

Exporting to France

An overview of the French business environment
For SMEs exploring new market opportunities



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Who should be reading this...

Whether you are already exporting or just setting out, this ebook will help you discover more about France – the essential facts and figures to help determine next steps and ideal routes to market.

Ease of doing business in France.....

The World Bank summarizes *Doing Business 2013* data for France. The overall "Ease of Doing Business" in France (out of 185 economies) and the rankings by each topic.

<http://www.doingbusiness.org/data/exploreeconomies/france>

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DOING BUSINESS 2013 RANK

34

DOING BUSINESS 2012 RANK

32

TOPIC RANKINGS	DB 2013 Rank	DB 2012 Rank	Change in Rank
Starting a Business	27	23	↓ -4
Dealing with Construction Permits	52	46	↓ -6
Getting Electricity	42	40	↓ -2
Registering Property	146	147	↑ 1
Getting Credit	53	52	↓ -1
Protecting Investors	82	79	↓ -3
Paying Taxes	53	53	No change
Trading Across Borders	27	25	↓ -2
Enforcing Contracts	8	8	No change
Resolving Insolvency	43	46	↑ 3

France: Overview



- 6th largest economy in the world and joint-second in the EU after Germany
- Service sector accounts for three-quarters of GDP (73%).
- Consumer market is the second-largest in Western Europe (65 million inhabitants)
- 1st globally in the production of luxury goods
- 1st globally as a tourist destination, (70-80 million visitors annually)
- 2nd globally for agricultural production/export
- 2nd globally for general retailing (Carrefour, no.2 after Walmart, Groupe Adeo...)
- Largest EU country, stretching from North to South Europe, from the Alps to the Mediterranean
- Boasts excellent infrastructure with high-speed trains, highways and numerous air links

GDP (US\$)
\$2.73 tr

Head of State
President François
Hollande
(since 2012)

Capital
Paris

**Government
Type**
Republic

**Head of
Government**
Prime Minister
Jean-Marc Ayrault
(since 2012)

Population
65,436,552

**Per Capita GDP
at PPP (US\$)**
\$35,860
(\$48,112 in US
in 2012)

Land Area
546,630 km²

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Political snapshot

Government

President François Hollande elected in 2012: the 2nd Socialist president since 1958.

President Hollande has appointed high-profile Socialists, including Laurent Fabius (Foreign Minister) and Pierre Moscovici (Finance Minister).

The Socialist Government favours greater state control of the economy and higher taxes for wealthier French citizens.

Military spending

France remains 1 of the few countries within the EU that has the ability to undertake large scale military operations.

France is a world leader in exporting arms with 6% of the global market.

EU relations

President Hollande took office at the height of the Eurozone's debt crisis. He shifted French policy and tried to influence the Eurozone's economic policy focus from austerity to growth.

He favours tighter European integration but less focus on the traditional Franco-German relation and more inclusion of other large European countries.

Decentralization

Political developments over the last two decades – accelerated by the EU regional development programs – have seen France try to decentralize its economy and shift political influence away from Paris.

Major cities (Lyon, Toulouse) have developed rapidly, but Paris remains the undisputed French capital in all areas.

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Economic snapshot

Economy

France has one of Europe’s most diversified economies. Services, led by tourism, dominate.

Manufacturing is led by France’s automotive and aerospace sectors.

France also has one of Europe’s largest agricultural sectors.

