



DOING BUSINESS IN FRANCE

Brought to you by:



Weaver is a Texas-based, national accounting firm providing assurance, tax and advisory services.

Allinial Global is an association of legally independent accounting and consulting firms who share education, marketing resources, and technical knowledge in a wide range of industries. We're independent accounting firms coming together to support the success of independent client companies. We'll go wherever we need in the world to secure the highest quality solutions to our clients' business needs. Allinial Global member firms have the flexibility to find not just a good solution to your business challenges, but the best solution for you - whether it's locally or internationally.

Introduction



CAPITAL: PARIS



POPULATION

Total Population: 66,987,244

Natural Increase: 0.2%

Density: 122 Inhabitants/km²

Urban Population: 80.4%

Population of main metropolitan areas: Paris (11,862,466); Lyon (1,927,448); Marseilles (1,747,515); Lille (1,356,218); Toulouse (1,261,946); Bordeaux (1,148,289); Nantes (889,824); Nice (855,039); Strasbourg (767,542); Rouen (705,240); Rennes (692,289); Grenoble (656,075); Montpellier (653,986)

Ethnic Origins: A large proportion of Celtic and Latin peoples, with North African, African and Asian minorities ([INSEE](#))

Official Language: French

Other Languages Spoken: The regional languages (Breton, Occitan, Corsican, Catalan, Basque, Alsatian, Picard, etc.) are only spoken locally and by a minority of French people.

Business Language(s): Although French is the official language in France, many businesspeople speak English. However, depending on the type, geographical location and sector of activity of the company, it may be difficult to find someone who speaks English. Being able to communicate and negotiate in French provides a distinct advantage.

Religion: Catholics 62%, Protestants 1%, Jews 1%, Muslims 6%, without a religion 26%.

National Currency: Euro (EUR)



COUNTRY OVERVIEW

Area: 549,087 km²

Type of State: France is a Republic, parliamentary democracy combined with presidential power.

Type of Economy: High-income economy, OECD member, G8 member.

The world's leading tourist destination; one of the world's top ten export powers; a relatively high unemployment rate

HDI*: 0.888/1

HDI (World Rank): 22/188

Note: () [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*



TELECOMMUNICATION

Telephone Code:

To call from France, dial 00

To call France, dial +33

Internet Suffix: .fr

Computers: 65.2 per 100 Inhabitants

Telephone Lines: 61.9 per 100 Inhabitants

Internet Users: 83.0 per 100 Inhabitants

Access to Electricity: 100% of the Population

Foreign Trade in Figures

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	676,603	572,661	573,022	624,716	672,549
Exports of Goods <i>(million USD)</i>	580,471	505,897	501,263	535,186	581,872
Imports of Services <i>(million USD)</i>	251,769	228,159	235,679	240,462	256,762
Exports of Services <i>(million USD)</i>	274,699	239,682	236,760	248,244	290,989

Source: WTO – World Trade Organisation, 2017

[See the latest updates in the Country Profile for France.](#)

Latest Update: December 2019

Economic and Political Overview

ECONOMIC OUTLINE

Economic Overview

In 2018, France ranked as the world's seventh largest economic power, just behind the United Kingdom and India. The country's recovery from the economic crisis has come later than in other European countries and remains fragile due to structural imbalances. After growing at an estimated rate of 2.3% in 2017, GDP grew by an estimated 1.6% in 2018, supported by robust investment, solid consumption, favourable external conditions and domestic reforms. The IMF expects a 1.6% GDP growth for both 2019 and 2020, supported by labour and product market reforms that should help boost labour force participation and productivity (IMF, World Economic Outlook October 2018). Growth projections have been recently marked down due to the negative impact of the social protests of the yellow vests movement (« *Mouvement des gilets jaunes* » in French), industrial action and strikes in the public sector.

As announced during his campaign, President Emmanuel Macron launched shortly after his election an ambitious reform program, aiming at addressing France's structural challenges and bolstering the economy's resilience. His government succeeded in passing key labour market and tax reforms meant to enhance labour market flexibility and to better align labour costs with productivity, as well as a reform changing the status of the SNCF (state-owned rail transport company). Nevertheless, those reforms were received by a wave of protests (initially led by trade unions), that turned into a popular movement with the arrival of the « gilets jaunes » protesting initially against fuel taxes. If the public deficit was brought back below the European objective of 3% of GDP in 2018 (2.4% according to IMF estimates), it is expected to return over 3% in 2019 due to tax measures to increase purchasing power and to the conversion of the competitiveness and employment tax credit (CICE) into a permanent reduction in employer contributions. France's public debt (96.7% GDP) is among the highest in the Eurozone and does not show any declining trend. The 2019 Budget Act, voted into law on 28 December 2018 comprises major tax cuts aiming at supporting the purchasing power of lower-income households, promoting work and improving companies' attractiveness. Inversely, taxes on fuel and tobacco are increased. Preparing for the future is a priority, with planned budgetary focus on education, research and the ecological transition, as well as through the Government's « Grand Investment Plan ». The 2019 budget will also mark the launch of the Poverty Plan and the Health Plan to address the needs of the most fragile citizens. As a business-friendly president, Emmanuel Macron is seeking to attract investment in France through a renewal of economic partnerships. More particularly, the president wants to boost investments in technology, innovation and R&D sectors, which have been identified as weaknesses for the country.

France faces structural challenges: high structural unemployment, weak competitiveness, and high public and private debt burdens. High unemployment rates, especially among youth, remain a growing concern for policymakers. Despite its gradual decline, unemployment rate remains high, estimated by the IMF at 8.8% in 2018. The labour reform passed in 2017 aims at injecting more flexibility in the labour market.

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (billions USD)	2,591.78e	2,780.15e	2,707.07	2,771.62	2,876.23
GDP (Constant Prices, Annual % Change)	2.3e	1.7e	1.2	1.3	1.3
GDP per Capita (USD)	40,109e	42,953e	41,761	42,644	44,133
General Government Balance (in % of GDP)	-2.6	-2.5e	-2.4	-2.5	-2.4
General Government Gross Debt (in % of GDP)	98.4	98.4e	99.3	99.2	99.0
Inflation Rate (%)	1.2	2.1e	1.2	1.3	1.4
Unemployment Rate (% of the Labour Force)	9.4	9.1e	8.6	8.4	8.3

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
Current Account <i>(billions USD)</i>	-18.71	-16.16e	-13.74	-13.74	-12.47
Current Account <i>(in % of GDP)</i>	-0.7	-0.6e	-0.5	-0.5	-0.4

Source: IMF – World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

Main Sectors of Industry

France is the largest agricultural power in the European Union, accounting for one-fourth of the EU's total agricultural production. Nevertheless, the agricultural sector only represents a very small part of the country's GDP (1.5%) and employs less than 3% of the population. French agricultural activities receive significant subsidies, especially from the European Union. Wheat, corn, meats and wine are France's main agricultural products.

France's manufacturing industry is highly diversified; however, the country is currently undergoing a de-industrialisation process, which has resulted in the outsourcing of many activities. Industry represents more than 17% of GDP and employs a fifth of the active workforce. The key industrial sectors in France are telecommunications, electronics, automobile, aerospace and weapons.

The tertiary sector represents around 70% of the French GDP and employs more than three-quarters of the active workforce. France is the leading tourist destination in the world with nearly 87 million foreign visitors in 2017. This figure represents an increase of 5% from the previous year. According to preliminary estimates, 2018 should be a good year for tourism, but the violent images of destructions and riots that circulated in the media (especially in the Champs Elysées) in relation with the street protests may have a negative impact on the sector.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	2.6	20.1	77.3
Value Added <i>(in % of GDP)</i>	1.6	16.9	70.2
Value Added <i>(Annual % Change)</i>	3.4	0.1	1.6

Source: World Bank, Latest available data.

Learn more about [Market Analyses about France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Indicator of Economic Freedom

Score: 63,8/100

World Rank: 71

Regional Rank: 35

[Economic freedom in the world \(interactive map\)](#)

Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

Business environment ranking

Score: 7.38

World Rank: 24/82

Source: *The Economist - Business Environment Rankings 2014-2018*

Country Risk

See the country [risk analysis](#) provided by [Coface](#).

