

FRANCE
WELCOMES TALENT
AND INVESTMENT

[FOREWORD]

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

France can be seen in this light. The global economic crisis has underlined the importance of structural advantages, such as efficient public services, world-class infrastructure, a diversified technological base, a highly skilled and productive workforce, and one of Europe’s most dynamic demographics, signaling the country’s confidence in the future.

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

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

But nothing can be taken for granted. Competition for investment between different countries and regions is driven by key factors such as economic competitiveness, administrative efficiency, and the welcome afforded to foreign investors.

The “National Pact for Growth, Competitiveness and Employment” and the competitiveness and employment tax credit (CICE) lowering labor costs from 2014, along with the creation of bpifrance, a public investment bank, and the Act of June 14, 2013 reforming the labor market are all serving to consolidate France’s position in Europe.

Beyond these reforms, investment attractiveness still depends on the image that potential locations project and the perceptions they arouse.

My hope is that this collection of facts and figures for foreign investors will help close the gap between perception and reality by underscoring France’s image as an open, competitive and innovative country at the heart of the European market.

David Appia

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

FRANCE

AT THE FOREFRONT OF EUROPE

- **The leading destination for foreign investment in industry**
(EY, European Attractiveness Survey, 2013)
- **The leading recipient of job-creating investment from the United States**
(EY, European Attractiveness Survey, 2013)
- **The leading recipient of foreign investments in logistics**
(EY, European Attractiveness Survey, 2013)
- **The leading country for R&D support**
(KPMG, Competitive Alternatives, 2012)
- **The leading destination for foreign tourists**
(World Tourism Organization (UNWTO), 2013)
- **The leading country for newly founded businesses**
(Eurostat, 2013)
- **Second best quality of life**
(International Living, 2011)
- **Second largest foreign student population**
(Campus France, 2013)
- **Third highest hourly labor productivity**
(The Conference Board, 2013)
- **The second leading country for the quality, availability and accessibility of its electricity supply**
(KPMG / Institut Choiseul, 2014)

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AFFIRMING FRANCE'S OPENNESS TO EUROPE AND THE WORLD

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

A RESILIENT ECONOMY AT THE HEART OF EUROPE

A STRONG, DIVERSIFIED ECONOMY

A dynamic economy and market

- Europe's second largest economy and the fifth largest in the world. (Source: IMF, 2013)
- Europe's second largest consumer market, with more than 65 million inhabitants. (Source: Eurostat, 2013)
- The world's leading destination for foreign tourists, with 83 million visitors. (Source: World Tourism Organization (UNWTO), 2013)
- With Europe's second-highest birth rate, France accounts for more than half of the European Union's natural population increase. (Source: Eurostat, 2013)
- With its overseas territories, France's influence extends to all the world's oceans; it has the second largest exclusive economic zone (11 million sq. km.) after the United States.

World-class industrial sectors

- Europe's second largest chemical industry. (Source: French Chemicals Industry Federation (UIC), 2013)
- Europe's third largest agri-food industry. (Source: French Ministry of Agriculture, 2012)
- Europe's fourth largest ICT sector. (Source: Business Wire, 2012)

French companies at the forefront of their sectors

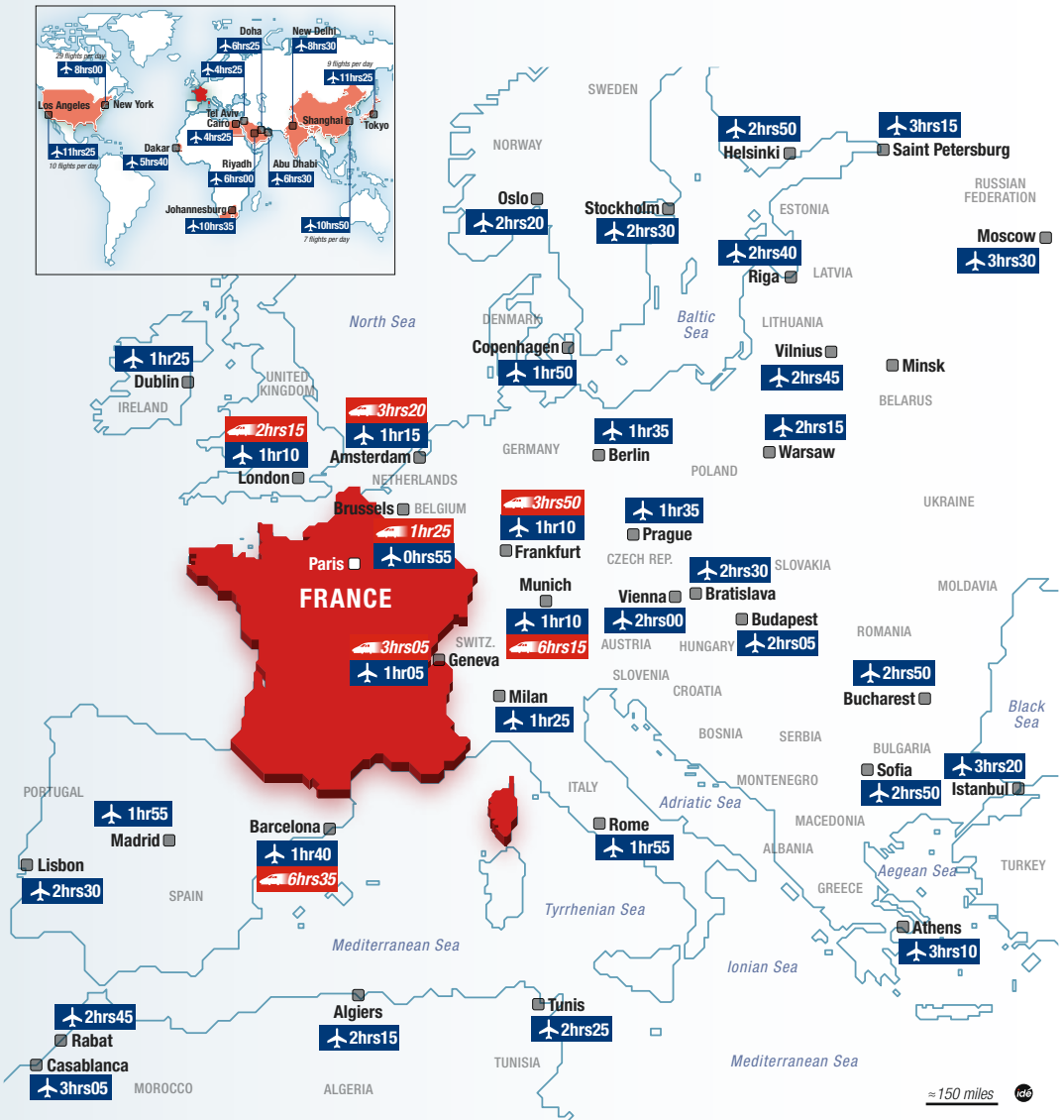
- Of the world's top 500 companies, 31 are French (Germany has 29 and the United Kingdom 26). This puts France fourth in the world and first in Europe. (Source: Fortune Global 500, 2013)
- Twelve French companies or institutions are among the 100 most innovative organizations in the world (source: Thomson Reuters, 2013). France is ranked first in Europe, ahead of Sweden (three organizations), Switzerland (3), Germany (1), and Belgium (1).