Wealth distribution

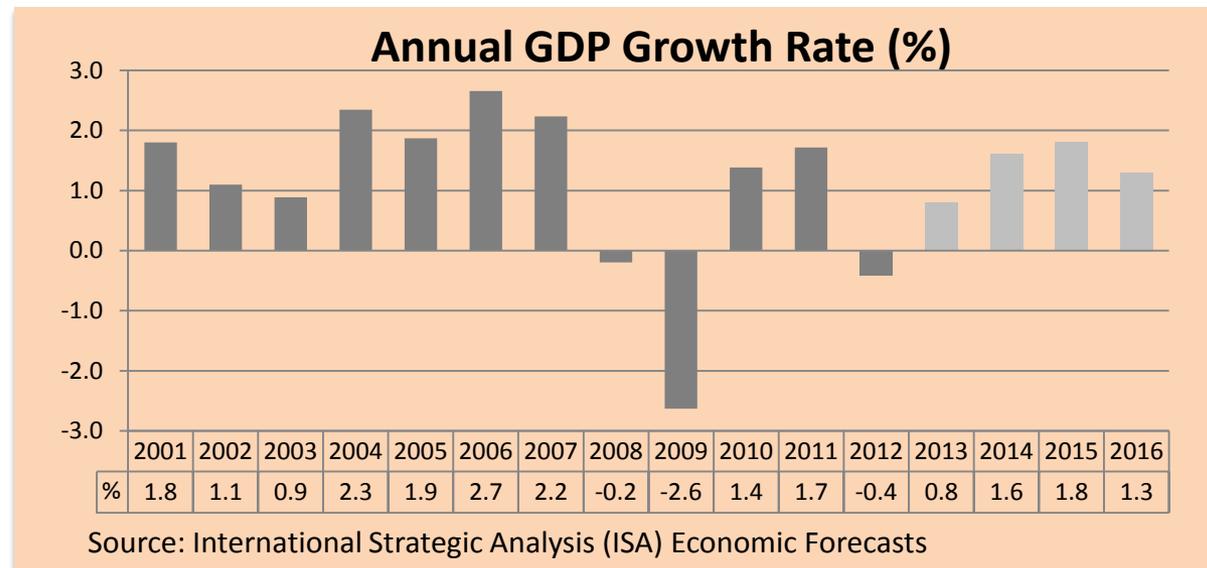
Wealth levels are on a par with those of Britain and Germany. Paris is the wealthiest region, followed by the south-east Côte d’Azur and Alsace.

France’s overall wealth levels remain above EU average.

Regulations

The State retains significant control over the economy and over most strategic sectors of the economy. French government spending as a percentage of GDP stands at 52.8%

The state has an active policy to promote French “national champions” (large and strategic companies) present in most industries.



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Main sectors

Aerospace industry

- \$38.5bn turnover in 2012
- 80% of turnover driven by exports
- World class companies: Airbus, Dassault, Safran....
- Home of LeBourget Paris Air Show

Agri-food industry

- A global foodstuffs giant, France accounts for ¼ of EU output
- 4th largest processed food producer and exporter worldwide
- Domestic food retail market = \$150bn
- 10,000 R&D researchers



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Automotive industry

- One of the top 3 EU car producers (2.3 million units)
- Employing 400,000 workers
- Domestic champions: Citroen, Peugeot, Renault
- Expanding overseas (Renault's 44% stake in Nissan)

Defense industry

- \$55bn revenue in 2012, employing 165,000
- 5th largest military spender worldwide
- Military budget increasing 2.5% p.a.
- 4th largest arms exporter in the world

Digital sector

- Strategic growth industry with strong state support
- 3.8% of all jobs
- 5.2% of France's GDP
- 1.6 million fast broadband households
- Over 25% of total private R&D
- E-commerce growing \$25m per year

Main sectors

Energy: electricity and oil industries

- France = global leader in electricity exports
- Surplus nuclear energy exports at \$5bn p.a.
- EDF = world's largest electric utility
- Produces 22% of EU's power
- 90% of electricity production = nuclear
- 58 French active nuclear reactors
- Presence of Total, 5th largest gas and oil company worldwide
- Numerous leading oil & gas service companies (e.g. Technip)
- 12 nationwide oil refineries with total refining capability of 90 million tonnes crude oil p.a. (720 million barrels)



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Luxury goods industry

- A French flagship sector both for consumption and production
- \$17bn domestic sales of luxury goods p.a. = 8% of global total
- LVMH (Louis Vuitton, Dior, Moët, Hennessy) = largest global luxury goods company
- Other top luxury brands: Chanel, Hermès.....
- More than 160,000 employees
- 84% of products exported

Pharmaceutical industry

- 2nd largest overall European Pharma market with 18.7% share worth \$36bn
- 3rd largest Pharma producer worldwide and number 1 in Europe
- Largest hospital network in Europe
- 2200+ clinical trials per year
- Leading multinationals: Sanofi-Aventis, Pfizer, AstraZeneca.....