Sources of General Economic Information

Ministries	Ministry of the Economy, Industry and the Digital Sector ; Ministry of Finance and Public Accounts Ministry of Agriculture, Agribusiness, and Forestry
Statistical Office	French Institute of Statistics (INSEE)
Central Bank	The European Central Bank The Bank of France
Stock Exchange	Euronext
Other Useful Resources	Documentation Centre for Economy-Finance
Main Online Newspapers	Le Monde (only in French) Le Figaro (only in French) Challenges (in French and English) Libération (only in French) Les Echos (only in French) La Tribune (only in French)

POLITICAL OUTLINE

Type of State	France is a Republic, parliamentary democracy combined with presidential power.
Executive Power	The President of the Republic is the Head of State. He/She is elected by direct universal suffrage for five years. He/She appoints the Prime Minister and his/her Government at the suggestion of the Prime Minister. The Prime Minister sets the amount of the State's expenses and revenue, and prepares some bills.
Legislative Power	The parliament is composed of the Senate and the National Assembly . The 348 senators are elected by indirect universal suffrage for nine years, renewable by a one-third majority vote every three years. The 577 deputies (MPs) are elected by direct universal suffrage. They examine bills and private bills successively, vote laws and monitor the Government.
Main Political Parties	<ul style="list-style-type: none"> - The Socialist Party (PS): centre-left - The Republicans: centre-right - En Marche : centre, new liberal political movement founded by Emmanuel Macron - National Front (FN): far-right; first parliamentary representation in 1997 and gaining support amid growing voter scepticism towards the EU - The Left Front (FDG): left to far-left - The Democratic Movement (MoDem): centrist - Europe Ecology - The Greens (EELV): emphasises ecology and peaceful and sustainable lifestyles - La France Insoumise (Unbowed France) (FI): far-left - French Communist Party (PCF): communism, soft euro-scepticism
Current Political Leaders	President : Emmanuel Macron (since 14 May 2017) Prime Minister: Edouard Philippe (since 15 May 2017)

Next Election Dates Presidential elections: April 2022
Senate: 24 September 2020
National Assembly: June 2022

Indicator of Freedom of the Press

World Rank: 32/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

Indicator of Political Freedom

Ranking: Free

Political Freedom: 1/7

Civil Liberties: 2/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: December 2019

Trade Profile

FOREIGN TRADE IN FIGURES

France is a major actor in global trade. It is the world's eighth exporter and the sixth importer of merchandise. Trade represents more than 60% of the country's GDP (World Bank, 2017). France exports essentially aircrafts, vehicles, pharmaceutical products, food products (wine), hydrocarbons and electronic components. The country imports many consumer goods, vehicles, hydrocarbons and pharmaceutical products.

France's main trade partners are the European Union, the United States and China. The announced departure of the UK from the EU (Brexit) raises many questions and may lead to a reorganisation of trade relations. The UK is currently France's 5th customer and 8th supplier.

France registers a strong structural trade deficit. While the goods balance is structurally in deficit as the country is a net energy importer, the services balance is in surplus thanks to tourism revenues. In 2017 France exported goods of the total value of 535,186 million USD, whereas it imported goods for the total value of 624,716 million USD. As for the services, France exported 248,244 million USD worth services, while it imported services for the total value of USD 240,462 million. Since 2015, the balance of goods and services excluding energy has become negative, as the deficit in manufactured goods continues to widen, mainly due to the relocation of automobile production and investment in imported machinery. Imports are developing quickly, as the French population buys a substantial amount of imported goods, which are sold at cheaper prices on the local market compared with products that are 'Made in France'. Despite the government's efforts to favour innovation, French exports have a relatively low added value. In 2017, trade deficit reached USD 51.8 billion, as goods imports grew faster than goods exports (World Bank, 2017). According to the latest data published by INSEE, trade deficit reached EUR 59.9 billion in 2018, its highest level since 2013. Both exports and imports grew by 3.8% compared to 2017.

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods (<i>million USD</i>)	676,603	572,661	573,022	624,716	672,549
Exports of Goods (<i>million USD</i>)	580,471	505,897	501,263	535,186	581,872
Imports of Services (<i>million USD</i>)	251,769	228,159	235,679	240,462	256,762
Exports of Services (<i>million USD</i>)	274,699	239,682	236,760	248,244	290,989
Imports of Goods and Services (<i>Annual % Change</i>)	4.9	5.9	2.9	3.9	1.2
Exports of Goods and Services (<i>Annual % Change</i>)	3.3	4.6	1.8	3.9	3.5
Imports of Goods and Services (<i>in % of GDP</i>)	30.8	31.2	30.9	31.9	32.1
Exports of Goods and Services (<i>in % of GDP</i>)	29.7	30.6	30.2	30.8	31.3
Trade Balance (<i>million USD</i>)	-56,490	-32,062	-35,747	-50,447	-58,655
Trade Balance (Including Service) (<i>million USD</i>)	-36,228	-9,832	-13,239	-27,185	-30,736
Foreign Trade (<i>in % of GDP</i>)	60.5	61.8	61.1	62.7	63.4

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

Main Partner Countries

Main Customers (% of Exports)	2018	Main Suppliers (% of Imports)	2018
Germany	14.6%	Germany	15.5%

Main Customers <i>(% of Exports)</i>	2018
United States	8.0%
Spain	7.8%
Italy	7.5%
Belgium	7.1%
United Kingdom	6.8%
China	4.3%
Netherlands	3.7%
Switzerland	3.3%
Poland	2.1%

Main Suppliers <i>(% of Imports)</i>	2018
China	9.0%
Italy	7.6%
Belgium	7.0%
Spain	6.5%
United States	6.3%
Netherlands	4.6%
United Kingdom	3.7%
Switzerland	2.7%
Poland	1.9%

Source: Comtrade, 2017

Main Products

568.5 bn USD of products exported in 2018	
Powered aircraft e.g. helicopters and aeroplanes; spacecraft, incl. satellites, and suborbital and spacecraft launch vehicles	7.7%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	4.5%
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	4.4%
Turbo-jets, turbo-propellers and other gas turbines	2.9%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	2.7%
Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual alcoholic strength of > 0,5% vol or grape must with added alcohol of an actual alcoholic strength of > 0,5% vol	1.9%

659.4 bn USD of products imported in 2018	
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	5.8%
Petroleum oils and oils obtained from bituminous minerals, crude	4.3%
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	3.7%
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705, n.e.s.	2.7%
Petroleum gas and other gaseous hydrocarbons	2.5%
Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	2.5%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	2.3%
Turbo-jets, turbo-propellers and other gas turbines	2.3%

568.5 bn USD of products exported in 2018	
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing >= 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	1.9%
Beauty or make-up preparations and preparations for the care of the skin, incl. sunscreen or sun tan preparations (excl. medicaments); manicure or pedicure preparations	1.7%
Motor vehicles for the transport of goods, incl. chassis with engine and cab	1.5%
Parts of aircraft and spacecraft of heading 8801 or 8802, n.e.s.	1.5%

Source: Comtrade, 2017

See More Products

[More imports \(Intracen Data\)](#)

[More exports \(Intracen Data\)](#)

659.4 bn USD of products imported in 2018	
Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras	1.9%
Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	1.8%

MAIN SERVICES

217.7 bn USD of services exported in 2016	
Other business services	36.44%
Travel	19.59%
Transportation	18.58%
Royalties and license fees	7.14%
Computer and information services	5.20%
Insurance services	3.45%
Financial services	3.30%
Communications services	3.20%
Cultural and recreational services	1.50%
Construction services	1.25%
Government services	0.34%

Source: United Nations Statistics Division, Latest Available Data

223.0 bn USD of services imported in 2016	
Other business services	38.16%
Transportation	20.48%
Travel	18.22%
Royalties and license fees	5.93%
Computer and information services	5.14%
Insurance services	4.09%
Communications services	3.18%
Financial services	2.23%
Cultural and recreational services	1.62%
Construction services	0.93%
Government services	n/a%

Exchange Rate System

Local Currency

Euro (EUR)

Exchange Rate

Floating exchange regime.

Regime

Level of Currency Instability Very limited exchange risk since the euro is a major currency.
 Exchange Rate on :

Monetary Indicators	2014	2015	2016	2017	2018
Euro (EUR) - Average Annual Exchange Rate For 1 USD	0.78	0.94	0.94	0.89	0.85

Source: The European Central Bank - Latest available data.