AT THE HEART OF THE WORLD'S LEADING ECONOMIC REGION

- The combined GDP of the European Union's 28 Member States exceeds that of the United States (source: IMF, 2013); the European Single Market boasts more than 500 million consumers with high purchasing power. (Source: Eurostat, 2013)
- In 2012, the European Union received US\$258.5 billion in foreign direct investment inflows, significantly higher than the United States (US\$167.6 billion). (Source: UNCTAD, 2013)
- Technological power, with one and a half million researchers.
- While the European Union spends less on R&D as a percentage of GDP than the United States or Japan, European companies file a similar number of triadic patents (giving protection in Europe, North America and Japan). (Source: OECD, 2013)
- A Europe that is committed to deeper economic and monetary union and to reducing government deficits. A €120 billion growth pact was adopted by the European Council in June 2012.

PARIS: THE EURO ZONE'S LEADING FINANCIAL CENTER

- Dynamic stock and bond markets: Euronext is Europe's second largest stock market by equity trading value, with almost €2,000 billion traded in 2012. The French bond market accounts for 35% of euro-denominated corporate bond issues in Europe.
- The leading investment center in continental Europe, and the second largest in the world for investment funds (after the United States) with more than €2,600 billion of assets under management.
- A sound, well-diversified banking sector: four French banks among the 10 largest in Europe.
- Leading insurance companies in Europe: turnover of more than €200 billion and more than €1,880 billion of investment in the French economy.
(Source: Paris Europlace, December 2013)
- Europe's second largest private equity industry (after London) with finance for more than 1,500 SMEs in 2012.
- Paris is the leading location in Europe for multinational firms, ahead of London and Frankfurt, while international investors are well represented in French financial markets, accounting for 40% of market capitalization.



A LEADING DESTINATION FOR FOREIGN TALENT AND INVESTMENT

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

AN OPEN AND ATTRACTIVE ECONOMY

A long history of inward foreign investment

- Foreign companies have been setting up business in France since as far back as the 19th century. Examples include Generali (Italy) in 1832, JP Morgan (United States) in 1868, Solvay (Belgium) in 1872, Ciba (Switzerland) in 1876, Mitsui & Co (Japan) in 1878 and Bosch (Germany) in 1899.
- Since then, more and more foreign companies from 132 countries have established themselves in France in every sector. Examples include IBM (United States) in 1914, Barclays Bank (United Kingdom) in 1917, Castrol (United Kingdom – BP Group) in 1920, Fiat (Italy) in 1930, Coca-Cola (United States) in 1933, The Walt Disney Company (United States) in 1951, Ferrero (Italy) in 1959, Mitsubishi (Japan) in 1960, Ajinomoto (Japan) in 1974, General Electric (United States) in 1974, IKEA (Sweden) in 1981 and Toyota (Japan) in 1998.
 - ▶ **Disneyland Paris**, established in the heart of Europe in 1992, has welcomed more than 265 million visitors since it opened. **Toyota** has invested more than €900 million since 1999 in its Valenciennes plant (northern France).

One of the most open countries to inward investment

- France is the leading recipient in Europe of foreign investment in industry. (Source: EY, *European Attractiveness Survey, 2013*)
- France has the fifth largest FDI stock in the world after the United States, China, Brazil and the United Kingdom. (Source: UNCTAD, *World Investment Report, January 2013*)
- The top two source countries for job-creating foreign investment in France are the United States and Germany. In 2012, 156 US companies and 113 German companies chose to invest in France. (Source: IFA, *2012 Report*)

Dynamic foreign companies in France

- There are more than 20,000 foreign-owned companies doing business in France. (Source: French National Institute for Statistics and Economic Studies (INSEE), 2012)
- They represent a significant number of large corporates (32% of all companies in France with more than 5,000 employees) and mid-size companies (28% of such companies in France with between 250 and 5,000 employees are subsidiaries of foreign companies). (Source: INSEE, 2012)
- While they account for only one percent of the total number of companies in France, foreign companies established in the country employ 1.8 million people (i.e. 13% of the employed population), generate one-third of all French exports and undertake 29% of all business enterprise R&D expenditure (BERD) in France. (Source: INSEE)
- The 50 largest foreign groups established in France together employ nearly 500,000 people. There are 20 foreign companies in France with more than 10,000 employees each, including Fiat, General Electric, Volvo Trucks, The Walt Disney Company, United Technologies, Kingfisher and ISS.

MULTI-YEAR RESIDENCE PERMITS FACILITATING INTERNATIONAL TRANSFERS

- **The “Skills and Expertise”** residence permit (*carte “compétences et talents”*): For foreign nationals appointed as executives of subsidiaries in France.
- **The “Expatriate Employee”** residence permit (*carte de séjour “salarié en mission”*): Specifically designed for intra-group job transfers (contract under French law or assignment).
- **The European Union Blue Card**: Reserved for highly qualified employees (who have completed at least three years’ higher education or have five years’ professional experience and whose gross pay is at least €4,300 a month). Anyone holding an EU Blue Card issued by a European Union Member State may apply for a similar permit from another Member State after 18 months.
 - ▶ France’s “National Pact for Growth, Competitiveness and Employment”, unveiled in November 2012, announced the introduction of “Talent Passports” to make it easier to welcome exceptional foreign talent into the country, as well as measures to bring visa-issuing procedures into line with best practices in Europe.