Main sectors geographically

Northern France is the focal point of heavy industry and mining, but also logistics

Paris is the undisputed nerve center of the economy, home to most leading companies' HQs and the key financial hub

Toulouse and the south-west represent the heartlands of the aerospace industry



Eastern France is the center of the country's chemical and pharmaceutical industry

The wider south-east region is the center of the French defence industry with around 25% of production

The south-east coast is also the most-visited region by tourists and key for the sector

Paris at the Centre

The Greater Paris Region ([Ile de France region](#)) is now Europe's largest conurbation: +12 million inhabitants, 1/3th of the total French population, over half of corporate French HQs, accounting for 1/4 of total French GDP.

After Paris, there are 4 roughly equal conurbations: Marseille, Lille, Lyon and Toulouse.

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Trade clusters in France

Trade clusters in France – known as *pôles de compétitivité* – play an influential role in bringing together large companies, research teams, universities and other key actors across numerous industries. They attract government funding and support.

They can act as good conduits for companies looking to connect with French businesses.

Click [here](#) for the English-language official government homepage representing the 70 French trade clusters.

Key international trade clusters

Aeronautics - Aerospace Valley (Toulouse/Southwest region)

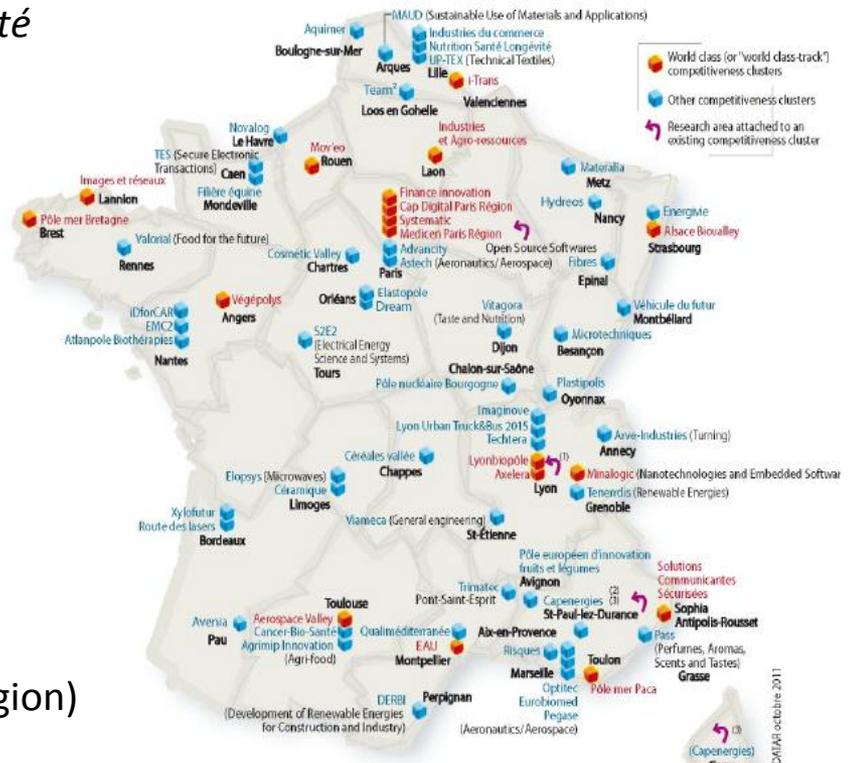
Financial Services - Finance Innovation (Paris region)

Biotech – Lyonbiopôle (Lyon and Eastern France)

Agri-food - Végépolys (Northwest region)

ICT – Cap Digital (Paris region)

Pharmaceutical – PharmaValley (Paris and Northwest region)



Identify trade clusters in your own sector by following this [link](#)