TRADE COMPLIANCE

International Conventions Member of [World Trade Organisation](#)
 Member of [OECD](#)
 Party to the [Kyoto Protocol](#)
 Party to the [Washington Convention](#) on International Trade in Endangered Species of Wild Fauna and Flora
 Party to the [Basel Convention](#) on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
 Party to the [Montreal Protocol](#) on Substances That Deplete the Ozone Layer
 Party to the [Wassenaar Arrangement](#) on Export Controls For Conventional Arms and Dual-Use Goods and Technologies
 Party of the [International Coffee Agreement 2007](#)

Main International Economic Cooperation [Member of the European Union](#)
 Member of the [European Economic Area](#), which has guaranteed, since 1 January 1993, the free movement of most goods between European countries.
[Multilateral agreements](#) and [bilateral agreements](#) with many countries.

Party of the ATA Convention on Temporary Admissions and Use of the Carnets Yes
As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.
[Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.](#)

Party of the TIR Convention Yes
As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.
The UNCTAD Website Allows You to [Read the TIR Convention](#), [See the List of Member Countries](#) And to [Find Further Information](#).

Accompanying Documents For Imports Within the European Union, goods originating in the EU community can move freely and are exempt from customs formalities.
 The documents which have to accompany the goods when they are delivered inside the EU community are the following:
 -Bill of lading or airway bill
 -Certificate of origin
 - Commercial invoice

- Declaration of an antique

For a transaction outside the EU community, you have to add:

- Import licenses
- Certifications
- Single Administrative Document (SAD)
- Health certificate

For Further Information [French Customs website](#)
[Ministry of Foreign Affairs](#)
[The Ministry of the Economy, Industry and the Digital Sector](#)

Non Tariff Barriers At the European level, agricultural products are protected within the Common Agricultural Policy and textile products from China, Belarus, North Korea, Montenegro, Kosovo and Uzbekistan are subject to particular formalities and import licenses or control procedures (export document, monitoring document).
 At the national level, trade in plants and seeds, aircraft and other goods has to be declared; they have to be certified respectively by the [GNIS \(the national interprofessional organization for seeds and plants\)](#), the [Ministry of Defence](#) and the [Ministry of Agriculture](#). Among the non-tariff barriers are France's regulations and bureaucratic procedures, its complex safety standards and its testing and certification requirements.

Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO Agricultural products: cereals, bananas, poultry, appellations of geographical origin, garlic, salmon, sardines, sugar, wine, corn, coffee, melted cheese, rice.
 Computer material, films and television programs, merchant vessels, civil aircraft, steel and cotton.

Assessment of Commercial Policy [The WTO pages devoted to France](#)
[Barriers to exchanges](#), inventoried by the United States

Learn more about [How to Export to France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

STANDARDS

National Standards Organisations [AFNOR](#), the French standardisation association
[UTE](#), Technical Union of Electricity
[ETSI](#), European Telecommunications Standards Institute

Integration in the International Standards Network At the European level:
 - [CEN, European Committee for Standardisation](#)
 - [CENELEC, European Committee for Electrotechnical Standardisation](#)

At the international level:
 - [International Standards Organisation \(ISO\)](#)
 - [International Electrotechnical Commission \(IEC\)](#)

Obligation to Use Standards Products are subject to the European Union's legislation (General product safety Directive, technical legislation) as well as to the national French legislation.

Conformity to standards is compulsory for products such as machines, tools, electrical appliances, sports equipment, toys etc. This list continues to grow. Goods which have complex technology or are potentially dangerous must submit to rigorous testing and approval procedures before they can be marketed in France.

Classification of Standards	<p>NF is the national certification mark. CE is the European certification mark. It is compulsory for a country to be able to sell on the market.</p>
Assessment of the System of Standardization	<p>French people are receptive to standards being observed; the NF mark or the ISO 9000 certification are well known to consumers and firms and they are appreciated for their guarantee of the quality and safety of products and services.</p>
Online Consultation of Standards	<p>AFNOR The on-line catalog of European standards The ISO catalog The most important standardisation programmes (Website in French)</p>
Certification Organisations	<p>See the list of independent organisations which issue the NF mark with AFNOR accreditation.</p>
Associations of Standards Users	<p>ACANOR, French association for the knowledge and application of standards</p>

Latest Update: December 2019

Tax System

CORPORATE TAXES

Tax Base For Resident and Foreign Companies Generally, a resident company is a company that is incorporated under French commercial laws or that has a permanent establishment in the country. According to French jurisprudence, a company is deemed to have a PE if: the business activity conducted through an establishment (branch, office, etc.); if the company has an dependent agent in the country; or a complete commercial cycle is carried out in France.

Tax Rate

Corporate tax rate	28% on taxable income up to EUR 500,000 31% on taxable income exceeding EUR 500,000.
	In the upcoming years, the standard rate will be as follows: 2020: 28% for all companies 2021: 26.5 for all companies 2022: 25% for all companies
For companies with revenues exceeding EUR 1 billion	28% on taxable income up to EUR 500,000 and 33.33% on taxable income exceeding EUR 500,000
Non-profit organisations	24% for income, 10% for real estate income
Social contribution tax	0.16% (assessed on the revenue excluding VAT and after a deduction of a EUR 19 million relief). A surcharge of 3.3% of the taxable income is applied to large-size companies that pay over EUR 763,000 in corporate tax

Tax Rate For Foreign Companies A resident company is subject to corporate income tax in France on its French-source income, while a non-resident company is subject to taxation in France only on the income attributable to French business activity or to a permanent establishment in the country, as well as on income from real estate located in France.

Branch profits are taxed at the same rate as corporate profits. Generally, branch profits are deemed to be distributed to the head office. A withholding tax is levied on French branches of non-resident, non-EU corporations at the rate of 30% (unless a tax treaty applies). Transfer pricing and controlled foreign company rules apply.

Capital Gains Taxation Capital gains derived by companies are taxed at the normal corporate rate of 33.33% (reduced to 28% over the period 2017 to 2020 and then further to 25% in 2022 - the surcharge of 3.3% was also removed as of 2018).
Capital gains derived from the disposal of patents or patentable inventions, as well as on income from the licensing of patents or patentable inventions, are subject to a reduced rate of 15%.

As with dividends, a participation exemption applies to capital gains arising from the sales of shares that form part of a substantial investment if the shares have been held for 24 months. The taxable basis is 12% of the gross amount of the capital gain realized (i.e. the gain is 88% exempt), resulting in a maximum effective rate of 3.84% with a 31% standard rate or 4.13% if a 33.33% standard rate applies for companies whose turnover exceeds EUR 250 million.

Long-term capital gains on the sale of shares in real estate companies are taxed at a 19% rate. Progressive surcharges are added for gains over EUR 50,000, starting at 2% and rising to 6% for gains over €260,000.

Main Allowable Deductions and Tax Credits

Expenses are deductible for depreciation or amortisation, reserves, rents for premises and equipment, wages, interests and royalties, repairs and maintenance costs etc. Ceilings may apply to some expenses such as contributions to an employee's savings plan or write-offs of machinery and inventory. Start-up expenses can be either deduced or depreciated over five years. Goodwill cannot be amortised.

Ordinary losses may generally be carried forward indefinitely or offset against taxable profit of a given year up to EUR 1 million plus 50% of the amount in excess of EUR 1 million. The ceiling rate is higher for companies experiencing financial difficulties. Losses in excess (that are not offset against taxable profits) can be carried forward under the same conditions to subsequent tax years. The carryback is also allowed to the fiscal year immediately preceding that in which the losses arise and up to a maximum of EUR 1 million.

Companies with medium and low wage employees (receiving less than 2.5 times the French regulated minimum wage) can qualify for the Competitiveness and Employment Tax Credit (CICE) at a rate of 6% of salaries paid over the calendar year (as of 1 January 2018). For wages paid on or after 1 January 2019, the CICE tax credit is repealed and replaced by a permanent decrease in payroll charges paid by employers to finance the French social security system.

Concerning R&D and software expenses, a business may elect to immediately deduct costs incurred in R&D or software or to amortise their cost on a straight-line basis over a maximum period of five years. The cost of acquiring software may be written off on a straight-line basis over 12 months. The cost of patents acquired can be amortised over a five-year period. A R&D credit is also available, at 30% of the R&D eligible expenses incurred during the year (up to EUR 100 million R&D expenses), and 5% (above EUR 1 million).