THE OFII “ONE-STOP SERVICE”

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

OTHER INITIATIVES

- **For short-term assignments**: Foreign companies that regularly assign their employees to work in their French subsidiaries can apply for a 12-month work permit together with a short-stay visa allowing for multiple entries during that same period. This visa and work permit allow for one three-month stay in France for professional reasons in each six-month period.
- **For long stays**: Certain categories of foreign nationals, such as students and temporary workers, are issued long-stay visas that act as residence permits, valid for between three and 12 months. They are exempted from having to apply to the *Préfecture* for a residence permit covering their first year in France.
- **Students holding a qualification** at least equivalent to a master’s degree may be eligible, once their “student” temporary residence permit expires, for a six-month temporary residence permit allowing them to work in a job related to their studies in France. After these six months, they may then apply for “employee” status.

A BUSINESS-FRIENDLY ENVIRONMENT

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

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

SIMPLIFICATION OF ADMINISTRATIVE FORMALITIES

The government's modernization program committee (CIMAP) has adopted a three-year plan to simplify corporate life. This "simplification drive" is designed to:

- Lighten the load for companies by reducing accounting obligations for small companies and simplifying corporate real-estate procedures.
- Promote corporate financing.
- Streamline relations between companies and the authorities.
- Support the development of certain sectors.

(Source: Ministry for Industrial Renewal, 2013)

E-GOVERNMENT FOR BUSINESS

- The single web portal **www.guichet-entreprises.fr** was launched in September 2013: Business formalities centers (*centres de formalités des entreprises* – CFEs) now receive greater resources to deal with businesspeople face-to-face, with a single online website for support.
- The French tax authority portal **www.impots.gouv.fr** enables businesses to pay their taxes online. In 2012, nearly 90% of all VAT and corporate tax was collected by electronic payment.
- The **www.net-entreprises.fr** portal is a free, simple and secure online service enabling businesses and their representatives to submit compulsory returns to the various social security agencies and to make the corresponding payments.
- Paperless procedures have been rolled out, facilitated by the advent of electronic signatures for public procurement contracts.
- "Tell us just once" initiative: Following a change to the law in September 2013, a synchronized directory of all the information requested from companies will eliminate the need for companies to repeatedly provide the same information to different authorities.

STRONG ENTREPRENEURIAL MOMENTUM

- France is ranked joint second with Germany in the breakdown of the 100 leading European companies by market capitalization. *(Source: PwC, August 2013)*
- France is Europe's number one country for newly founded businesses. *(Source: Eurostat, 2013, data for 2010)*
- In 2012, 550,000 new businesses were founded in France, 307,000 of which were established under the "auto-entrepreneur" business scheme. *(Source: INSEE, 2013)*

ACCESS TO EFFECTIVE AND TAILORED FUNDING

- France's public investment bank, bpifrance, offers companies, particularly SMEs and mid-size companies, a tailored funding service via a broad range of financial instruments and advice to provide support to companies at every stage of their development. The bank has a funding capacity of €42 billion.
- Nearly 60,000 companies were supported during the first nine months of 2013.

LABOR MARKET CHANGES BASED ON NEGOTIATION

- The Act of June 14, 2013 was passed in the wake of an agreement between employer federations and trade unions. It responds to the needs of companies to adjust output, and consolidates employment security and career paths by building upon renewed social dialogue within the corporate sphere. This Act demonstrates that France is capable of reform through negotiation, and introduces innovations in four areas: better anticipation of changes within companies; the pursuit of collective solutions to adjust to changes while safeguarding jobs; an overhaul of collective dismissal (layoff) procedures; and securing career paths.

The agreement concerning continuous professional development reached on December 14, 2013 between employer federations and trade unions has paved the way towards an overhaul of the accompanying legislative framework.

A TAILORED TAX SYSTEM FOR EXPATRIATES AND NON-RESIDENT COMPANIES

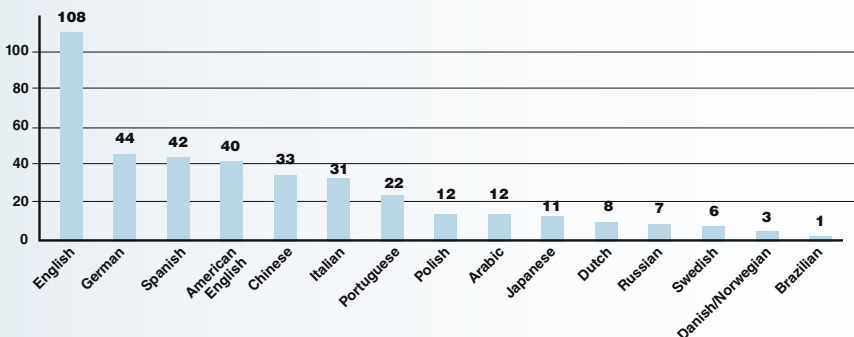
- Employees transferred within their group, or directly recruited from abroad, and company directors, along with non-salaried personnel under certain circumstances, may claim exemption from income tax on up to 50% of their total income (comprising any expatriate bonus plus the portion of their remuneration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

GREATER LINGUISTIC DIVERSITY THROUGH SCHOOLS WITH INTERNATIONAL PROGRAMS

- France has 377 schools with international programs offering a twin curriculum that includes lessons delivered in foreign languages by native-speaker teachers.

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

Source: French Foundation for the Development of International Education (FDEI), September 2013.



HIGH QUALITY OF LIFE

- Second best quality of life in Europe. (Source: *International Living*, 2011)
- The world's leading destination for foreign tourists. (Source: *World Tourism Organization (UNWTO)*, 2013)
- Ranked third in Europe and fourth in the world for having healthcare infrastructure that matches the needs of society (Germany: 10th; United Kingdom: 25th). (Source: *IMD*, 2013)
- Ranked eighth in the world for life expectancy at birth (81.7 years). (Source: *IMD*, 2013)

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PROMOTING INNOVATION AND TECHNOLOGICAL EXCELLENCE

THE PRESENCE OF HIGHLY QUALIFIED RESEARCHERS, THE AVAILABILITY OF EXPERTISE AND A VERY CONDUCIVE RESEARCH ENVIRONMENT HAVE CONVINCED NEARLY 400 FOREIGN COMPANIES TO INVEST IN NEW R&D CENTERS IN FRANCE SINCE 2001, WITH MORE THAN 130 OF THESE INVESTMENTS COMING IN THE LAST THREE YEARS.

