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FRANCE: MORE COMPETITIVE AND MORE INNOVATIVE

"Our economic strategy is to lead far-reaching reforms for our country and to be pro-business. In the last three years, we have generated more economic growth than any other European country. (...)

"Our structural reforms are bearing fruit. This is why we cannot and do not want to slow down. We are preparing our country for 2030, putting emphasis on education, healthcare, ecology and digital technology."

Emmanuel Macron, President of France.
Keynote speech, "Choose France" summit, January 25, 2021

FRANCE: LEADING EUROPEAN DESTINATION FOR FOREIGN INVESTMENT PROJECTS*

WORLD-CLASS INFRASTRUCTURES

50% of premises covered by very high-speed broadband

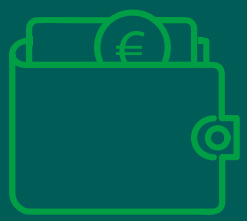
ARCEP, 2020

Some of the most competitive electricity rates in Europe

€0.0847 excl. VAT / kWh, lower than in Germany, Italy and the United Kingdom (for industrial consumers of medium size, Q1, 2019)

EUROSTAT, 2020

A LEADING ECONOMY



2nd largest market in Europe, with direct access to 500 million consumers

EUROSTAT, 2020

#1 Euro zone stock exchange: Euronext

WORLD FEDERATION OF EXCHANGES, 2020

A LARGE TALENTED WORKFORCE

1.7 million engineers and scientists with a degree from a French institution

ENGINEERS AND SCIENTISTS OF FRANCE FEDERATION, 2019

48% of 25- to 34-year-olds in France hold a higher education diploma (compared with 33% in Germany and 28% in Italy)

EUROSTAT, 2020

*EY, 2020

FRANCE'S RESILIENCE AND THE CONFIDENCE OF INVESTORS IN 2020

90%
of foreign business executives established in France were happy with their investment

Source: Kantar

34,567 jobs generated by investors

2020, the second best year in 10 years

Source: Business France

Strongest forecast economic growth in Europe for 2021:
France 5.9%, ahead of the United Kingdom (5.1%), Germany (3%) and the euro zone (3.9%)

Source: OECD

Manufacturing activities were the leading contributor to employment, with

12,875
jobs, or 37% of the total employment generated by FDI

Source: Business France

BUOYANCY OF FRANCE IN PRIORITY SECTORS (2020)

A FAVORED LOCATION FOR INDUSTRIAL INVESTORS

MANUFACTURING

1/4
of investments were in manufacturing activities

37%
of total employment

AN ECOSYSTEM PRODUCING ACCLAIMED INNOVATION

R&D, ENGINEERING

12%
of investments were in R&D/engineering activities

AMBITIOUS AND ATTRACTIVE POLICY OF ECOLOGICAL TRANSITION

+13%
of investments in energy and recycling **with a doubling of employment**

RECOGNIZED MEDICAL EXPERTISE

+40%
of investments in healthcare

Spinoff jobs x 2.3

PRO-BUSINESS REFORMS STIMULATING COMPETITIVENESS AND INNOVATION

REDUCING CORPORATE TAXATION

Reducing corporate taxation (*impôt sur les sociétés – IS*) from 33% to 25% by 2022

Flat tax (*prélèvement forfaitaire unique – PFU*) of 30% on capital revenues

Competitive taxation of R&D

\ Rate of corporate taxation (IS) at 10% for revenues from intellectual property

\ Research tax credit (*crédit d'impôt recherche – CIR*) equivalent to 30% of R&D expenditure

TRANSFORMING THE FRENCH SOCIAL MODEL

Greater flexibility and predictability

\ Simplification of dismissals for economic reasons (new scale of dismissal allowances, complaint deadline of maximum one year)