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Main companies

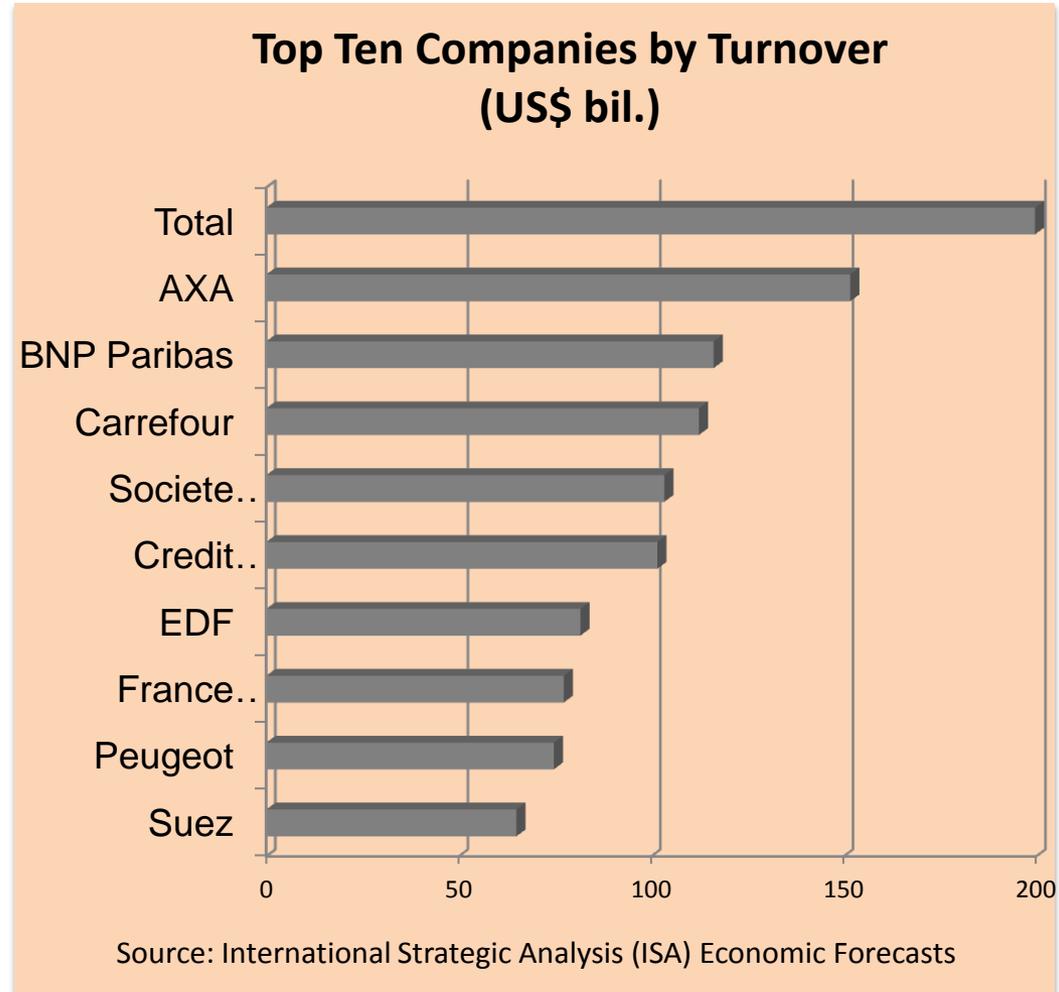
Due to the government’s policy of ‘national champions’, there is a leading French company present in almost all major services and industries.

In recent years, France has run into trouble with the EU over its support for French national champions.

Role of foreign companies

Currently, more than 20,000 foreign companies do business in France and employ more than 2 million people.

23% of all R&D expenditure is accounted for by overseas firms, 25% of which are US-based.