INNOVATION CLUSTERS

71 OPEN AND INNOVATIVE ECOSYSTEMS

- France has 71 innovation clusters in which companies, public-sector educational institutions and research laboratories work on collaborative projects focusing on market-oriented projects and prototypes. They are positioning themselves on an international scale in cutting-edge and key technology sectors and their membership is open to international companies.
- The French government has decided, as part of the “National Pact for Competitiveness, Growth and Employment”, to consolidate its innovation clusters policy by launching a third phase (2013-2018) with the principal aim of intensifying their economic impact.
(Source: French government (DGCIS directorate) – 2012 Report – Objectives 2013)
- More than 5,700 collaborative R&D projects have been undertaken since 2005. Among the 2,500 R&D projects accredited by innovation clusters in 2011, more than one in 10 involved at least one entity based outside France. More than 600 foreign companies established in France are members of innovation clusters.
(Source: French government (DGCIS directorate), 2012 and 2013)
- Central and local government have awarded €2.7 billion since 2008*, in addition to which project partners have spent around €3 billion on R&D.
(Source: French government (DGCIS directorate), Assessment Report on Innovation Clusters, June 2012)
* Total combined funding awarded in response to interministerial calls for projects from the Interministerial Fund, the French National Research Agency, the French innovation agency (OSEO) and the French Program for Strategic Innovation in Industry and the Regions.
- The world-class innovation cluster SCS (Secure Communication Solutions), was awarded a Gold Label from the European Cluster Excellence Initiative (ECEI) in July 2013 for cluster-management excellence.
- Paris-Saclay was recently ranked in the world’s top eight innovation clusters.
(Source: MIT Technology Review, 2013)

SUPPORT FOR RESEARCH AND INNOVATION

THE “NATIONAL INVESTMENT PROGRAM”

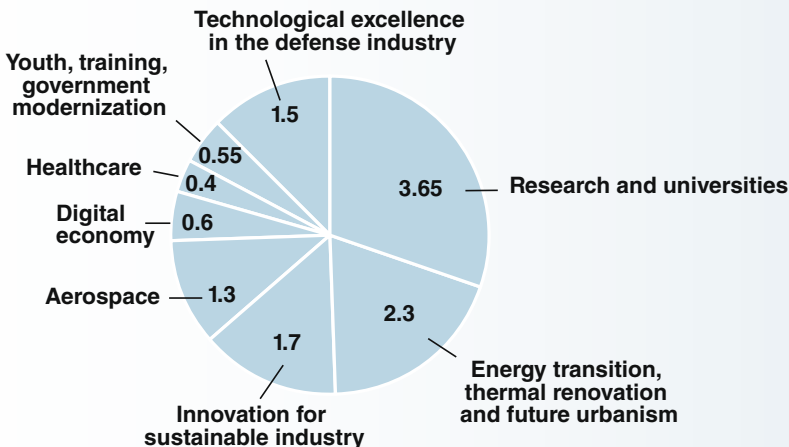
- €35 billion to increase growth potential by stimulating both public-sector and public-private partnership research, and by fostering investment in cutting-edge fields and world-class industrial sectors. A total of more than €27 billion had been committed by July 2013 (of which €22.2 billion had been formalized through contracts).
- Assessment of candidate projects by international panels, co-ordinated by the General Investment Commission (*Commissariat général à l'investissement* – CGI), a body that falls under the authority of the Prime Minister and has, since June 2012, been headed by former Airbus Group Chairman Louis Gallois.
- €2.2 billion from the “National Investment Program” were reallocated at the start of 2013 towards five areas: support for innovation and specialist sectors; development and distribution of generic technologies; training; energy transition; and the development of the living economy and healthcare.

A NEW PHASE OF THE “NATIONAL INVESTMENT PROGRAM”

- On July 9, 2013, the Prime Minister announced a **new phase of the “National Investment Program”** worth €12 billion. Half this sum will be spent on research and the energy transition, while other priorities include future industries, aerospace, the digital sector, healthcare, technological excellence, and training.

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

Source: “Investir pour la France” (“Investing in France”) press pack, French Prime Minister’s Office, July 9, 2013



FRANCE OFFERS THE BEST RESEARCH TAX CREDIT IN EUROPE

- Covers 30% of all R&D costs up to €100 million, and 5% above this threshold. As of 2013, innovation expenses incurred by SMEs are also eligible for the research tax credit (up to €80,000 of tax credit a year).
- France's research tax credit is also a powerful incentive for research partnerships, as all expenditure contracted out to public-sector bodies is double-counted, thereby effectively doubling the research tax credit. Salaries paid to junior final-year doctoral and post-doctoral research personnel on their first permanent contract are quadruple-counted when calculating the research tax credit for two years.
- The research tax credit and “innovative new company” (JEI) schemes have been fixed for five years to provide businesses with visibility and legal security.
- France's public investment bank, bpiFrance, offers two solutions to promote the use of the research tax credit by micro-enterprises and SMEs, by guaranteeing and pre-financing the research tax credit.
- More than 15,000 businesses have received the research tax credit, declaring €18.39 billion of research expenditure in 2011. Total tax relief for research tax credit recipients amounts to €5.17 billion.
- France is ranked first in Europe for corporate tax rates on R&D operations, taking into account tax bases, depreciation allowances, tax exemptions and tax credits. (Source: KPMG, *Competitive Alternatives*, 2012)
- France was ranked sixth in the world in 2013 for the average cost of employing a researcher once tax incentives are taken into account, with lower costs than in the United States, Japan and Germany. (Source: *French National Association for Technical Research (ANRT)*, 2013)

A new deal for innovation

- Unveiled on November 4, 2013 by the French Prime Minister, the overriding ambition of this initiative is to promote innovation in France through four strategic approaches:
 - **Innovation for all:** Draw upon all forms of innovation and talent in French society, by taking action on cultural barriers and in favor of equal opportunities, encouraging initiative, creativity, project-based work, enthusiasm for industry and enterprise, at all levels of education and in society.
 - **Open innovation:** Support business ecosystems, knowledge and technology transfers between research and business, and bring together major groups and SMEs throughout France's regions.
 - **Innovation for growth:** Provide a boost to innovative companies and create a growth-friendly environment to enable them to become world leaders.
 - **State-led innovation:** Lead a coordinated, coherent and efficient public innovation policy, and formulate government policies embracing innovation that serves citizens.
- The National Innovation Fund has been allocated €240 million, while €1.1 billion will be used to promote innovation growth companies through the “National Investment Program” and the work of bpiFrance.

“Worldwide Innovation Challenge”

On April 18, 2013, President François Hollande set up the “**Innovation 2030 Commission**”; chaired by Ms. Anne Lauvergeon, and guided by the Minister for Industrial Renewal and the Minister Delegate responsible for SMEs, Innovation and the Digital Economy. The Commission’s discussions yielded seven key ambitions.