\ Facilitation of social dialogue: A unique representative body for employees

Lower social security contributions on low salaries

Adaptation of skills to the new needs of the economy

\ Skills investment plan, €15 billion until 2022

\ Tripling of funding to promote youth employment

ACCELERATING BUSINESS SETUPS

Facilitating industrial setups

\ Simplification of administrative procedures

\ Ready-to-use sites (investinfrance.fr)

Facilitating access to public procurement: Easing government procurement rules

Dematerialization of all administrative procedures by 2022

For further information, click here

#FRANCERELANCE: AN AMBITIOUS PLAN ALREADY UNVEILED

A PLAN WORTH €100 BILLION (OVER TWO YEARS: 2021-2022)
€26 BILLION ALREADY SPENT ON BUSINESSES AND EMPLOYMENT (FEBRUARY 2021)

ECOLOGICAL TRANSITION €30 BILLION

On decarbonization of industry:

- **€240 million in investment committed**
- **€46 million in state aid allocated**
- **Three fields of intervention energy efficiency:**
  - \ Energy efficiency
  - \ Change of manufacturing procedures
  - \ Decarbonization of industry
- **236,747 tonnes equivalent of carbon dioxide saved**

COMPETITIVENESS €34 BILLION

- **More than 1,412 industrial projects** representing more than €4 billion of productive investment, supported by €1.6 billion of state aid (total investment €6.3 billion)
- **€10 billion reduction in production taxes** from January 2021 benefiting 600,000 businesses
- **161 funds accredited "France Relance"** worth a total of €14.1 billion

COHESION €36 BILLION

- **1.2 million youngsters** < 26 years old hired on permanent/ temporary contracts > three months
- Record of **495,000 apprenticeship contracts** signed in the private sector in 2020 (+40% versus 2019)
- Including **273,520 supported by the "France Relance"** exceptional bonus

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MAKING FRANCE MORE COMPETITIVE

TAXATION: NEW MASSIVE, LONG-TERM REDUCTIONS TO IMPROVE THE COMPETITIVENESS OF BUSINESSES...

REDUCING TAXATION ON PRODUCTION IN HALF...

€20 billion over 2021-22, then €10 billion per year

Reduction of 50% of the business value-added contribution (CVAE) and taxes on property for industrial businesses (property tax on built properties, corporate property contribution – CFE)

Lowering from 3% to 2% of the ceiling rate of the local economic contribution (CET) according to value added.

From 2021: 600,000 businesses will benefit

EXAMPLE 1

For the mid-size company of a European group specializing in medical technologies and security:

"The lowering of production taxes voted in the last Budget Act is a long-term signal encouraging us to invest more broadly than initially planned and to create twice as many jobs (more than 150). This reform is a strong marker of the competitiveness of France, which will enable us to consider transformation measures of equipment in the medium term."

EXAMPLE 2

For the German business B Braun:

"The production tax cut voted in the last Budget Act will come to €1.5 million per year for B Braun group in France. This reform reinforces the competitiveness of sites in France and should enable businesses to continue hiring as well as investing in new technologies and increases in production capacity."