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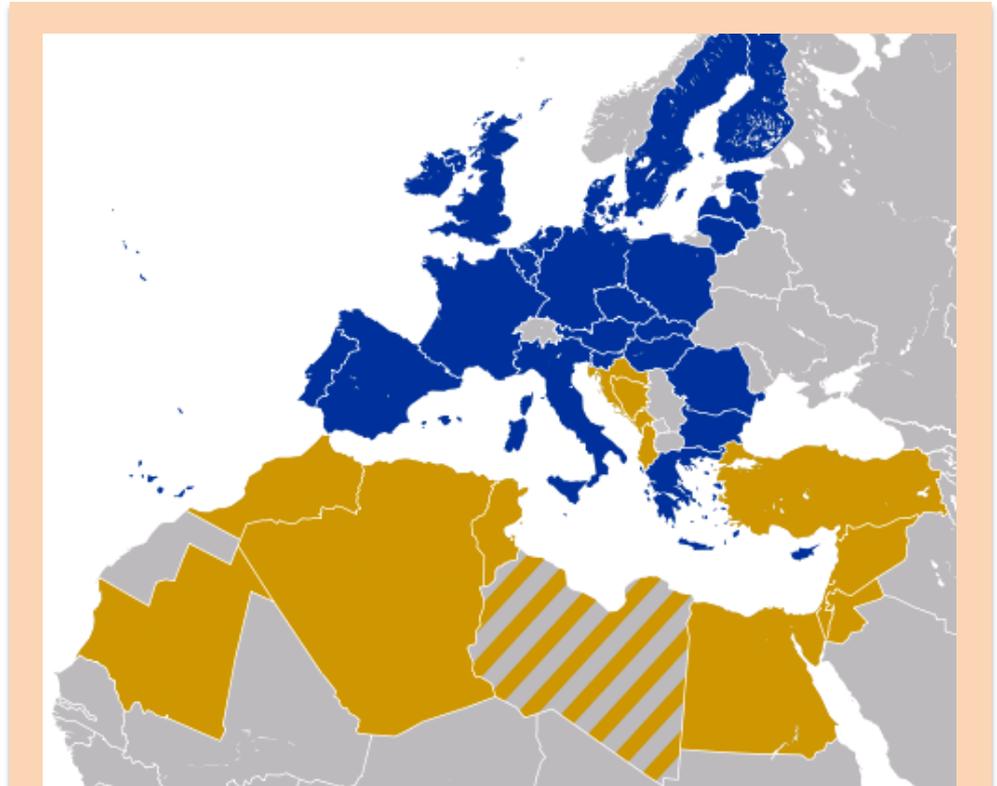
Gateway to North Africa and beyond

France maintains close economic and socio-political connections with its former territories. Spheres of influence therefore include North Africa and much of West Africa.

There are some 5 million Muslims living in France, most of whom claim descent from Algeria, Morocco, Lebanon....

In these regions, French companies are especially present in tourism (hotels groups), public services (water and electricity utilities), construction and engineering.

In some cases, distributors represent these countries in addition to mainland France.



The Union for the Mediterranean (UfM) is an initiative spearheaded by former French President Sarkozy to kick-start stronger dialogue and trading relations between the EU and the 16 countries that surround the Mediterranean Basin.

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Imports and exports

Main imports

France's main imports are:

- Fuel (17% of total imports),
- Electronics (11.3%),
- Chemicals (8.5%),
- Metal products (7.8%),
- Industrial and agricultural machinery (7.5%),
- Cars (7%),
- Food and clothing

Main import partners

France's main import partners are:

- Germany (17%),
- China (8%),
- Belgium (7.8%),
- Italy (7.3%),
- Spain (6%),
- United States (5.6%)
- United Kingdom (4.4%)

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Fact file

2012 stats

In 2012, France exported \$578bn worth of goods versus \$685bn of imports

France and Europe

Europe accounted for 69% of French exports and conversely, 77% of French imports

France and Germany

Germany is France's single largest trading partner, (nearly 20% of both exports and imports)

France and the US

Trade averages over \$1bn a day between the US and France. The US is France's sixth-ranked supplier and its sixth-largest customer

Regulations

France is part of the EU and of the European Free Trade Association (EFTA) – this means that EU Directives must be met in addition to national regulations.

