



## Factsheet on France

### Facts and Figures on France

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#### Basic Data

**Official name: la République Française - the French Republic**

Population: 60.5 million, with an additional 2.5 million living in overseas departments and overseas territories

Population Density: 110 (residents per km<sup>2</sup>). In comparison: Ireland has a population density of 59 residents per km<sup>2</sup>, Germany: 232/ km<sup>2</sup>.

Capital City: Paris

Population City of Paris: 2, 167 994; Paris metropolitan area: 12 million approx. (INSEE)  
Head of State: Nicolas Sarkozy, UMP (Union pour un Mouvement Populaire)

**Political Structure:** France is governed under the constitution of the Fifth Republic, the fifth constitution since the revolution in 1789. The electoral system is one of universal suffrage, with two rounds of voting for the President and National Assembly. The constitution allows for a strong executive headed by the President. Nicolas Sarkozy was elected President in 2007 for a five year term.

**Membership in international organisations:** EU, WTO, OECD, UN, NATO, G8.

France is one of the founding members of the European Union. In Rome in 1957, France with Belgium, Luxembourg, the Netherlands, Italy and Germany signed the founding treaties instituting the European Economic Community and the European Atomic Energy Community.



### **EU Presidency**

In the second half of 2008, France is holding the Presidency of the Council of the European Union. Energy and climate change, migration, agriculture, security and defence and the Lisbon Treaty are the key priorities to be addressed by the French, while progress in the major areas of the EU is to be made. In the area of competitiveness, the French Presidency has put a focus on Small and Medium Sized Enterprises (SMEs).

During the next six months, the French will seek agreement on the measures to be taken under the 'Small Business Act' for Europe as proposed by the European Commission in June

2008. Also, the Presidency aims to work on access to funding and on simplifying the administrative and legal situation for

SMEs. Another objective is the reinforcement of the internal market, diminishing obstacles to trade and consumer protection. Please click [here](#) to access the website of the French Presidency.

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## **Economy**

### **Overview**

France is the world's sixth largest economic power in terms of GDP. French public spending in 2007 was forecast to be 53% of GDP, against an OECD average of around 40% (Eurostat).

France is in the midst of transition from a modern economy that has featured extensive government ownership and intervention to one that relies more on market mechanisms. The French government has partially or fully privatised many large companies, banks, and insurers, and has ceded stakes in firms such as Air France, France Telecom, Renault, and Thales. In the last few years the telecommunications sector is has opened up to competition. The four major telecommunication suppliers in France are France Telecom, neuf cegetel, SFR and Bouygues Telecom.

Unemployment rate: 7.6%, First Quarter 2008. (OECD, Standardised Unemployment Rate)

Inflation rate: 3.7%, March 2008 (Eurostat)

Gross average household savings: 15.3% of disposable income (Department of Foreign & EU Affairs)

Net average annual earnings: €21,480

**Gross Domestic Product (GDP):** €1,744.2 billion in 2006 (French Ministry of Foreign and European Affairs)

GDP Growth: + 0.5% (change first Quarter 2008 – fourth quarter 2007), (INSEE)

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## **Foreign Trade**

### **Foreign Direct Investment (FDI):**

FDI into France: €115 billion in 2007 (INSEE)

FDI from France: €164 billion in 2007 (INSEE)

### **French- Irish Trade**

French exports totalled €481.2 billion in 2006 whereas imports amounted to €507 billion. France does 66% of its trade with its EU partners (50% within the euro area). France is Ireland's fifth trading partner after the USA, Belgium, the UK and Germany. The trade

between the two countries amounts to €9.4 million, representing a 3.5% increase from 2006. While the French market absorbs 6% of Irish exports, Ireland represents 0.74% of all French exports. (Business with France, 2008)

French imports of Irish goods and services are mostly concentrated in the ICT and pharmaceutical sectors (74%), followed by the financial services sector. French exports to Ireland are most strongly in transport equipments, pharmaceutical and IT products, and household goods (ibid).