TAX4BUSINESSFR
Direction Générale des Finances Publiques

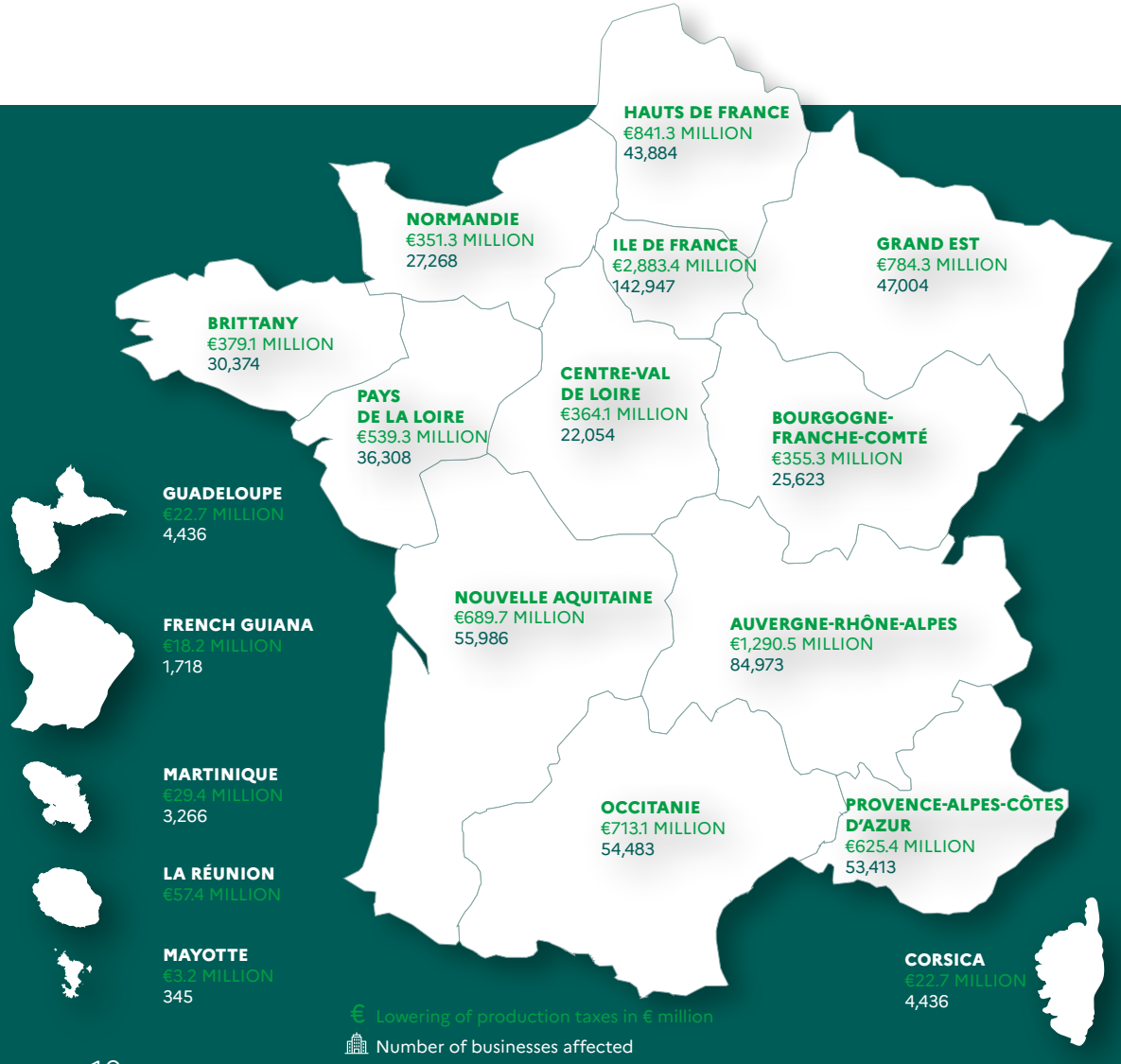
A specific helpdesk for foreign investors

… TO THE BENEFIT OF ECONOMIC RECOVERY IN EVERY REGION

BRUNO LE MAIRE, MINISTER FOR THE ECONOMY, FINANCES AND RECOVERY:

"As part of 'France Relance', and despite the crisis, we have decided to lower production taxes in 2021-2022 by €20 billion, which was weighing on the competitiveness of French businesses, particularly in industry."