All commercial and shipping documents must be in French. Packing lists are compulsory if the shipment contains more than one package and if the contents are not shown on the commercial invoice.

Tariffs

A Common Customs Tariff (CCT) is applicable to goods from the US.

Most duties are ad valorem (%), based on GATT Valuation Codes, approximate cost, insurance and freight (CIF) value.

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Product certification

Products tested and certified in the US to American standards are likely to have to be retested and re-certified to French / EU requirements. This is a result of the EU's different approach to health and safety of consumers and the environment.

Companies seeking assistance with product certification in France – across all sectors – can find help from specialized consultancy agencies. One of the most reputable and multi-lingual of these can be found [here](#).

Labeling and marking requirements

For customer protection purposes, any product offered for retail sale is required to note:

- Country of origin
- Weight
- Dimension
- Chemical composition
- Appropriate hazard warnings

CE Marking

To sell products in the EU, US exporters are required to apply CE Marking.

CE Marking is a declaration of conformity to EU Directives and with it products are allowed to circulate freely within the EU.

France does not generally require any separate marking from EU standards.

The Eco-label

A voluntary label which US exporters can display on products that meet high standards of environmental awareness.

Criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture and use to its disposal.

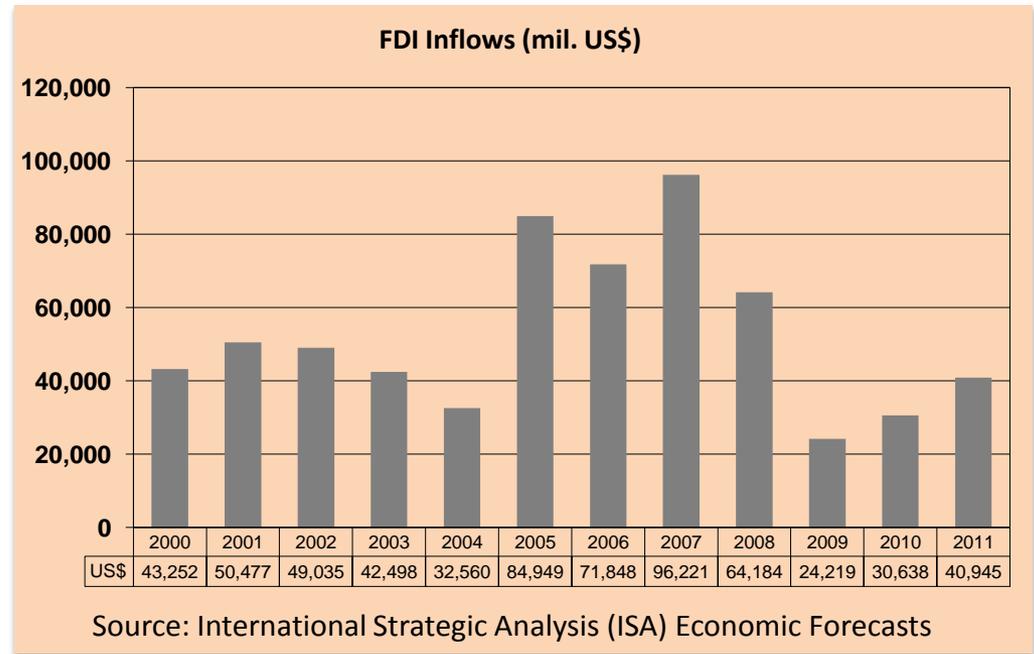
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Foreign direct investment in France

According to fDi Magazine, France attracted over \$7bn of foreign direct investments in 2012 with 302 projects (see <http://www.fdiintelligence.com/Trend-Tracker/France-s-FDI-appeal-dropped-off-at-end-of-2012?ct=true> for details).

US-based companies were the largest investment group, spending \$1.95bn over 101 investment projects. Of the estimated 20,721 jobs created, the US companies created the most, with 6,130 new jobs.



According to Ernst & Young, “Investors like France’s competitive research tax credit. They also note the structured public-private scheme to rejuvenate the Greater Paris transportation system and an overhaul of higher education. That said, France’s high public debt, reluctance to slash public spending and lack of small businesses...will be formidable challenges for the next five years...”

