French policy in Europe and throughout the world. It lends its expertise in matters relating to forecasting and consulting, regulation, international negotiations, developmental aid, export assistance and foreign investment. The Treasury Directorate oversees the French government's accounts and debt management through the French Treasury Agency (*Agence France Trésor* – AFT) and monitors government shareholder interests through the Government Shareholding Agency (*Agence des participations de l'Etat* – APE). For further information, please visit www.minefe.gouv.fr

French Interministerial Delegation for Regional Development and Economic Attractiveness (DATAR) is an administration under the authority of the Prime Minister which handles interministerial affairs and works on behalf of the Minister for Rural and Regional Development. The DATAR plans, promotes and coordinates French government policies on regional development. In this capacity, it organizes the Interministerial Committees for Regional Development and Growth (CIADT) as well as government meetings for key resolutions on regional development. The Delegation's mission is twofold: to increase the attractiveness of France's regions and ensure their cohesiveness and stability within an enlarged Europe. It oversees the Observatory of Regions, which summarizes and interprets data on the regions issued by government departments, local authorities and public polling and research agencies. For further information, please visit www.datar.gouv.fr

The French Strategic Analysis Center (CAS) is a specialist decision-making advisory body under the authority of the French Prime Minister and the State Secretariat charged with forecasting. Its mission is to advise the government in defining and implementing its strategic objectives concerning economic, social, environmental and technological matters. At the Prime Minister's request, it provides forecasts for major governmental reforms. It also initiates its own studies and analyses as a part of an annual work program. It refers to an 11-member steering committee that includes two Members of Parliament, two Senators and one member of the Economic, Social and Environmental Council (*Conseil économique, social et environnemental*). It liaises with the Prime Minister's main expert and consulting councils: the Economic Analysis Council (*Conseil d'analyse économique*), the Society Analysis Council (*Conseil d'analyse de la société*), the Steering Committee for Employment (*Conseil d'orientation pour l'emploi*), the Steering Committee for Pensions (*Conseil d'orientation des retraites*) and the High Council on Integration (*Haut conseil d'intégration*). For further information, please visit www.strategie.gouv.fr

The Invest in France Agency (IFA) is the national agency responsible for promoting and facilitating international investment in France. It also coordinates initiatives to promote France's economic attractiveness. The IFA network operates worldwide, with offices in France as well as in North and South America, Europe, the Middle East and Asia. In France, the IFA works in partnership with regional development agencies to offer international investors outstanding business opportunities and customized services. For further information, please visit: www.investinfrance.org

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