Charitable donations made by companies to certain foundations or societies are deductible at up to 60% of their amount (limited to 5% of the turnover before taxes). Most taxes (excluding corporate income tax and penalties) are deductible.

Other Corporate Taxes

A Fringe Benefits Tax is income tax levied on goods and services provided to employees. Various local taxes are also imposed by the Government, generally covering:

1. Land tax or Territorial Economic Contribution ([CET](#)), which comprises of the Corporate Real Estate Contribution (CFE, based on the rental value of a real estate) and the Contribution on Corporate Added Value (CVAE, based on turnover);
2. Residential tax; and
3. Other taxes e.g. salary tax, apprenticeship tax, construction participation tax, company car tax, organic tax (subject to change with the abolition of the social scheme for the self-employed at the end of a transitional period on 31 December 2019), stamp duty, financial transaction tax.

Other Domestic Resources

[French Fiscal Administration web portal](#)
[Consult the Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

Country Comparison For Corporate Taxation

	France
Number of Payments of Taxes per Year	9.0
Time Taken For Administrative Formalities (Hours)	139.0
Total Share of Taxes (% of Profit)	60.4

Source: Doing Business - 2017.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

ACCOUNTING RULES

Accounting System

Accounting Standards The French accounting system is based on French GAAP. As a member of the EU, French law is in accordance with European Commission (EC) Regulation No. 1606/2002, which requires the application of IFRS in the preparation of consolidated financial statements of listed companies.

[Official Accounting Plan](#) (PCG)

Accounting Regulation Bodies [ANC](#), French Accounting Norms Authority

Accounting Law The main source of accounting regulations in France is the accountancy law ([Act 83-353 of 30 April 1983](#)), which was integrated into the [Code of Commerce](#) (articles 8 to 17, become articles L 123-12 to L123-28 in the new Code of Commerce) and followed up by the [decree 2002-312 of 26 February 2002](#) relative to the simplification of accounting obligations for small companies. The accountancy law has incorporated the recommendations of the 4th Community Directive at the national level.

The second major source of French accountancy law is the Act 85-11 of 3/01/1985, which incorporates into national law the provisions of the 7th Community Directive for groups of companies ([directive 83/349/EEC](#) of the Council concerning consolidated accounts).

Difference Between National and International Standards (IAS/IFRS) IFRS Standards are required for all domestic public companies and listings by foreign companies (except in the case of a foreign company whose home jurisdiction's standards are deemed by the EU to be equivalent to the IFRS Standards. IFRSs are not required for SMEs.

Accounting News [France accounting news](#)

Accounting Practices

Tax Year Calendar year unless the taxpayer opts for a different end date or a different tax period.

Accounting Reports All SAs must publish annual financial data and deposit two copies of the approved balance sheet and profit and loss (P&L) statement with the local commercial court within seven months of the end of the financial year and within one month of approval

of the accounts.

A listed SA must publish its annual balance sheet, P&L statement, quarterly sales figures for each branch of activity and a semi-annual provisional balance sheet. Subsidiaries of these companies with a balance sheet of EUR 3 million or more, or portfolios of EUR 300,000 or more, are individually subject to these disclosure requirements.

The statement of source and application of funds is compulsory for large companies.

Publication
Requirements

There are three levels of reporting: the basic system (normal), an abridged system (for small companies) and a developed system. They depend on the legal form and size of the companies (defined in relation to the total of the balance sheet, the turnover and the number of employees).

The reporting is annual, except for listed companies for whom reporting is quarterly.

Accountancy Profession

Accountants

The comptable (accountant) is responsible for the legal obligations of the company in regards to accounting.

The expert-comptable (chartered accountant) certifies company accounts.

The [commissaire aux comptes](#) (auditor) certifies the accounts carried out by the chartered accountant (for companies with more than 50 employees, joint-stock companies and public limited companies).

Professional
Accountancy Bodies

[OEC](#), The Higher Council of the Order of Chartered Accountants
[CNCC](#), The National Company of Auditors
[IFAC](#), International Federation of Accountants

Member of the
International
Federation of
Accountants (IFAC)

CNCC and OEC member.

Member of Other
Federation of
Accountants

[Accountancy Europe](#)

Audit Bodies

Companies have to seek a statutory auditor to conduct an annual audit of the financial health of their organisation.

CONSUMPTION TAXES

Nature of the Tax

Value-added Tax (VAT) (Taxe sur la Valeur Ajoutée or TVA)

Standard Rate

20%

Reduced Tax Rate

- Reduced rate of 10% for some foodstuffs; certain non-alcoholic beverages; some pharmaceutical products; domestic passenger transport; intra-community and international road (some exceptions) and inland waterways transport; admission to some cultural services ;admission to amusement parks (with cultural aspect); pay/cable TV; some renovation and repairs of private dwellings; some cleaning in private households; some agricultural supplies; hotel accommodation; restaurants

(excluding alcoholic beverages); some domestic waste collection; certain domestic care services; firewood; take away food; bars, cafes and nightclubs (except supply of alcoholic beverages); cut flowers and plants for decorative use; writers and composers etc; some social housing;

- Reduced rate of 5.5% for some foodstuffs; some non-alcoholic beverages; school canteens; water supplies, medical equipment for disabled persons; books (excluding those with pornographic or violent content); some e-books; admission to certain cultural events; some social housing; some renovation and repair of private dwellings; admission to sports events; some domestic care services; cut flowers and plants for food production;

- Reduced rate of 2.1% for some pharmaceutical products; some newspapers and periodicals; public television licence fees; admission to certain cultural events; some livestock intended for use as foodstuff.

Exclusion From Taxation

Exports outside the EU, intra-community and international transport (excluding road and inland waterways) are exempt of VAT.

Method of Calculation, Declaration and Settlement

VAT is applied to the sales price of the supply of goods and services produced in France and on general imports. An optional consolidation regime applies for branches throughout France, but VAT grouping is not allowed. Filing can be monthly, quarterly or annually, depending on the type of activities and several other factors.

Other Consumption Taxes

Excise duties are applied to alcohol and alcoholic drinks, processed tobaccos and oil and gas products.

INDIVIDUAL TAXES

Tax Base For Residents and Non-Residents

Under French law, an individual is deemed to be domiciled in France if at least one of the following criteria is met: the habitual abode of the person or family is in France or France is the principal place of sojourn; professional activities are carried out in the country; the centre of economic interests is in France.

Tax Rate

Personal income tax (IRPP)	Progressive rate up to 45%
Up to EUR 9,964	0%
Between EUR 9,965 and EUR 27,519	14%
Between EUR 27,520 and EUR 73,779	30%
Between EUR 73,780 and EUR 156,244	41%
Above EUR 156,244	45%

Allowable Deductions and Tax Credits

Deductibles include income generating expenses, mandatory social security contributions, child care costs, consumer credit, investment and legal costs, losses from the rental of real property and more. Incentives and credits are also offered to first-time home purchases and for home improvements.

Total taxable income is divided into the number of shares ('parts') that reflects the taxpayer's marital status and the number of dependants. Children under 18 years of age and disabled children of all ages can be claimed as dependants. Children from the ages of 18 to 21, as well as children from the ages of 21 to 25 who are full-time students, can, upon request, be claimed as dependants. The tax benefit per additional half-share for dependent children is limited to maximum EUR 1,527 for each of the first two children and EUR 3,054 for each additional child.

Payments of alimony to an ex-spouse, and of child support to children under 18 are fully deductible expenses when made according to the provisions of a court settlement. Support payments made to parents, grandparents, children over 18, or married children qualify as a deductible expense (with a cap for children), provided that the beneficiaries are in need and that such can be demonstrated.

Special Expatriate Tax Regime

For non-residents, a 20% minimum rate of tax applies to income from French sources up to EUR 27,519 and 30% for any income exceeding this amount. In 2019, France introduced a "PAYE income tax system", meaning tax is now deducted at source from the employee's wage.

France has generous expatriate tax regimes to attract foreign investment, especially around health insurance, complementary retirement pension contributions and other exemptions.

For further information, visit the website of the [French Tax Authority](#).