Source: Ministry for the Economy, Finance and Recovery press kit (February 2021)



AN INDUSTRIAL BOOST FULLY ACTIVATED

UNPRECEDENTED TAXATION EFFORT

DEDICATED PUBLIC FINANCING

MORE THAN 1,412

INDUSTRIAL PROJECTS ALREADY SUPPORTED

by €1.6 billion in state aid
(out of €6.3 billion in investment)

Calls for projects still open for businesses

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SIMPLIFIED PROCEDURES

INDUSTRIAL BOOST: SIMPLIFIED BUSINESS SETUP

ADAPTED TO THE NEEDS OF INVESTORS

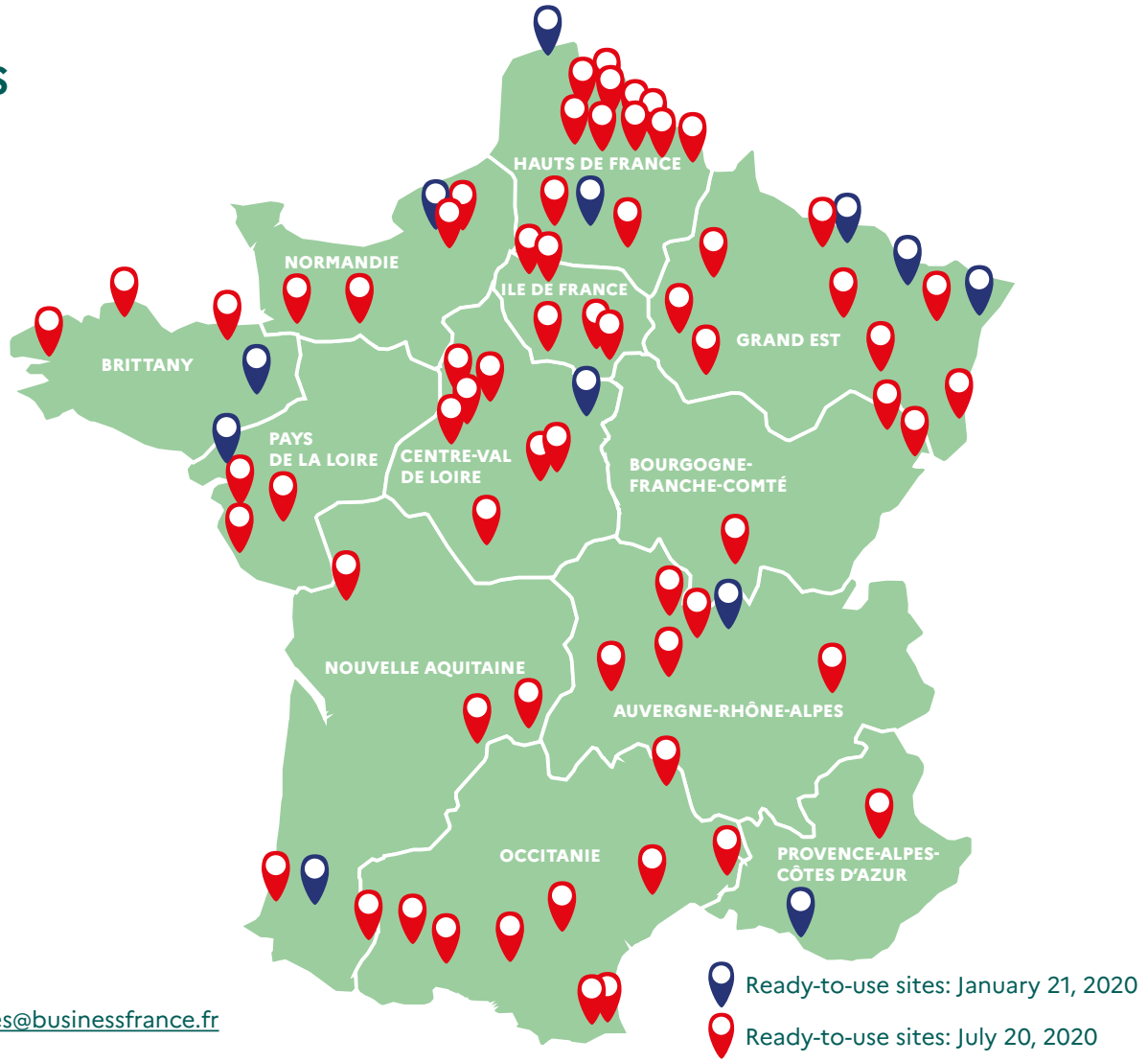
78 READY-TO-USE SITES AVAILABLE TO WELCOME NEW ECONOMIC ACTIVITIES

Predictability and authorization timeframes shortened, thanks to anticipation of prior procedure (urban planning, preventative archeology, environment)