Ireland is the third largest importer of French goods per inhabitants - after Belgium and Switzerland (ibid).

### **Irish Investment in France**

Irish FDI into France: €10.7 million in 2007 (Business with France, 2008)

French FDI into Ireland: €19.6 million (ibid)

Number of Irish companies based in France: 30 (approx.)

Number of Employees: 10,000

*Examples of Irish companies in France:* Kerry Group, the International Building Materials Group CRH and Jefferson Smurfit (Smurfit Kappa since 2006) for some time. More recently: IAWS, Experian and Ryanair (Ireland Investment in France, 2008).

In 2007, a large percentage of Irish investment in France was concentrated in industry (particularly the agro-food industry), while the service industry is growing consistently (Ireland Investment in France, 2008).

Sectors in which most jobs were created (2007): Metals, metalworking and recycling (73.3% of jobs created), commercial and financial services (16.75), electric electronic, IT and medical equipment (10%).

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## **The Tax System**

**Value Added Tax (VAT)** – Taxe sur la Valeur Ajoutée (TVA): The standard Vat rate in France is **19.6%**.

Certain rates are subject to a reduced rate of **5.5%** these include food (except beverages), agricultural products, books, passenger transport, hotels, and travel agencies. A special rate of **2.1%** is levied on newspapers, periodicals and pharmaceutical products (Legifrance).

**Income tax** – Impôt sur le revenu

Rates (2007):

0%	below an annual income of 5614€
5.5%	5615€ - 11198€
14%	11199 – 24872€
30%	24873€ - 66679€
40%	Above 6,6679€ (Legifrance)

**Corporate tax** – Impôt sur les Sociétés

Profits derived from an activity conducted by a foreign company on the French territory are taxed in France. The standard rate of corporate income tax is 33.33%

Small businesses pay a reduced rate of 15% on the first €38,112 of profits and the standard rate thereafter.

If taxable profits exceed €2,289,000 then an additional social security levy of 3.3% is also applied.

**Local tax on business** is paid on the rental value of professional fixed assets. It varies according to the place but cannot exceed 3.5%, 3.8% or 4% of the company added value (Winning Business in France, 2008).

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## Paris – the Heart of France's Economy

Paris is the richest city in Europe in terms of GDP. Surveys show Paris as second only to London as the top European city in which to do business. The Ile-de-France (Paris region) represents 28% of France's 2006 GDP. In 2004 the French Government introduced the 'Competitiveness Cluster' initiative that aims to achieve collaboration between companies, public and private research units and training organisations within a common sector and defined geographical area.

The clusters in the Paris region are:

- 'Finance Innovation' – Banking, insurance, investment and services to the financial sector; <http://www.finance-innovation.org>
  - 'Medicen Paris Région# – Sophisticated health technologies: cell, gene and molecular therapies; <http://www.medicen.org>
  - **SYSTEM@TIC** Paris Région – Key technologies for telecoms, transport, defence and design; <http://www.systematic-paris-region.org>
  - 'Cap Digital Paris Region' – image and digital technology; <http://www.capdigital.com>
- (Winning Business in France, 2008)

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## Useful contacts:

<p><b>IDA Ireland in Paris</b>  Maison d'Irlande  33 Rue De Miromesnil  75008 Paris  Tel.: +33 1 43129180  Email: <a href="mailto:Anne-marie.Tierney@ida.ie">Anne-marie.Tierney@ida.ie</a>  Web: <a href="http://www.ida.ie">www.ida.ie</a></p>	<p><b>Invest in France Agency</b>  77 Boulevard Saint-Jacques  75680 cedex Paris  Tel.: +33 1 44871717  Email: <a href="mailto:Info@investinfrance.org">Info@investinfrance.org</a>  Web: <a href="http://www.invest-in-france.org">www.invest-in-france.org</a></p>
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The information contained in this document aims to give an overview of the general situation in Estonia. Its account may thus omit some feature in the interest of brevity. No liability is accepted for any decision taken on foot of this document.

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