[http://www.ey.com/Publication/vwLUAssets/Attractiveness_2012_europe/\\$FILE/Attractiveness_2012_europe.pdf](http://www.ey.com/Publication/vwLUAssets/Attractiveness_2012_europe/$FILE/Attractiveness_2012_europe.pdf)

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Next steps

If you are involved in developing your company's international markets, the chances are you are involved in:

- Identifying
- Engaging
- Optimizing your distributors.

Europe is a particularly tricky environment with numerous countries, local markets, languages, currencies, preferences So getting the right distributor to work well with you is a challenge we hope we can help with.

Checkout our whitepaper on [Finding Distributors for Export Markets](#) for guidelines on how you can identify the right distributor and - most importantly, how the right distributors can find you!



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About IBT Partners

In 2002, we created IBT Partners with a vision to build a company that would make a substantial difference to our clients in helping them grow internationally – a vision based on the idea that international business and trade are vital engines of economic growth and an essential step in any company’s strategy.

Our staff, their enthusiasm and their skills are what makes the difference. Our offices in France, Germany, the UK and USA house teams that are all multi-cultural, multi-lingual trade experts with knowledge of new technologies.

We have worked with 100s of SMEs, helping them to identify new business opportunities and new potential clients in export markets.

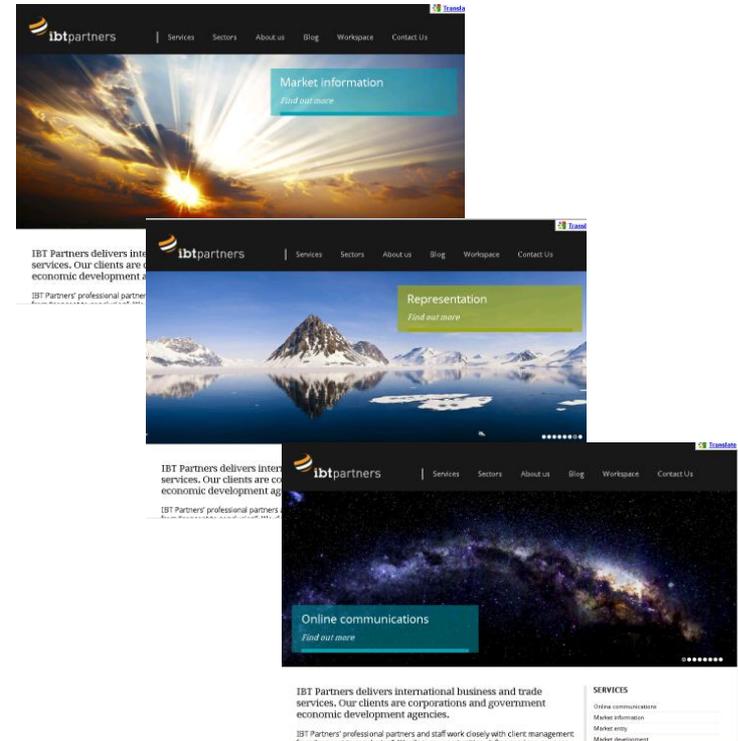
We invite you to get to know us, our vision, our passion and our commitment to increasing international trade for our clients.

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Useful links

Commission of the European Communities

http://europa.eu/index_en.htm

Economic development agency dedicated to bringing investment and business to France

<http://www.invest-in-france.org/us/>

Economic development agency for Ile-de-France region

<http://www.paris-region.com/index.jsp?LANGUE=1>

EU statistics for member states

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

fDi Intelligence

<http://www.fdiintelligence.com/>

Financing and support for French SMEs

<http://www.oseo.fr/>

French National Agency for International Business Development

<http://www.ubifrance.com/>

International strategic analysis

<http://www.isa-world.com/>

Official national statistics

<http://www.insee.fr/en/>

The European Chemicals Industry Council

<http://www.cefic.org/>

Trade clusters in France

<http://competitivite.gouv.fr/home-903.html>

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