On December 2, 2013, the “**Worldwide Innovation Challenge**” was launched, which aims to foster talent and promote future champions by identifying and providing support for their growth. The French government is to allocate €300 million to co-finance innovative projects selected in the fields of energy storage, recycling of metals, development of marine resources, plant proteins and plant chemistry, personalized medicine, the silver economy, and big data.

Companies wishing to take part in the competition can apply online at:
<http://www.innovation2030.org/en>

34 sector-based initiatives

On September 12, 2013 the French President François Hollande set out France’s priorities for its industrial policy, in the shape of **34 sector-based industrial initiatives**. They are based on current technologies, most of which are mature and ready for further development, with a view to targeted mass production (manufacture of innovative products within 10 years).

These initiatives reveal the face of the new industrial France, at the nexus of three broad transitions: in energy and the environment; in digital technology; and in technology and society.

http://www.redressement-productif.gouv.fr/files/nouvelle_france_industrielle_english.pdf

The French government is providing financial support of €3.5 billion, in order to leverage the funds to be invested by the companies taking part in these initiatives.

UNIVERSITIES AND RESEARCH INSTITUTIONS OPEN TO PARTNERSHIPS WITH COMPANIES

- French universities can enter into partnerships with companies, access funding through university foundations and set up commercial subsidiaries to manage patent portfolios.
- Excellence initiatives (“IDEXs”) are to foster five to 10 world-class multidisciplinary higher education and research centers. These projects will receive €7.7 billion in funding from the “National Investment Program”.
- Twenty-six “research and higher education hubs” (“PRES”) are being set up, involving nearly 60 universities, hospitals, higher education institutions and research establishments (ENSAM Engineering School, Institut de Physique de Grenoble, Institut de Physique du Globe de Paris, etc.).
- “Technology research institutions” (“IRTs”) bring together manufacturing expertise and public-sector research in a public/private joint investment framework. Public funding for these institutions amounts to €2 billion.
- The Higher Education and Research Act passed on July 22, 2013 seeks to improve student success rates and enhance the profile of research in France. It has now been made easier for young people to obtain work experience during their studies, either through work-study contracts or more closely monitored internships during the first years of university.

PATENT APPLICATIONS

- ▶ France is ranked second in Europe and sixth in the world for the number of international patents filed. 7,739 international patents in 2012. (Source: WIPO, 2013)

SINGLE EUROPEAN PATENT

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

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

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

PRIORITIZING THE DIGITAL ECONOMY AND SUSTAINABLE GROWTH

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

FULLY COMMITTED TO THE DIGITAL ECONOMY

- On February 28, 2013, Prime Minister Jean-Marc Ayrault presented the French government's "Digital Roadmap" which envisages, amongst other things, €450 million of funding to encourage the distribution of digital technology in the French economy. €300 million is being made available to SMEs to introduce more digital technology in their products and their production processes, while €150 million will support corporate investment in five strategic technologies.
- €20 billion will be provided over the next 10 years for very-high-speed internet, and will bring together the private sector and the public sector. Major government investment will ensure 100% very-high-speed coverage to all French residents and regions, with the vast majority of connections based on fiber optics for all subscribers.
- With 73 foreign investment decisions in 2012, "software and IT services" was the leading sector for job-creating foreign investment in France. (Source: IFA, 2012 Report)
- For the third year running, France has once again been ranked first by the Deloitte "Technology Fast 500 EMEA 2013", with 86 of the top 500 fastest growth technology companies based on percentage revenue growth in Europe, the Middle East and Africa, ahead of the United Kingdom (71), the Netherlands (52), Sweden (50), Norway (41), Turkey (30) and Germany (28).
- France's telecommunications networks are among the best in the world, with investments in cloud computing, steady annual growth in e-commerce (32.6 million internet users made purchases online in the second quarter of 2013) and five dedicated innovation clusters (Cap Digital, Images and Networks, Minalogic, SCS and Systematic) supporting development in this area.

"LA FRENCH TECH"

On November 27, 2013, Ms. Fleur Pellerin, Minister Delegate for SMEs, Innovation and the Digital Economy, unveiled a key public-private initiative, "La French Tech", to foster growth and raise the profile of digital start-ups in France. "La French Tech" is based upon a three-part plan:

- ▶ Creating urban ecosystems to work towards ambitious common goals: Awarding accreditation to selected French cities capable of sustaining world-class digital ecosystems that will each work towards an ambitious growth project.
- ▶ Start-up accelerator programs: The government will support private-sector initiatives that accelerate the growth of selected digital companies with a view to turning them into global leaders. Through the French government's "National Investment Program", a total of €200 million will be provided to fund accelerator programs.
- ▶ International investment attractiveness: Ecosystems accredited by "La French Tech" will pool their efforts and work together to enhance the profile and investment attractiveness of France's digital ecosystems. A €15 million promotional budget will be made available to achieve this.

TRANSITIONING TOWARDS GREEN ENERGY

Legal and regulatory framework

- France has set itself an ambitious target in the fight against climate change of achieving a 23% share of renewable energy in domestic final energy consumption by 2020.
- A conference held in September 2013 established a roadmap in five areas: the circular economy; employment and the ecological transition; water policy; marine, maritime and oceanic biodiversity; and environmental education and sustainable development.

An attractive market

- Under the new phase of the “National Investment Program,” €2.3 billion has been allocated to investment in energy transition, thermal renovation and future urbanism.
- In 2013, France was the leading European market for electric vehicles, accounting for 35% of all EV registrations. It also has the world’s third largest fleet of privately owned electric vehicles. *(Source: European Association for Battery, Hybrid and Fuel Cell Electric Vehicles (Avere), July 2013)*
- The “Global Energy Architecture Performance Index Report 2013” ranks France third in the world, after Norway and Sweden. Selected criteria are: economic growth & development; environmental sustainability; and energy access. *(Source: World Economic Forum, December 2012)*
- France has a growing, innovative market for renewable energies, low-carbon vehicles, smart grids, and sustainable transport and infrastructure. It also has seven innovation clusters dedicated to green technologies and nine innovation clusters dedicated to energy.
- A large number of foreign companies are active in the French energy and green technology market, including General Electric, Siemens, Enercon, Vestas, Sunpower, Bombardier, Johnson Controls or Toshiba.
- Specific feed-in tariffs for electricity generated from renewable sources; interest-free “eco-loans” to finance thermal renovation work and tax deductibility for certain types of energy efficiency work (reduced-rate VAT and/or a specific tax credit); SMEs and mid-size companies are eligible for subsidized green loans granted by bpifrance.