Projects can be started more rapidly

A €300 MILLION FUND FOR THE PUBLIC REHABILITATION OF 900 HECTARES OF BROWNFIELD SITES

By 2022, more new depolluted and state-requalified sites for industrial and logistical setups



Identify a ready-to-use site (map)

www.ready-to-use-sites@businessfrance.fr

MAJOR ADMINISTRATIVE SIMPLIFICATIONS

MORE CLEAR AND RAPID PROCEDURES TO ACCELERATE INVESTMENT PROJECTS

ACCELERATED INDUSTRIAL SETUP: ACCELERATION & SIMPLIFICATION OF PUBLIC ACTION (ASAP) ACT

Accelerating review times for industrial projects, bringing them to European standards

Secured regulation applicable to industrial businesses

LIGHTENING THE ADMINISTRATIVE BURDEN FOR BUSINESSES

Electronic point of contact for business creation formalities (PACTE Act)

The 250 most used administrative steps to be made paperless by May 2022

Fight against “gold-plating” of European directives (ESSOC Act)

LOGISTICS SERVING A COMPETITIVE AND DURABLE INSTALLATION

2nd largest European logistics market

6th largest in the world

(Supplychain Info, 2020)

150,000 businesses

€200 billion in revenues in 2019, 10% of gross GDP

(Supplychain Info, 2020)

1.8 million employees

working in the logistics sector

(Ministry for the Ecological Transition, 2019)

MODERNIZED NATIONAL INFRASTRUCTURE FOR SIMPLIFIED INTERMODAL TRANSPORT

Investments in 2020-2022 to introduce greater logistical fluidity:

\ **€550 million** to speed up work on infrastructures (excluding rail and maritime freight)