Capital Tax Rate

Capital gains from the sale of immovable property are taxed at a flat rate of 19% (sale prices below EUR 15,000 are tax exempt, as well as those derived by the sale of a principal residence) plus social security surcharges for French residents. Gains from the sales of a business are taxed as business income. Gains from the sales of securities are taxed at 30% (12.8% for income tax, plus social levies at a rate of 17.2%), and, if applicable, to an exceptional income tax for high earners at a maximum marginal tax rate of 4%. Taxpayers with low income may opt to tax the capital gains subject to the flat tax rate at the progressive income tax rates.

As of 2019, a [Property Wealth tax](#) (IFI - link in French only) of between 0.5% to 1.5% applies to individuals with real estate net asset value above EUR 1.3 million with various exemptions (e.g. 75% credit on donations up to EUR 50,000). Tax residents of a given year are liable to tax on their worldwide real estate properties, non-residents only on properties located in France.

Inheritance and gift tax between 5% to 40% (after a rebate of EUR 100,000 when beneficiaries are direct dependants) is levied on the beneficiaries of a property transfer.

Owners are liable for a tax based on the rental value of the property, whereas occupants are liable for a dwelling tax base on the rental value of the property (rates vary).

The employee's share of French social contributions is generally between 20% to 23% of the salary.

DOUBLE TAXATION TREATIES

Withholding Taxes

Dividends paid by a French corporation to a non-resident shareholder are subject to a 30% withholding tax calculated on the gross dividends. Dividends paid by a French company to a European parent company are exempt from tax under the EU Directive on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States. The 30% rate will be progressively reduced to 25% in 2022, in line with CIT rates.

Interest paid by a French company to a nonresident lender generally is not subject to withholding tax.

Royalties paid to a nonresident entity are subject to the standard corporate income tax rate (the rate will be gradually reduced in parallel with the lowering of the corporate tax rate). Royalties paid to a European company may be exempt from tax under the European common system of taxation applicable to cross-border interest and royalty payments.

SOURCES OF FISCAL INFORMATION

Tax Authorities	French Fiscal Administration web portal The Ministry of Finance and Public Accounts
Other Domestic Resources	Fiduciary review Information on French taxes Guide to tax return

Learn more about [Service Providers in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Legal Environment

BUSINESS CONTRACT

General Observation	You must clearly define the seller's obligations and the methods of quality control.
Law Applicable to the Contract	France is a signatory to the Vienna Convention on international contracts . The French legal system is complex. It is not easy for a foreigner to understand French law, so it is recommended that international laws be used or an arbitration system be called upon. International laws are generally accepted in contracts drawn up with French companies.
Advisable Incoterms	It is preferable to choose an incoterm FOB or CIF . Avoid EXW , if you do not want to have to take care of transport in France, which can be complicated.
Language of Domestic Contract	French, English or any other language is possible if both parties agree.
Other Laws Which Can Be Used in Domestic Contracts	If French law is not used, the law of the other contracting party must be applied.

INTELLECTUAL PROPERTY

National Organisations	The National Institute of Industrial Property (INPI) (in French) for patents, trademarks, models and industrial designs. The Society of Authors, Composers and Publishers of Music (SACEM) , The National Union of Authors and Composers of music (SNAC) , The Society of Stage Authors and Composers (SACD) , The Society of Men of Letters (SGDL) , The Civil Society of Multimedia Authors (SCAM) , High Authority for the Distribution of Works and Protection of Rights on the Internet (HADOPI) .
Regional Organisations	For the protection of patents: the European patent office To control trademarks, designs and models: the Office for Harmonisation in the Internal Market
International Membership	Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Property

National Regulation and International Agreements

Type of property and law	Validity	International Agreements Signed
Patent Code of intellectual property	20 years	Patent Cooperation Treaty (PCT)
Trademark Code of intellectual property	10 years renewable indefinitely	Trademark Law Treaty Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks
Design Code of intellectual property	25 years renewable once	

Type of property and law	Validity	International Agreements Signed
<p>Copyright</p> <p>Code of intellectual property</p>	<p>70 years after the death of its author for inheritance tax</p> <p>50 years after the first publication for registration fees</p>	<p>Berne convention For the Protection of Literary and Artistic Works</p> <p>Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms</p> <p>Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations</p> <p>WIPO Copyright Treaty</p> <p>WIPO Performances and Phonograms Treaty</p>
<p>Industrial Models</p> <p>Edict n°2001-670 of 25 July 2001 incorporating into Community law the code of intellectual property and the code of the post and telecommunications</p>	<p>25 years renewable once</p>	

LEGAL FRAMEWORK OF BUSINESS

Equity of Judgments

Equal Treatment of Nationals and Foreigners	Yes
The Language of Justice	French
Recourse to an Interpreter	Possible
Legal Similarities	<p>French law has various sources: the Constitution, laws voted by Parliament, ministerial decrees and orders, international conventions and treaties ratified by France. Because France belongs to the European Union, national law conforms to the requirements of Community legislation.</p> <p>There are legal similarities with all the countries whose law has come from Roman law.</p>

The Different Legal Codes

Accounting regulations	<p>The 4th Community Directive, incorporated at the national level by the accountancy Act of 30th April, 1983, integrated in the Code of Commerce and completed by the law of 31/12/1989 relative to the simplified regime for small companies.</p> <p>The 7th Community Directive and the law of 3/01/1985 concerning groups of companies (consolidated accounts).</p> <p>The doctrine.</p>
Contract and property law	Civil Code
Customs law	Customs Code in conformity with Community law

Consumer law	Code of Consumption
Company law	Code of Commerce Civil Code General Tax Code Monetary and Financial Code
Investment law	Monetary and Financial Code Bilateral conventions
Labour law	Labour Code The Collective Agreements (interprofessional agreements conducted at the national level, local agreements containing the rules common to a profession, company agreements, or of an establishment, taking into account the characteristics of the company and its employees). For practical information on Labour law, click here

- Checking National Laws Online [The Constitution in English](#)
- Other Useful Resources [Ministry of Justice](#)
[Information on French justice](#)
[Legifrance](#), List of Codes
[Legal Portal](#)
- Country Guides [Country Guide Loyrette Nouel](#)

Learn more about [Lawyers and Legal in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

The Jurisdictions

Disputes with the State, the Administration, local administration concerning their decisions	Tribunal Administratif (Administrative Tribunal) Cours d'Appel Administrative (Administrative Court of Appeal) Conseil d'Etat (Council of State)
Disputes relative to work contracts, disputes between employers and employees	Conseil des Prud'hommes (Industrial Tribunal)
Commercial disputes	Tribunal de Commerce (Commercial Tribunal) Cours d'Appel (Court of Appeal) Cours de Cassation - Section Commerciale (Supreme Court of Appeal - Commercial Section)
Third party liability and insurance, civil status of persons, real estate	Tribunal d'Instance (Magistrate's Court) (< 10 000 EUR) Tribunal de Grande Instance (County Court) (> 10 000 EUR)
Criminal liability (bankruptcy, misappropriation of funds, complicity, etc.)	Tribunal de Police (contraventions) (Police Court) (fines) Tribunal Correctionnel (offenses) (Court of Summary Jurisdiction) (offences) Cour d'assises (crimes) (Court of Assizes) (crimes) Cours d'Appel annuaire des juridictions (Court of Appeal directory of jurisdictions) Cours de Cassation - Section Criminelle (Supreme Court of Appeal - Criminal Section)

Court Officials

Avocat (Lawyer/Barrister)	The lawyer's first role is to inform her/his clients about their rights and obligations. Then she/he is able to represent and defend them in a court of law.
Expert judiciaire (Legal expert)	A judge appoints a duly authorised professional who will review information in order to clarify certain elements of a case.
Greffier (Clerk of the Court)	Throughout the procedure, she/he will prepare a written record of the exchanges, declarations and observations.
Huissier (Bailiff)	She/He is a legal officer responsible for serving legal process and for enforcing court decisions.
Juge (Judge)	She/He is the one who decides if the law has been broken or not, as well as the penalties to be applied.
Procureur de la république (State prosecutor)	She/He is a magistrate who represents the Prosecution in the county court (tribunal de grande instance).