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

- Nine “world-class institutions for low-carbon energy” to support long-term partnerships between higher education and research institutions and companies.
- World-class research centers including the National Institute for Solar Energy (*Institut National de l’Energie Solaire – INES*), Grenoble for smart grids and the CNRS (French National Center for Scientific Research) PROMES laboratory on thermodynamic solar energy in Perpignan.
- Development of electric and hybrid vehicles, supported by the “Automotive Plan” launched by the French Government on July 25, 2012.

3

FOSTERING TALENT AND COMPETITIVENESS

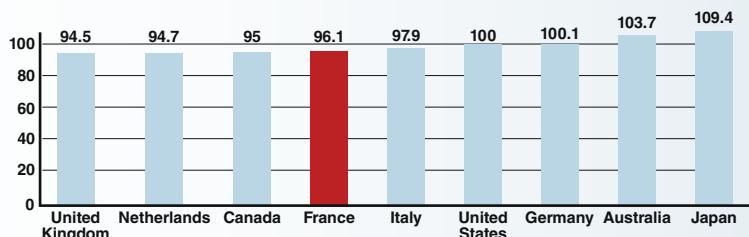
PROOF OF FRANCE'S INVESTMENT ATTRACTIVENESS AND COMPETITIVENESS CAN BE SEEN BY THE RECENT AVERAGE OF AROUND 700 FOREIGN INVESTORS WHO CHOOSE TO MAKE NEW JOB-CREATING INVESTMENTS HERE EVERY YEAR.

A COMPETITIVE COST STRUCTURE

SETUP AND OPERATING COSTS: FRANCE IN A STRONG POSITION

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

Index of business setup costs in industrialized countries.
Base 100 = United States
(Source: KPMG, Competitive Alternatives, 2012)



Source: KPMG, Competitive Alternatives, 2012

- Total labor costs in France (salaries and wages, statutory plans, other benefits) are lower than in the United States, Germany, the Netherlands and Japan. (Source: KPMG, Competitive Alternatives, 2012)
- France is ranked first in Europe for R&D operations and sixth for manufacturing operations by effective corporate tax rates, which take into account different tax bases, capital depreciation rules, exemptions and tax credits. (Source: KPMG, Competitive Alternatives, 2012)
- The cost of renting office space (in euros per square meter per year) is lower in Marseille (€240/sq. m.) and Lyon (€260/sq. m.) than in Frankfurt (€408/sq. m.) or Amsterdam (€423/sq. m.); costs in Paris’s business district (€820/sq. m.) are lower than in London’s West End (€1,393/sq. m.). (Source: Cushman & Wakefield, Office Space Across The World, 2013)

LOWER LABOR COSTS

- France’s “**National Pact for Growth, Competitiveness and Employment**” unveiled in November 2012 introduced a **€20 billion annual reduction in labor costs for companies**.
- Accordingly, a **new competitiveness and employment tax credit (CICE)** is calculated in proportion to the company’s gross payroll costs, excluding salaries higher than 2.5 times the national minimum wage. After a 4% reduction in 2013, the CICE will reduce labor costs by 6% in 2014.

ONE OF THE WORLD’S MOST COMPETITIVE ENERGY MARKETS

- France is the second leading country in the world for the quality, availability and accessibility of its electricity supply. (Source: KPMG / Institut Choiseul, 2014)
- France is ranked third in the world in an index of the best-equipped countries to meet future energy needs. The index is based on three indicators: economic growth & development; environmental sustainability; and energy access & security. (Source: WEF, The Global Energy Architecture Performance Index Report 2014)
- Electricity rates for industrial use excluding VAT (€0.077/kWh) are the second lowest in the European Union, lower than in Germany (€0.086/kWh) and the United Kingdom (€0.113/kWh). (Source: Eurostat, H1, 2013)
- Natural gas rates for industrial use (excluding VAT) are lower in France (€0.039/gigajoule) than in Germany (€0.044/gigajoule), and remain lower than the European average. (Source: Eurostat, H1, 2013)

A HIGHLY SKILLED AND PRODUCTIVE WORKFORCE

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

A HIGH PROPORTION OF TERTIARY EDUCATION GRADUATES

- France is ranked sixth in the European Union for the percentage of 25- to 34-year-olds with a university-level degree (France: 43%; Germany: 26%). (Source: OECD, *Education at a Glance*, 2013)
- France is ranked second in Europe for the proportion of 20- to 29-year-olds completing tertiary qualifications in science and technology. (Source: Eurostat, 2013)

AN EXCELLENT EDUCATION SYSTEM

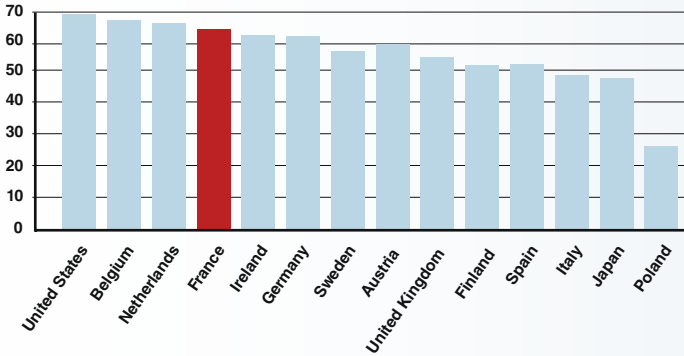
- The Financial Times "European Business Schools Ranking 2013" included two French business schools among its top 10: HEC Paris and INSEAD.
- Twenty of France's universities and *Grandes Écoles* feature in the top 500 of the 2013 Academic Ranking of World Universities. (Source: Shanghai Jiao Tong University, 2013)
- Three French establishments (École Polytechnique – 4th; HEC Paris – 5th; École Nationale d'Administration – 6th) are ranked in the top 10 of an index of higher education institutions where the CEOs of the world's 500 largest companies were educated. (Source: *The Times Higher Education Alma Mater Index*, 2013)
- Eight French establishments are among the world's 70 best business schools for executive education, ranking France second in the world after the United States. (Source: *Financial Times*, 2013)
- France is ranked fourth in the world for hosting foreign students (after the United States, the United Kingdom and Australia) with 288,544 foreign enrolments in higher education in 2011-2012. Nine students in 10 who come to France recommend the country as a study destination. (Sources: *Campus France*, 2013)

A PRODUCTIVE WORKFORCE

- France is ranked third in the European Union for the hourly productivity of its workforce, after Belgium and the Netherlands but ahead of both Germany and the United Kingdom. (Source: The Conference Board, 2013)

