



Today, attracting international investors is a top priority for the French government, with foreign direct investment (FDI) targeted to boost growth and generate jobs. France already offers many attractive benefits, and President Sarkozy is making the business environment more friendly than ever with new economic reforms. These changes give France a stronger competitive edge, and are driving closer ties with its principal global investors.

■ Foreign investment is welcomed freely in France.

International investors who do business in France benefit from the same advantages as French or European companies, including tax credits and R&D funding.

France openly welcomes foreign investment, with only one exception to this general rule: the French government oversees the authorization of investments linked to 11 sensitive sectors (including 4 defense related and 7 public order and safety activities) defined in the decree of December 2005, which is a clarification of a previous regulation. No refusals have been recorded related to this decree. France's regulations follow the same type of rules in other OECD countries. In the US, investments that might have national security implications are known to be carefully scrutinized, and foreign companies looking to acquire an American business must get authorization from the Committee on Foreign Investments. The UK, too, has rules that allow intervention in investment activities deemed to be in conflict with public interest.

■ International investment is an important growth factor for the French economy.

The French economy is driven by FDI.

France currently ranks 3rd in the world behind the US and the UK, with FDI inflow of \$81 billion¹. America is the leading foreign investor in France, supporting 550,000 French jobs. Almost \$1 billion worth of commercial transactions occur between the US and France every business day.

Foreign investment generates close to 2 million jobs in France.

Almost 20,000 international investors from all over the world are helping the French economy boom, supplying double the amount of jobs compared to 10 years ago. Some 40,000 new jobs were created in 2006 (+33% over 2005) as a result of foreign projects in France, marking the highest level ever reported by the Invest in France Agency.

Foreign companies are key research partners in France's innovative clusters.

Innovative research initiatives being driven in France's 71 officially labeled clusters are open to foreign companies, who are free to take part in projects that are already underway or initiate new projects. Funding benefits that are available to French or European companies are also available to foreign companies.

■ French companies are becoming more and more global.

Major foreign acquisitions of French firms are on the rise.

In 2006, there were 460 deals involving mergers and acquisitions of French companies by foreign firms, totaling over \$54 billion², compared with \$45 billion in 2005. Notable deals include:

- Mittal (India) bought the French-Luxembourg steel group Arcelor.
- Retail group AS Watson (Hong Kong) bought the French perfume and cosmetics company Marionnaud.
- Transport and infrastructure firm Abertis (Spain) bought the French highway network Sanef.

¹ Source: *World Investment Report 2007*, UNCTAD

² Source: Thomson Financial



FRANCE IS OPEN FOR BUSINESS WITH FOREIGN INVESTORS

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- Fast Retailing (Japan) bought the French clothing brands Princess Tam Tam and Comptoir des Cottonniers.
- Print company Paragon (UK) acquired Lithotech France, making it the largest print provider in France.

International investment funds are buying companies in France.

International investment funds are putting money into France, including:

- Wealth management giant Merrill Lynch (US) bought the French electrical supplies distributor Rexel (ex-PPR).
- Real-estate investment group Starwood Capital (US) purchased the French hotel and luxury retail company Societe du Louvre.
- Private equity firm 3i (UK) bought the French transport operator Keolis.
- Private equity firm BC Partners (UK) bought the French frozen food retailer Picard Surgeles.

The French stock exchange is more international than any European market.

Nearly 47% of the capital on the CAC 40, the benchmark index for the French stock exchange, is owned by foreign investors. In April 2007, Euronext (which includes the Paris bourse) joined forces with NYSE to give birth to the world's largest and most liquid stock-market platform, with average daily trading value totaling some \$120 billion and capitalization of listed companies totaling \$28,500 billion.

■ **France is a top world business destination of choice.**

International companies recognize France as a friendly business partner.

Paris ranks 2nd after Tokyo among the world's leading cities for the location of Global 500 company headquarters³.

Thousands of talented international professionals are working in France.

France is a key country of choice among highly skilled professionals. The French government promotes a new selective immigration process that opens doors to over 300,000 jobs for foreigners in France in a variety of dynamic sectors. Research presents other opportunities, and France greeted 20,000 scientists from around the world in 2006. New regulations are being launched to make it easier than ever for foreign talent to work in France.

To find out more about France's welcoming business environment for foreign investment, please visit www.investinfrance.org.

³ Source: *Fortune* magazine, Global 500 List (2007)