Learn more about [Legal and Compliance in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

INTERNATIONAL DISPUTE RESOLUTION

Arbitration	Arbitration is a solution for settling disputes. An arbitrator is called in and has to make the final decision. In addition, the Mediator works with French and foreign firms to resolve intercompany disputes regarding contractual obligations.
Arbitration Law	Articles 1442 and 1443 of the new code of civil procedure
Conformity to International Commercial Arbitration Rules	Party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Party to the Geneva Protocol on Arbitration Clauses. Party to the Geneva Convention of the Execution of Foreign Arbitral Awards.
Appointment of Arbitrators	The court of arbitration is composed of an odd number of arbitrators (usually three). The arbitrators are chosen by the parties, or the President of the Chamber of arbitration.
Arbitration Procedure	Any person or company facing a dispute can resort to arbitration on condition that both parties agree to this procedure. The sentence decided by the arbitrators is not binding. If the person sentenced refuses to carry it out, the other party will have to resort to a state tribunal for an exequatur ruling. The person sentenced can refer to the Court of Appeal to request the sentence be reversed.
Permanent Arbitration Bodies	French Association of Arbitration (AFA) (Sectors Covered: All) Paris Chamber of Arbitration (Sectors Covered: All)

Learn more about [Lawyers and Legal in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Reaching the Consumers

CONSUMER PROFILE

Consumer Profile	<p>The French population is aging, the average age being 42.8 years in 2018 versus 41.3 in 2008. Half of the population is aged between 20 and 59 years old, while 24.1% is under 20 years old and 25.9% is over 60 years old. French households are more and more numerous and small, made up of 2.2 persons on average. More than one-third of households are made up of one person, one-third of 2 people and less than one-third of 3 people or more. The French population has 48.4% men and 51.6% women. 80% of the population is concentrated in urban areas, particularly in the Ile de France region (Paris and its suburbs). The level of education and number of university graduates is high and continues to increase. Office workers represent 27.2% of the workforce. Middle management occupations (intermediate positions between executives and workers) account for 25.7% of the active population, while lower-level workers account for 21% and executives for 18%. The rest of the labour force consists of tradesmen and entrepreneurs (6.5%) and farmers (1.6%).</p>
Purchasing Power	<p>In France, GDP per capita has been rising since 2009 and reached EUR 37,000 PPP in 2017 (approximately USD 42,850 PPP). The yearly average salary of a French person is EUR 33,048 while the disposable personal income is EUR 16,668. Purchasing power is expected to rise in 2018 (+ 0.6%), after 1% growth in 2017. In 2018, household consumption is stable. However, income inequalities exist (the Gini index is 0.288, 1 representing the highest level of inequality). The median salary of men is on average 19% higher than that of women, according to INSEE. Seniors have the highest median standard of living, while young people have the lowest median standard of living. The self-employed have the highest standard of living, followed by employees and pensioners. Below average are children under 18, and other inactive populations, i.e. students and unemployed.</p>
Consumer Behaviour	<p>France's population has a high and diversified level of mass consumption (defined as the very high average level of consumption whereby most of the people consume a large amount of goods and services other than satisfaction of basic needs). Most French believe that consumption is synonymous with pleasure; therefore travel, restaurants, sports, culture and entertainment products and services are quite important to most French consumers. Most consumers purchase from mass retailers and large companies. The average purchase in urban areas is falling but is offset by a higher number of visits to several shops. However, consumer confidence in mass retailers and large companies is two times lower than the trust given to small shops and craftsmen (40% versus 80%). French people are increasingly attracted by online sales, e-commerce and m-commerce (smartphone use). This practice also applies to the purchase of consumer products (primarily food), through the development of drive and home delivery services in major cities. Foreign products are widespread in supermarkets and other distribution channels. In cities, foreign restaurant chains and other foreign services are also omnipresent. However, "Made in France" products are gaining importance to 79% of French consumers, who believe they are participating in support of the local economy and perceive domestic products as a guarantee of quality.</p> <p>According to the market research firm IFOP, brand loyalty depends on the type of products. For cosmetics, clothing, TV / hi-tech, half of consumers will be faithful, while for home appliances and home furnishings, the majority will be unfaithful. Most French consumers are worried about big data and personal data protection. Social media can influence consumer decision-making particularly with regards to cooking, beauty products and fashion, thanks to advertisements, opinions and comments of users and</p>

influencers. One in three internet users follow an influencer, and 75% of those followers have already made a purchase following advice from an influencer. However, consumer behaviour in France has undergone several changes in recent years. The consumer seeks to adopt more responsible consumption habits (quality, traceability, composition, authenticity, transparency, environmental respect etc.). In 2017, 71.5% of French people felt concerned about “sustainable consumption”, as opposed to 60.5% in the previous year. 70% of French people expect companies to make an effort in terms of sustainable development. Thus, in the food sector despite a fall in prices in the recent years, the quantity of products purchased has decreased whereas quality of purchases has improved (increase in sales of organic products, labelled, vegan, local, fresh, seasonal, highlights of short circuits etc.). Regarding transport, even if the car remains the most used means of transport, there is development of alternative modes of transport in urban areas (cycling, scooters etc.), as well as bus travel. Use of collaborative platforms such as Airbnb, Uber, Blablacar is increasing, especially among young people.

Household Consumption Expenditure

Sector	Percentage
Housing (including rentals, heating and lighting)	20.9%
Health	13.3%
Transport	10.3%
Food and soft drinks	10.0%
Culture and entertainment	7.9%
Education	6.8%
Accommodation, restaurants, cafes	5.5%
Housing equipment	3.7%
Other (clothing, shoes, alcohol, tobacco, communication, donations)	21.6%

Source: [INSEE, 2017](#).

Consumer Recourse to Credit The low interest rate environment has largely helped to expand lending to individuals. Consumer credit growth is however slightly weaker than that of the rest of the Eurozone. In 2017, it grew at an annual rate of 6.5%. French household debt is divided into real estate loans and consumer loans. 30.8% of households have at least one loan. The number of people using consumer loans is increasing faster than those using real estate loans. Consumer loans have increased since 2016 after a few years of decline. They are largely intended for the purchases of a vehicle, as well as for house equipment, maintenance and repair. Almost all purchases are made by debit cards rather than credit cards.

Growing Sectors Accommodation and restaurant, automobile, bicycles, telecommunications, computers, smartphones, health (medicine), education, recreational, culture and entertainment, sporting goods & services, home appliances, fashion accessories are growing markets. (Source: [INSEE](#))

Consumers Associations [The French Consumer Institute](#)
[The Federal Union of Consumers \(UFC Que Choisir\)](#)
[The European Consumer Centre in France \(ECC\)](#)

Population in Figures

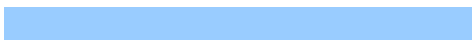
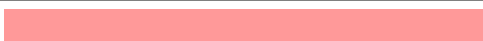
Total Population:	66,987,244
Urban Population:	80.4%
Rural Population:	19.6%
Density of Population:	122 Inhab./km ²
Men (in %)	48.7%
Women (in %)	51.6%
Natural increase:	0.18%
Medium Age:	39.0
Ethnic Origins:	A large proportion of Celtic and Latin peoples, with North African, African and Asian minorities (INSEE)

Population of main metropolitan areas

Name	Population
Paris	11,862,466
Lyon	1,927,448
Marseilles	1,747,515
Lille	1,356,218
Toulouse	1,261,946
Bordeaux	1,148,289
Nantes	889,824
Nice	855,039
Strasbourg	767,542
Rouen	705,240
Rennes	692,289
Grenoble	656,075
Montpellier	653,986





Source: [OECD](#), 2012 - Latest available data.

Age of the Population

Life Expectancy in Years	
Men:	79.5 
Women:	85.7 

Source: [World Bank](#), last available data, 2009 - Latest available data.

Distribution of the Population By Age Bracket in %	
Under 5:	6.1% 
6 to 14:	12.3% 

Distribution of the Population By Age Bracket in %	
16 to 24:	12.2% 
25 to 69:	56.6% 
Over 70:	12.9% 
Over 80:	5.5% 

Source: [United Nations, Department of Economic and Social Affairs, Population Division, Prospects 2010](#) - Latest available data.

Household Composition

Total Number of Households (in million)	23.8
Average Size of the Households	2.5 Persons
Percent of Households of 1 Person	31.0%
Percent of Households of 2 Persons	31.1%
Percent of Households of 3 or 4 Persons	29.9%
Percent of Households of 5 Persons and More	7.9%

Source: [Trends in Europe and North America, The statistical yearbook of the Economic Commission for Europe 2008, UNECE](#), 2008 - Latest available data.