Hourly productivity

The Conference Board
Total Economy Database, January 2013



Average number of hours usually worked per week (Q2-2013)

Eurostat, 2013

Country	Average number of hours usually worked per week by managers
Portugal	45.2
France	44.4
Austria	43.9
Spain	43.5
United Kingdom	43.4
Germany	43.3
Czech Republic	43.1
European Union (EU-27)	42.7

Country	Average number of hours usually worked per week by employees
Portugal	39.4
Luxembourg	36.8
Finland	36.5
Spain	36.4
France	36.2
Austria	36.2
United Kingdom	36.2
Sweden	35.8
Germany	34.4
European Union (EU-27)	36.2

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

Narayana Murthy
Chairman, Infosys

WORLD-CLASS INFRASTRUCTURE

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

FAST, EFFICIENT LINKS TO EXPORT MARKETS

- France is ranked second in Europe for high-speed rail lines. *(Source: International Union of Railways, 2013)*
- France is ranked second in Boston Consulting Group's "European Railway Performance Index 2012:"
- Europe's leading road network. *(Source: Eurostat, 2013)*
- Paris-Charles de Gaulle airport: Europe's largest cargo hub and second largest passenger airport. *(Source: Airport Council International, 2013)*
- Paris-Le Bourget airport: Europe's leading business airport. *(Source: ADP, 2013)*
- Two French ports among the top 10 European ports by tonnage: Marseille (5th) and Le Havre (8th). *(Source: Port of Rotterdam, 2013)*
- Le Havre voted "Best European Port" in 2013 for the third consecutive year. *(Source: Journal Cargo News Asia, 2013)*

A PRIME LOCATION FOR EUROPEAN LOGISTICS HUBS

- Numerous foreign companies specializing in logistics are established in France, including Kuehne + Nagel (Switzerland), DHL Supply Chain (Germany), Yusen Logistics (Japan) and FedEx (United States). Amazon announced two new investment projects in France in 2012.
- France is the leading European recipient of foreign investments in logistics. *(Source: EY, European Attractiveness Survey, 2013)*
- In 1999, FedEx chose to locate its Europe/Middle East/Africa hub – now one of its three global hubs alongside Guangzhou (China) and Memphis (United States) – at Paris-Charles de Gaulle airport.
 - ▶ **"Rail growth" fund:** An €40 million investment fund for rail operators in France was created on November 26, 2013. This "rail growth" fund will be invested in successful companies performing a key role in the French rail sector, and which display growth potential in France and internationally. Between 10 and 15 investments will be made over the next four years.

HIGH-PERFORMANCE TELECOMMUNICATIONS INFRASTRUCTURE

- The broadband penetration rate in France was 36.4% in December 2012. (Source: OECD, *Broadband Statistics, 2013*)
- With 23.8 million subscribers in December 2012, France's fixed broadband market, Europe's second largest, is expanding rapidly. (Source: OECD, *Broadband Statistics, 2013*)

EXCEPTIONAL REGIONAL DIVERSITY AND LAND RESOURCE POTENTIAL

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

THE "GRAND PARIS" PROJECT, DELIVERING A NEW PUBLIC TRANSPORT NETWORK BY 2030

- The new "Grand Paris" project announced in March 2013 is designed to promote economically sustainable, solidarity-based, job-creating development in the Paris region. The emphasis will be placed on research, innovation and industrial development across an area that currently boasts 100,000 researchers, seven innovation clusters and 850 research laboratories.
- A €32 billion program to modernize and expand transport networks:
 - ▶ €25 billion of investments for a whole new metro system: the "Grand Paris Express".
 - 125 miles of new automatic metro lines and 72 new stations.
 - Improved service to key economic hubs and airports.
 - ▶ €7 billion will have been spent by 2017 to expand and modernize existing networks: RER high-speed metro, metro, and light rail.
- "Grand Paris" will also see the launch of **major urban projects**:
 - 100 new sustainable, innovative, mixed-use neighborhoods connected to transport networks.
 - Housing construction rates to be doubled, leading to 70,000 new properties per year.
 - Urban policy in line with climate change and energy trends: denser urban districts and new "green neighborhoods"

4

THE INVEST IN FRANCE AGENCY (IFA)
PROMOTES AND FACILITATES
INTERNATIONAL INVESTMENT IN FRANCE

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

THE INVEST IN FRANCE AGENCY

EUROPE

IFA FRANCE

- Paris

David Appia, Chairman and CEO

71-77 boulevard Saint-Jacques
75680 Paris Cedex 14
Tel: + 33 1 44 87 17 17
info@investinfrance.org
www.investinfrance.org

IFA GERMANY, AUSTRIA, SWITZERLAND

- Dusseldorf

Didier Boulogne, Director

Französische Botschaft
Martin Luther Platz 26
D-40212 Düsseldorf
Tel: +49 (0) 211 54 22 67 0
didier.boulogne@investinfrance.org

IFA BELGIUM, LUXEMBOURG

- Brussels

Frédérique Lefevre, Director

475, avenue Louise
B-1050 Brussels
Tel: +32 2 646 59 40
frederique.lefevre@investinfrance.org

IFA NETHERLANDS

- Amsterdam

Frédérique Lefevre, Director

French Embassy
Stadionweg 137
1077 SL Amsterdam
Tel: +31 (0)20 662 20 39
frederique.lefevre@investinfrance.org

IFA SPAIN, PORTUGAL

- Madrid

Géraldine Filippi, Director

Embajada de Francia
Marqués de la Ensenada, 10
4ª Planta
E-28004 Madrid
Tel: +34 91 83 77 850
geraldine.filippi@investinfrance.org

IFA UNITED KINGDOM, IRELAND

- London

Caroline Laporte, Director

Haymarket House
28/29 Haymarket
London SW1Y 4RX
Tel: +44 (0) 20 7024 3672
caroline.laporte@investinfrance.org

IFA ITALY

- Milan

Hervé Pottier, Director

Ambasciata di Francia
Via Cusani, 10
I-20121 Milano
Tel: +39 02 72 02 25 43
herve.pottier@investinfrance.org

IFA NORDIC COUNTRIES

- Stockholm

Gilles Debuire, Director

French Embassy
Kungsgatan 58
S-11122 Stockholm
Tel: +46 8 545 850 40
gilles.debuire@investinfrance.org

ASIA

IFA CHINA, HONG KONG, TAIWAN

Pascal Gondrand, Director

- Beijing

Pascal Gondrand, Director

French Embassy
1606, N°60, Tianzulu Liangmaqiao,
3rd Embassy District, Chaoyang District
Beijing 100600
Tel : +86 (10) 8531 2344
pascal.gondrand@investinfrance.org

