

Press Release

France's solid key strengths have led to increased attractiveness

Paris, December 10, 2020. The “France Attractiveness Scoreboard 2020” released today by Business France and the French Treasury Directorate features a wide range of economic data relating to France’s attractiveness, based on a comparison of 13 countries.

This new edition clearly underlines the solidity of France’s key strengths, such as infrastructure, telecommunications, employee productivity, the cost of electricity, not to mention its market potential, thanks to its geographic position in Europe and the size of its domestic market. These strengths have enabled France to become the leading host country for European investments, ahead of the United Kingdom and Germany. In the new global equation that could emerge, it is of great significance that France is both the leading host country for R&D activities and industrial investments in Europe.

Thanks to a proactive policy and an effective response to the Covid-19 pandemic, France has demonstrated its ability to support its economic base and quickly regain economic growth. In 2020, there was a strong rebound in activity (+18.7%) in the third quarter, compared with +9% for OECD countries. France has stepped up its actions to transform the economy, reflected by the implementation of the “Relaunch France” plan, which has drawn on a wide range of resources to support investment, innovation and the modernization of French industry.

This France Attractiveness Scoreboard 2020 demonstrates that France has met the expectations of foreign investors surveyed recently, particularly in terms of the following:

Increasing the digitization of the economy. France has devoted €7 billion to the digital sector and startups in the form of participation in fundraising, aid for the digital transformation of businesses and government services, as well as the implementation of training in digital professions. As such, the French administrative and regulatory environment is modernizing considerably, and the Covid-19 pandemic has only accelerated digitization.

In 2019, 75% of individuals used the internet for administrative procedures, compared with 48% in 2008, ahead of the United Kingdom (51%) and Germany (21%). In this regard, France has the highest fixed broadband penetration rate of any European country, with 44.1 subscribers per 100 inhabitants.

The fight against climate change. France stands out for the originality of its energy mix. In 2018, it was the second largest producer of renewable energy, with output representing almost 12% of the European Union total, after Germany (18.4%). In 2019, less than 10% of electricity output in France came from low carbon means of production. The “Relaunch France” plan has made the ecological transition a strategic goal by devoting €30 billion exclusively to green investments.

Access to capital. France is ranked third in the world, after the United States and the United Kingdom, in terms of asset management, with a concentration of 7.3% of the total assets managed by the 500 largest investment funds in the world; in terms of **access to capital**, France’s level of access to credit for businesses was at 88% for micro-enterprises and 90% for SMEs in the third quarter of 2020. Moreover, **France boasts Europe’s leading startup ecosystem**, with €4.4 billion raised in October 2020, compared with €4.1 billion in Germany (EY).

Reducing the cost of labor. Reforms undertaken, such as the Competitiveness and Employment Tax Credit (CICE) and the Responsibility Pact, have allowed costs to **fall sharply since 2013**, compared with the euro zone. As such, between the fourth quarter of 2012 and the second quarter of 2020, the cost of labor increased less rapidly in France than on average in the euro zone: +9.8% in France, compared with +14.4% in the euro zone. In the manufacturing industry, France recorded a drop in unit labor costs of around -1.5% in 2019. In comparison, costs rose +6.4% in Germany, +5.4% in the United Kingdom and +3.3% in the European Union.

“A quick economic response to this global pandemic has been essential. Having an exit strategy from this crisis is also crucial. The “Relaunch France” plan announced last September invests in everything required to create the economy and jobs of tomorrow: the ecological transition, industrial production, technological innovation and vocational training. We also plan to create new sectors of excellence in areas such as biotechnology and carbon-free energies. This plan will enable us to further strengthen France’s attractiveness and make France a leader in all the sectors of the future,” said Bruno Le Maire, Minister for the Economy, Finance and the Recovery.

“In the period of uncertainty created by the pandemic and its economic consequences, France is now better positioned to reassure international investors. Thanks to structural reforms carried out since 2017 to make our economy more competitive, our attractiveness has enabled us to continue to attract job-creating projects. The “Relaunch France” plan constitutes a decisive step forward for French economic key players, who will emerge stronger than ever in the global market, but also for foreign investors who wish to take part in this major transformation of the French economy. All of France’s networks abroad are actively working to spread the word, with our partners already having shown keen interest,” said Franck Riester, Minister Delegate reporting to the Minister for Europe and Foreign Affairs, with responsibility for Foreign Trade and Economic Attractiveness.

“France is looking firmly to the future. By investing more in education, higher education and lifelong learning, by recruiting more young people and considerably increasing apprenticeship contracts, as well as by creating an ecosystem dedicated to attracting talent in the field of new technologies, for example with the French Tech visa, we are preparing future generations for the global transformation of the economy,” said Pascal Cagni, Chairman of the Board, Business France and Ambassador for International Investment.

“France is the leading host country for job-creating foreign investments in Europe and remains top for industrial and R&D projects in 2019. These results reflect the confidence of foreign investors, who now perceive France as an innovative and stable country that initiates reforms to prepare for the future. In today’s complex world, this desire to prepare our businesses for more intense global competitiveness sends a strong signal to international investors looking for an investment opportunity in Europe and Africa,” said Christophe Lecourtier, CEO of Business France.

Business France is the national agency supporting the international development of the French economy, responsible for fostering export growth by French businesses, as well as promoting and facilitating international investment in France.

It promotes France’s companies, business image and nationwide attractiveness as an investment location, and also runs the VIE international internship program.

Business France has 1,500 personnel, both in France and in 55 countries throughout the world, who work with a network of partners.

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