\ **€4.7 billion** to increase the offer of trains in their different usages

\ **€200 billion** to make ports greener

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A MORE INNOVATIVE FRANCE

SUPPORT FOR INNOVATION IN PRIORITY SECTORS

A €20 BILLION FUND DEDICATED TO INVESTMENT IN KEY INDUSTRIAL SECTORS AND PRIORITY TECHNOLOGIES

10 PRIORITY SECTORS

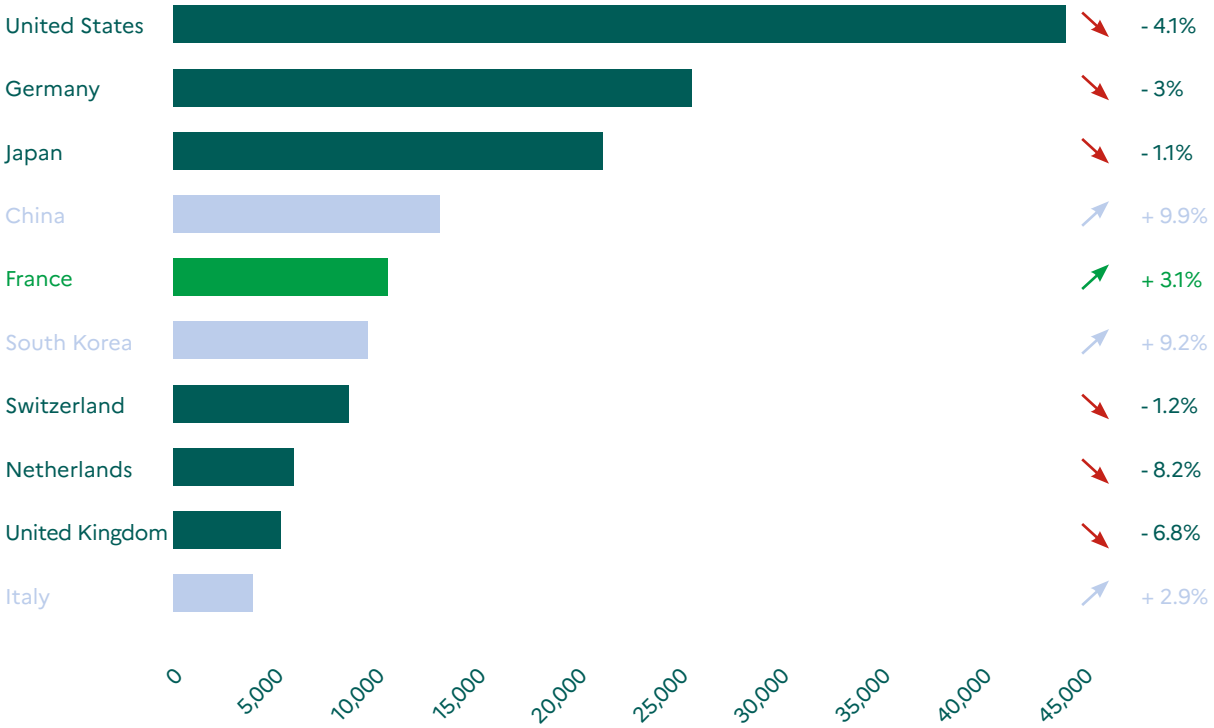
- Cloud computing
- Quantum technology
- Aerospace
- Cybersecurity
- Artificial intelligence
- Innovative therapy
- Infectious diseases
- Digital healthcare
- Cultural and creative industries
- EdTechs

A RESILIENT ECOSYSTEM, FAVORING INNOVATION

Pluriannual Research Programming Act 2021-2030:
€25 billion to finance collaborative research

Academic Ranking of World Universities 2020 (Shanghai ranking):
With 30 establishments ranked, including five in the top 100,
France is ranked third in the world for innovation and talent training

Number of patent applications at the European Patent Office by source country (2019-2020)