- Shanghai

Sébastien Carbon, Director

Suite 202
Hai Tong Securities Building
689, Guang Dong Lu
Shanghai
Tel: +86 (21) 6135 2040
sebastien.carbon@investinfrance.org

- Hong Kong

Elias Rock, Director for

Hong Kong & Taiwan

Consulate General of France
in Hong Kong & Macao
25/F, Admiralty Centre, Tower II
18 Harcourt Road, Hong Kong
Tel: +(852) 3752 9170
elias.rock@investinfrance.org

IFA SOUTH KOREA

- Seoul

Pascale Buch, Director

Samheug Building
8th Fl 705-9 Yeoksam-Dong
Kangnam-Ku
135 - 711 Seoul
Tel: +822 564 0419
pascale.buch@dgtrésor.gouv.fr

IFA INDIA

- New Delhi

Dominique Frachon, Director

2/50 E Shantipath Chanakyapuri
110 021 New Delhi
Tel: +91 11 2419 6300
dominique.frachon@investinfrance.org

IFA JAPAN

- Tokyo

Christophe Grignon, Director

4-11-44 Minami-Azabu
Minato-ku
Tokyo 106-8514
Tel: +81 3 5798 6140
christophe.grignon@investinfrance.org

IFA SINGAPORE

- Singapore

Hubert Testard, Director

Ambassade de France
101-103 Cluny Park Road
259595 Singapore
Tel: +65 68 80 78 78
hubert.testard@dgtrésor.gouv.fr

IFA RUSSIA

- Moscow

Daniel Maître, Director

Jérôme Clausen, Project Director

Bolchaïa Iakimanka 45
119049 Moscow
Tel: +7 (495) 937 24 00
daniel.maitre@dgtrésor.gouv.fr
jerome.clausen@investinfrance.org

IFA TURKEY

- Ankara

Pierre Coste, Director

Consulat de France
B.P. n° 1
Iran Caddesi, Karum Is Merkezi n°21,
Asansör E, n°444, Kat.6, Kavaklidere
06680 Ankara
Tel: (90 312) 428 31 75
pierre.coste@dgtrésor.gouv.fr

- Istanbul

Jean-Luc Viette, Project Director

Istiklal cad. 142
Odakule 10th étage
BP 46 – 34430 Beyoglu
Istanbul
Tel: +90 212 243 10 11/13
jean-luc.viette@dgtrésor.gouv.fr

MIDDLE EAST

IFA UNITED ARAB EMIRATES

- Dubai

Jacques de Lajugie, Director

Al Habtoor Business Tower
24th floor, Dubaï Marina
PO Box 3314 Dubaï-UAE
Tel: +971 (0) 4 408 49 52
jacques.delajugie@dgtrésor.gouv.fr

IFA ISRAEL

- Tel Aviv

Pierre Mourlevat, Director

7 Havakuk HaNavi
63505 Tel Aviv
Tel: +972 (0) 3 546 65 35
pierre.mourlevat@dgtrésor.gouv.fr

NORTH AMERICA

Philippe Yvergniaux, Director
IFA UNITED STATES

- **New York**

Philippe Parfait, Director

810 Seventh Avenue,
Suite 3800
New York, NY 10019
Tel: +1 (212) 757 93 40
philippe.parfait@investinfrance.org

- **Chicago**

Michel Gilbert, Director

French Embassy
205 North Michigan Avenue
Suite 3750
Chicago, IL 60601
Tel: +1 312 628 1054
michel.gilbert@investinfrance.org

- **San Francisco**

Stéphane Lecoq, Director

88 Kearny Street
Suite 700
San Francisco, CA 94108
Tel: +1 415 781 0986
stephane.lecoq@investinfrance.org

IFA CANADA

- **Toronto**

Jean-Pierre Novak, Director

154 University Avenue
Suite 400
Toronto, ON M5H 3Y9
Tel: +1 (416) 849-2182, ext 302
jean-pierre.novak@investinfrance.org

SOUTH AMERICA

IFA BRAZIL

- **Brasilia**

Antoine Chéry, Director

S.E.S. Avenida das Nações
Lote 04 - Quadra 801
70404-900 Brasilia DF
Tel: +55 61 312 92 47
antoine.chery@dgtrésor.gouv.fr

François Removille,

Project Director

Av. Paulista, 1842
Torre Norte, 14° Andar
01310-923, São Paulo – SP
Tel: (55 11) 33 71 54 00
francois.removille@investinfrance.org

IFA CORRESPONDENTS

SOUTH AFRICA

Inanda Greens Business Park
Augusta House
54 Wierda Road West
Wierda Valley
Sandton
2196 Johannesburg
Tel: +27 11 303 71 50
dominique.lebastard@dgtrésor.gouv.fr

AUSTRALIA

6 Perth Avenue
Yarralumla Act 2600
Canberra
Tel: +61 (0)2 6216 0116
agnes.espagne@dgtrésor.gouv.fr

MEXICO

La Fontaine 32
Col. Polanco
11560
Mexico - D.F.
Tel: (00 52) (55) 91 71 98 89
emilio.piriz@dgtrésor.gouv.fr

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- **Find answers to business queries:** The IFA can answer queries on tax, labor law, expatriating employees and regulations relevant to your investment.
- **Choose a site for your project:** Our experts can prepare a shortlist of sites and arrange visits with local partners.
- **Get in touch with key authorities:** The IFA can facilitate or arrange contacts with national or local government authorities.
- **Analyze your entitlement to state aid:** The IFA can identify financial advantages available for your project at regional, national and EU level.
- **Obtain information on innovation cluster opportunities**

In addition, the IFA produces and distributes information on France's advantages and attractiveness as an investment location and provides analysis of international investment flows and the factors determining investment attractiveness. The IFA makes recommendations to the French authorities concerning measures that would make France more attractive to foreign investors.

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FRANCE WELCOMES TALENT AND INVESTMENT

The Invest in France Agency (IFA) promotes and facilitates international investment in France. The IFA network operates worldwide. The IFA works in partnership with regional development agencies to offer international investors business opportunities and customized services all over France.

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For further information, please visit

www.investinfrance.org



The Invest in France Agency (IFA)

77 boulevard Saint-Jacques
75 680 Paris Cedex 14 France
info@investinfrance.org
www.investinfrance.org
Tel: +33 1 44 87 17 17
Fax: +33 1 40 74 73 27

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