

**KANTAR**



## **Survey on the attractiveness of France, 2019**

**Briefing note (Wave 10)**

January 14, 2020

In France, the year 2019 was marked by very strong **economic and social tensions**, of which the emergence of the unprecedented “Yellow Jackets” movement was one symptom, but also internationally by a **still uncertain economic climate**, with among other things Brexit once again postponed, bleak economic prospects in Germany and very high commercial pressures between the United States and China.

### **Accordingly, France’s attractiveness resisted, remaining at a high level**

**France’s attractiveness stabilized at a high level:** 87% of senior executives based abroad considered France to be attractive, up 13 percentage points from 2016. In parallel, 82% of foreign businesses set up in France drew a positive conclusion of their investment in the country, up four percentage points in one year.

**France conserved its place as the second most likely destination for investments after Germany, and ahead of the United Kingdom**, cited by 38% of senior executives interviewed, versus 44% for Germany and 30% for the United Kingdom.

**We can note that the attractiveness gap between France and the United Kingdom got significantly deeper:** whereas they were only separated by a single point in late 2018, the United Kingdom has lost ground this year (down four points in a year), while France’s attractiveness has increased (up three points), as has Germany’s (up three points). Ultimately, France was ahead of the United Kingdom in 2019 by eight points, compared with only one point last year. Above all, the comparative attractiveness of France is 2.5 times higher than it was in 2016, when it was cited by 15% of senior foreign executives.

**However, a difference seems to appear between senior foreign executives based abroad and those at businesses set up in France**, more directly taken up with the busy social agenda of the last few months. For the latter, traditionally more critical than their counterparts based abroad, France appears less attractive than one year ago, with 58% considering it attractive for foreign investment, versus 66% at the end of 2018.

### **Maintaining this strong attractiveness also concerns French industry**

**A total of 81% of senior foreign executives interviewed considered that French industrial sectors were attractive** (80% at the end of 2018), and the same number believe that **the French ecosystem encourages industry**.

**French industry is judged to perform particularly well against a number of discriminating criteria:** automatization of production tools (86%), digitalization of industrial processes (85%), the quality of employees (85%), partnerships with innovative startups (80%), upgrade in the quality of products offered (84%), quality of management (84%) and promotion of French expertise (82%). On the three last criteria, quality of performance (“very good”) has got stronger in one year (up six percentage points in each case).

### **In a competitive environment, France seems to be taking advantage of the decline in attractiveness of the United Kingdom in terms of stability, buoyancy and business attractiveness...**

Despite a slight decline this year (down four percentage points), **the perceived economic stability of France is recognized by 86% of senior foreign executives**, as is the legal and fiscal environment (84%) that a majority still find easy to understand (79%).

The finding of a **stabilization at a high level** (although still lower than Germany) can also be observed vis à vis the perception of **buoyancy in France**, its **business attractiveness**, its **capacity to attract foreign talent** and its **expertise in new technologies**: 86% of senior executives interviewed considered that France was looking to and was investing for its future; 85% that it was engaged in reforms to modernize its economy; 83% that it encourages entrepreneurship and startups; and 82% that it seeks to attract foreign talents.

This finding comes as a contrast with the perception of the situation in the United Kingdom, where:

- **Perceived instability** is increasing about the **legal and fiscal environment in the United Kingdom** (77%, down six percentage points).
- The perception that the UK is a **country looking to the future** (81%, down six percentage points), is **innovative** (85%, down five percentage points) and which **displays its willingness to attract foreign talent** (78%, down seven percentage points) is decreasing rapidly, now placing it after France on all of these criteria.

**... but also the work to promote France by public authorities and measures taken to promote the attractiveness of its economy**

**This attractiveness feeds off efforts by public authorities to promote the economic attractiveness of France**, which have once again largely been recognized, with eight senior foreign executives out of 10 (80%) detecting them, a level that has remained stable since 2018.

**It is also based on the high recognition of a certain number of reforms**, whose impact on attractiveness has been judged to be very largely positive (still above 80%): the “Welcome to France” website is known by 77% of foreign senior executives interviewed, the lightening of corporate taxation (77%), measures taken to promote innovation (76%), others taken to attract new talent (73%), to improve the flexibility of work (73%) or the transformation of the competitiveness and employment tax credit (CICE) into lower social security contributions (70%).

**It can also count on the reputation (still moderate) and above all the relevance perceived of the different brands created** to enhance French expertise abroad. A total of 95% of senior foreign executives, who have heard it talked about, believe that “La French Tech” is relevant to promoting French expertise internationally, 93% that “La French Fab” is relevant to promoting French expertise in industry and 91% that “La French Healthcare” is relevant to promoting French expertise in the healthcare sectors.

Brands ultimately support the **perception that in France there is an ecosystem that encourages innovation (84%), industry (81%) and the healthcare sector (81%)**.

**Brexit: a windfall effect yet to be confirmed?**

While a large majority of senior executives are **expecting a review of expansion strategy in the United Kingdom from businesses from their country this year in favor of another European country** (64%, or six percentage points more than last year) and that France remains the second country that could benefit (40%, up three percentage points) after Germany, **great uncertainty appears in the light of the following observations:**

- While opinions are quite split, a **relative majority of senior executives questioned (43%) believes that Brexit will have a negative impact on investments by businesses from their country in France** (versus 21% who think it won't have any impact and 35% who think it'll have a positive impact).
- Moreover, the **share of senior executives who anticipate a negative impact of Brexit on French banks** (30%, up three percentage points), **major French businesses** (34%, up six percentage points), **French SMEs** (34%, up seven percentage points) and **French subsidiaries of foreign businesses** (36%, up 11 percentage points) **has grown sharply**, while nevertheless remaining a minority.

#### **METHODOLOGY: KANTAR PULIC – BUSINESS FRANCE SURVEY ON FRANCE'S ATTRACTIVENESS**

The survey was carried out with 762 senior executives of foreign-owned businesses by Kantar, with two targets: senior executives of foreign businesses set up in France (189 interviews) and senior executives based abroad (573 interviews), split between the following countries: United States, China, India, United Kingdom, Germany and the United Arab Emirates. The survey was conducted online and by telephone between October 24 and November 27, 2019 (extended until mid-December in the case of the United Arab Emirates).