Source: European Patent Office

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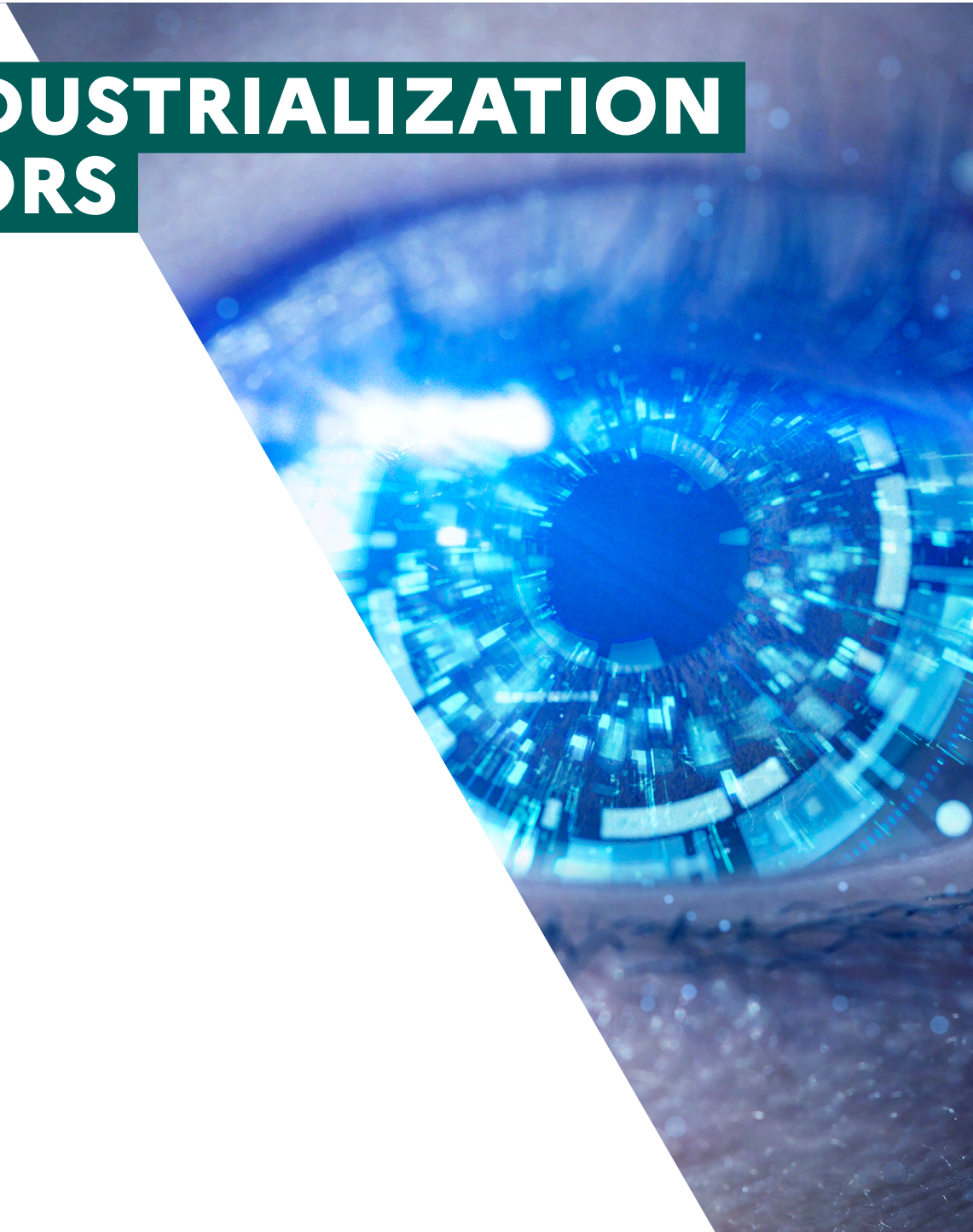
NEW OPPORTUNITIES FOR FOREIGN INVESTORS

SUPPORT FOR RE-INDUSTRIALIZATION IN STRATEGIC SECTORS



INVESTMENT OPPORTUNITIES FOR FOREIGN INVESTORS IN STRATEGIC SECTORS

CALL FOR PROJECTS:
€462 MILLION IN STATE AID
273 INDUSTRIAL PROJECTS SUPPORTED IN FIVE STRATEGIC SECTORS

- Healthcare
- Essential inputs for industry
- Electronics
- Agri-food
- Telecommunications

Other calls for projects to follow in 2021 and 2022

HEALTHCARE: NEW INNOVATION-FRIENDLY CONDITIONS

A RENEWED STATE/INDUSTRY DIALOGUE FOR A SIMPLIFIED RECOVERY

Quicker market access for medicinal products:

- Simplification of procedures for price negotiations between the state and laboratories
- Better integration of innovation, industrial issues and exports

(new framework agreement CEPS-LEEM 2021-24)

A packet of ambitious measures for innovation and competitiveness for healthcare industries is being prepared (Strategic Council of Healthcare Industries, June 2021)

French Healthcare

STRONG ACTION FOR A FRENCH AND EUROPEAN RECOVERY IN HEALTHCARE

One of the five strategic sectors for the re-industrialization of the French economy (global envelope of €850 million)

Three public acceleration strategies being prepared (April 2021) :

- Biotherapies/bioproduction
- Digital healthcare
- Infectious diseases

Launch of a call for expressions of interest as part of an **Important Project of Common European Interest** (IPCEI) in construction to support European competitiveness and innovation in healthcare (April 2021)

HYDROGEN: BUILDING UP A STRATEGIC SECTOR

NATIONAL STRATEGY FOR THE DEVELOPMENT OF CARBON-FREE HYDROGEN IN FRANCE

Encouraging industrial offers of hydrogen solutions produced in France

In all, €7 billion will be invested by 2030

IMPORTANT PROJECT OF COMMON EUROPEAN INTEREST ON HYDROGEN

22 Members States of the European Union, including France, committed to support the creation of a value chain around green hydrogen

France will keep aside €1.5 billion in exceptional financial support

STRUCTURING THE SECTOR

The "hydrogen ruling" of February 17, 2021 forms the basis of a regulatory framework for the hydrogen sector in France

The National Hydrogen Council is starting a dialogue between the state and industries

NEW MARKET POTENTIAL

Producing hydrogen in series by electrolysis (capacity of 6.5 GW) and reducing CO_2 by six megatonnes by 2030

Promoting the development of heavy goods vehicles running on carbon-free hydrogen

Developing a fully integrated, competitive sector with 50 to 150,000 jobs

DIGITAL TECHNOLOGY AT THE HEART OF THE RECOVERY : €7 BILLION OVER TWO YEARS

SUPPORT FOR STARTUPS AND STRATEGIC DIGITAL TECHNOLOGIES

€3.7 BILLION
dedicated to supporting startups (particularly to strengthen their financial investments) and for strategic digital technologies

DIGITIZATION OF FRENCH AUTHORITIES

€2.3 BILLION

PROMOTE INCLUSION SUPPORT NATIONWIDE DIGITIZATION

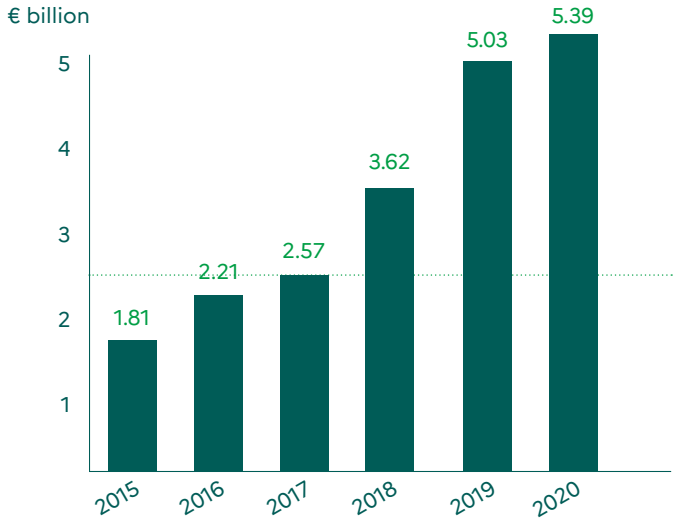
€800 MILLION

SUPPORT SKILLS TRAINING FOR DIGITAL FRENCH INDUSTRIES

€300 MILLION

OBJECTIVE: 25 unicorns by 2025 (already 13 in April 2021)

France is the leading EU ecosystem for fundraising



EY Venture Capital Survey

CYBERSECURITY: €1 BILLION TO DEVELOP SOVEREIGN SOLUTIONS

SEVERAL TARGETS ARE SET FOR 2025

x3
Revenues from the sector going from €7.3 million to €25 million

3
French unicorns emerging

x2
Number of five-year CIFRE Industrial Research Agreement theses going from 15 to 30 theses

+20%
Number of patents registered by the Accelerated Technology Transfer Companies (SATT) and by France Brevets

x2
Number of jobs in the sector going from 37,000 to 75,000

+30%
Research partnerships

Source: Cybersecurity press kit

"Never has France been so competitive as an investment location. Since 2017, we have been carrying out a pro-business and pro-investment policy, contributing to showing France in its real light. Never has the French business environment been as welcoming. And never has it been easier to invest in France.

"With the 'France Relance' plan, we have chosen to invest yet further in French quality, inventiveness and competitiveness. We are staying the course of reforms, which have made France the leading site in Europe for hosting foreign investment."

Franck Riester,
Minister Delegate for Foreign Trade and Economic Attractiveness

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GOUVERNEMENT
Liberté
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