Consumption Expenditure

Purchasing Power Parity	2017	2018	2019	2020 (e)	2021 (e)
Purchasing Power Parity (Local Currency Unit per USD)	0.81	0.79	0.79	0.78	0.78

Source: IMF – World Economic Outlook Database, 2015

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

Household Final Consumption Expenditure	2016	2017	2018
Household Final Consumption Expenditure (Million USD, Constant Price 2000)	1,533,977	1,555,345	1,569,325
Household Final Consumption Expenditure (Annual Growth, %)	1.8	1.4	0.9
Household Final Consumption Expenditure per Capita (USD, Constant Price 2000)	22,943	23,261	23,427
Household Final Consumption Expenditure (% of GDP)	54.4	54.1	n/a

Source: World Bank, 2015

Consumption Expenditure By Product Category as % of Total Expenditure	2017
Housing, water, electricity, gas and other fuels	26.2%
Transport	13.6%
Food and non-alcoholic beverages	13.2%
Miscellaneous goods and services	12.3%
Recreation and culture	8.0%
Restaurants and hotels	7.3%
Furnishings, household equipment and routine maintenance of the house	4.9%
Health	4.2%
Clothing and footwear	3.8%
Alcoholic beverages, tobacco and narcotics	3.7%
Communication	2.5%
Education	0.5%

Source: [OECD Stats](#), Latest available data

Household Equipment

Main Consumer Durables as % of Households Owning Them	2008
Refrigerator with or without freezer	99.8%
Freezer with or without refrigerator	86.1%
Microwave oven	83.7%
Washing machine	94.2%
Dishwasher	48.8%
Color television	97.1%
VCR	83.3%
Telephone land line	88.1%
Mobile phone	78.9%
PC (including laptop)	62.8%
Internet	54.7%
Car	81.2%

Source: [Insee \(French Institute of Statistics and Economic Studies\)](#), permanent survey of living conditions Latest available data

Information Technology and Communication Equipment, per 100 Inhabitants	2012
Telephone Subscribers	105.0
Main Telephone Lines	61.9
Cellular mobile subscribers	105.0
Internet Users	83.0
PCs	65.2

Source: [International Telecommunication Union](#), Latest available data

MARKETING OPPORTUNITIES

Media in Which to Advertise

Television	<p>About 94% of households are equipped with a television set, which is the most effective media when it comes to contribution to the act of purchase. Television advertising has a great influence on the French consumers' behaviour. An advert early evening during a television game will reach the biggest number of viewers.</p> <p>Main Televisions Groupe Canal+ Groupe France Télévisions M6 Groupe Groupe TF1</p>
Press	<p>Less effective than television or radio, written press however contributes to 14% of purchases. Slightly under 2/3 of French citizens read at least one newspaper or magazine a day. Advertising published in this form helps the consumer in his decision whether to purchase or not, and informs him of special offers. It does have an impact, as the reader can digest it at his own pace.</p> <p>Main Newspapers Hachette Filipacchi Prisma Presse Mondadori France (formerly Emap/Éditions Excelsior) Groupe Bayard</p>
Mail	<p>Even though some people are resistant, the majority of consumers refer to it when it is time to decide on a purchase. It is more than simple advertising a product, the information received in a postbox presents the special offers available at the nearby stores.</p>
In Transportation Venues	<p>Besides street billboards, bus shelters, subway or railway stations, advertising appears more and more on the actual modes of transport themselves, such as personal cars, bus, train, aircrafts. They are also starting to see a tendency to digitalisation of outdoor advertising on LCD screens. Advertising on this type of media allows for reaching a wide range of mobile consumers.</p> <p>Market Leaders: Avenir JC Decaux (in french) Agence CP Non Stop Media</p>
Radio	<p>Second place after television, radio advertising is the media that proves to be the most efficient to trigger the act of purchase (26% of media contact contribute to the act of purchase). Over 99% of individuals own at least one device that allows them to listen to the radio. Advertising messages on the radio reach a very large audience. These are mostly broadcast on local radio and promote the local stores.</p> <p>Main Radios Groupe Lagardère Active Radio France RTL NRJ</p>

	RFI
Web	France has more than 50 million internet users. Advertising appears directly on websites; email advertising is growing, but tends to get lost in the mass of spam received. M-marketing (advertising by mobile phone) remains limited. Telemarketing has grown, but it is considered as factor that disturbs the tranquility of the home rather than a service.
	Market Leaders: Leo Burnett (Publicis Dialog) Microsoft Advertising Agence La Chose
Main Advertising Agencies	Publicis Groupe SA Havas Saatchi & Saatchi

Main Principles of Advertising Regulations

Beverages/Alcohol	The Evin Law of 1991 regulates alcohol advertising. Such advertising is restricted: point of sale, written adult press, and at specific times on the radio. The warning "Alcohol abuse is seriously damages your health" must be clearly shown.
Cigarettes	Tobacco advertising is prohibited according to E.U Directive on Tobacco Advertising in the European Union and the Evin law of 1991 . The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Tobacco advertising on television has been banned in the EU since the early 1990s.
Pharmaceuticals/Drugs	Medicine advertising is regulated by the European Union Directive 2001/83/EC , as amended by Directive 2004/27/EC, and by the Code de la Santé Publique . Such advertising is prohibited on products only available on prescription. Stating therapeutic indications when self-medication is not suitable is not allowed, so is the distribution of free samples to the public.
Other Rules	Article L.121-1 of the Consumer Code prohibits all misleading advertising that could potentially deceive the consumer. Articles L121-8 and L121-9 of the Consumer Code authorize comparative advertising, but regulate it very strictly. Regulation 1924/2006 sets conditions for the use of nutrition claims such as "low in fat" or "high in vitamin C", as well as health claims such as "helps lower cholesterol." The EU's Audiovisual Media Services Directive limits U.S. style product placement on television to a maximum of 12-minute/hour. TV programs aimed at children are subject to a code of conduct that includes a limit with regards to junk food advertising.
Use of Foreign Languages in Advertisement	A French translation, even discreet, of any expression or written sentence in a foreign language must be supplied. Since August 1994, the Loi Toubon requires that all advertising, labeling, instructions and promotional material be in French.
Organizations Regulating Advertising	The Higher Council for Radio and Television (in french) The Bureau for Control of Advertising The National Commission for Data Processing and freedoms The Directorate for media development

Learn more about [Sales in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Selling

MARKET ACCESS PROCEDURES

Customs Procedures

Import Procedures	<p>For goods valued at under 1,000 kg or EUR 1,000, a verbal declaration at customs and presentation of the receipt of purchase is sufficient.</p> <p>Higher-valued must be declared at the Customs Office:</p> <ol style="list-style-type: none"> 1) a brief declaration (air or maritime manifest) to conclude the collection of the goods. 2) a common law declaration (SAD, single administrative document), as well as the accompanying documents to allow their clearance. <p>The SAD form can be obtained from Chambers of Commerce or an approved printer.</p> <p>An online clearance platform by automated transmission (DELTA) is accessible from the portal PRODOUANE (in French).</p> <p>In the case of deliveries and purchases within the European Community, the declaration of exchange of goods (DEB) or Intrastat declaration must be sent to the Customs Service.</p> <p>As part of the 'SAFE' standards advocated by the World Customs Organisation (WCO), the European Union has set up a new system of import controls, the 'Import Control System' (ICS), which aims to secure the flow of goods at the time of their entry into the customs territory of the EU. This control system, part of the Community Programme eCustoms, has been in effect since 1 January 2011. Since then, operators are required to pass an Entry Summary Declaration (ENS) to the customs of the country of entry, prior to the introduction of goods into the customs territory of the European Union.</p> <p>The Modernised Customs Code entered into force in 2008 simplifies procedures, for example computerising and centralising transactions.</p> <p>Since 1 July 2009, all companies established outside of the EU are required to have an Economic Operator Registration and Identification (EORI) number if they wish to submit a customs declaration or an Entry/Exit Summary declaration. For more information, please visit the website of the EU Customs Union. For France-specific customs clearance requirements, please visit the the website of the French Customs (in French).</p>
Specific Import Procedures	<p>There are various suspensive systems, both Customs and Fiscal, for storing, using or transforming your goods, consult the pages of the French Customs website devoted to these questions for further information. It is also possible to resort to bonded transit covered by an external transit certificate (T1).</p> <p>In the framework of intra-European trade, some goods are still prohibited or subject to particular formalities (medicines for human use, waste, plants or live animals).</p> <p>For further information, please visit the website of French Customs (in French).</p>
Importing Samples	<p>For the import, export and re-export of commercial samples an ATA (Temporary Admission) book can be used. It must be written on the product that it is a free sample and that it may not be sold.</p>

Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required)	EUR 150
Average Customs Duty (Excluding Agricultural Products)	Operations carried out within the EEA are free of duty. The Common Customs Tariff of the European Union applies to goods originating outside Europe. Generally the duty is relatively low, especially for industrial products (4.2% on average).
Products Having a Higher Customs Tariff	Customs duties are higher on textile and food industry products (average duty 17.3%).
Preferential Rates	Granted to imports from countries with which the European Union has signed trade agreements. To know the tariff applied to your product, consult the TARIC Database of the European Union.
Customs Classification	The Combined Nomenclature of the European Community (EC) integrates the HS nomenclature and supplements it with its own subheadings with an eight digit code number and its own Legal Notes created for Community purposes.
Method of Calculation of Duties	Ad Valorem on the CIF value of the imports
Method of Payment of Customs Duties	Duties are payable in cash (in Euros, by check, by cash money order, by bank transfer); an extension of the time limit for payment may be granted through systems of collection credit or duty credit.
Import Taxes (Excluding Consumer Taxes)	None

Labeling and Packaging Rules

Packaging	It must conform to European legislation on the prevention of health risks to consumers and the protection of the environment, especially with regards to waste treatment. Packaging in wood or vegetable matter must be subjected to a phytosanitary inspection. For further information, consult: - the summary of European legislation concerning this ; - the official quality marks for products sold on the French market as defined by the Directorate-General of Competition and Fraud; - the rules of labeling for foodstuffs as defined by the Directorate-General of Competition and Fraud.
Languages Permitted on Packaging and Labeling	All products retailed on the French market must be accompanied by an information leaflet in French. Regarding textile labeling, drawings, symbols or pictograms can be accompanied by statements in foreign language not translated in French as long as they are either equivalent or complementary and are not likely to mislead the consumer.
Unit of Measurement	The use of the metric system is compulsory; the Anglo-Saxon units are not well-known.
Mark of Origin "Made In"	It is compulsory and controlled by Customs. See the rules concerning mark of origin as defined by the Directorate-General of Competition and Fraud.
Labeling Requirements	Age of consumption for alcohol, colorings, standards, etc. In addition to EU's mandatory and voluntary schemes, national voluntary labeling schemes, often appreciated by consumers, might apply. Regarding food products, labels should include the product definition; its shelf life; precautionary information or usage instructions; statement of contents, including all additives, preservatives and colour

agents; the product's country of origin and name of importer or vendor; and the manufacturer's lot or batch number.

Specific Regulations European legislation provides for specific labeling rules for certain products such as foodstuffs, household equipment, sportswear, textiles, cigarettes, etc. Labeling of seeds from genetically modified varieties or products containing GMOs (Genetically modified organism) is compulsory; the agents of the plant protection services are authorized to make random checks on the conformity of batches of seeds and imported plants, the agents from the Competition and Fraud squad do the same for products suitable for human consumption.

DISTRIBUTING A PRODUCT

Distribution Network

Types of Outlet

Hypermarkets, supermarkets and mini-markets	<p>Located on the outskirts of towns. They sell foodstuffs and non food products. Mini-markets are smaller and located in town. Some offer "click and drive" services that allow a consumer to order groceries online that will be ready for pick-up.</p> <p>Carrefour Auchan E.Leclerc Intermarché Casino Système U Cora Aldi Lidl</p>
Specialized Hypermarkets	<p>Hypermarkets specialize in one family of products. They offer an extensive choice of goods in a specific category at a competitive price and with an emphasis on customer service.</p> <p>DIY: Leroy Merlin , Castorama , Conforama Culture and Domestic appliances: Fnac-Darty Sport: Decathlon , Intersport Toys: Toys'r'us</p>
Department stores	<p>Located in the town center on several floors. High-quality supermarkets dating back to the turn of the 20th century, they have various specialized departments, and usually have gourmet food sections.</p> <p>Les Galeries Lafayette Printemps La Samaritaine Le Bon Marché</p>
Hard discount	<p>Mainly for food. They sell products of the distributor's own brand or none brand at all. People prefer them for their discount prices.</p> <p>Lidl Aldi Leader Price</p>
Small shops	<p>Specialized local shops: grocers, butchers, fishmongers, greengrocers, cheese shops, delicatessens, bakeries, cake shops, florists. People prefer them for the quality of their products, human contact and advice.</p>
Cash and Carry	<p>Hypermarkets reserved for professionals especially.</p> <p>Costco</p>

Gas station marts Small self-service food store frequently used for stop-gap purchases. Located in the gas station, airport, train station, highway
[Relay](#)

[Total](#)

Central buying offices

[List of central buying agencies](#)

Evolution of the Retail Sector

Growth and Regulation France is a competitive retail market, considered to be the 2nd largest packaged food market in Europe, and the 5th largest in the world, according to *Euromonitor*. In 2016, retail sales in this sector reached US\$84.2 billion, representing a growth rate of 4.9% since 2012. According to *Euromonitor*, retail sales in the packaged food market should reach US\$96.4 by the year 2021.

In many sectors, independent wholesale and retail outlets are disappearing rapidly and being replaced by retail distribution chains and networks. Small and medium-sized family-owned firms, are rapidly losing ground to hypermarkets. At the same time, direct marketing, Internet sales, and specialised chain stores have shown strong growth. "Drive systems" (quick pickup of products purchased online) are being developed by all retailers, as the internet sales shows fast growth. *Posts* noted that Amazon is looking for commercial partnerships to compete with the french Cdiscount (Casino) in the French market (retail sector).

Although the hard discount model had strong growth in the years 2011-2015, the French retail market moved on to a premium and best quality products from 2015-2016. This was illustrated by the ongoing cannibalisation of private labels by A-brands (*Euromonitor*).

The most dynamic retailers over 2015/2016 were undoubtedly the chains of organic shops and superstores, namely biocoop, Naturalia, La Vie Claire and Bio C'Bon, which profited from rising demand for organic products generally in France.

Merger and acquisition activity impacted the competitive landscape: in response to the ongoing price wars. The main trend was towards joint purchasing agreements over 2015/2016, mainly the creation of mega central purchasing blocs, specifically the alliances between Auchan France and Système U Centrale Nationale on the one hand and ITM Entreprises and Casino Guichard-Perrachon on the other

Setting up of hypermarkets is regulated by the [Royer Law of 1973](#) and the [Raffarin Law of 1996](#). They aim to protect local shops, which are rapidly losing ground to hypermarkets. France's retail distribution network is diverse and sophisticated.

A new law is under discussion to regulate retail commercial agreements, especially the term and conditions, aiming at giving back more margin to the producers. (French government, 2018)

Market share According to FCD, the retail trade sector in France totalled €200 billion sales in 2016, 750,000 jobs, and more than 30,000 points of sales : 2,131 Hypermarkets ; 5,962 Supermarkets ; 3,952 supermarkets with private label ranges of products ; 20,000 proximity stores ; 3,700 Drives.

According to the *Kantar WorldPanel*, the market is divided as following : E.Leclerc (21.2% market share), Carrefour (20.5%), Intermarché (14.4%), Casino (11.4%),

Auchan (10.6%), Système U (10.4%), Lidl (5.6%), Cora (3.2%), Aldi (2.3%).

The trend is clearly oriented to smaller outlets, location in the city centre, shorter range of products and easy access. The bigger stores (hypermarkets and supermarkets) are mostly located in the suburbs and outside of the cities, offering larger ranges of products and lower prices.

Retail Sector
Organisations

[The Federation of Trade and Distribution Companies \(FCD\)](#)
[The Associated Trade Stores](#)
[The French Trade Council](#)
[The French Chamber of Trade and Industry](#)

E-commerce

Internet access

With a population of around 65 million France is the second biggest country in the EU. According to a [report from Arcep](#), internet penetration rate reached 88%, 82% of the population has a computer at home and 85% enjoys fixed internet access. About 92% have their own mobile phone, two-thirds of which are smartphones. According to the same report, 74% of the French population connects to the internet daily. The French now spend an average of 18 hours per week on the internet, almost the same time they dedicate to watching TV (20 hours). The most popular web search engines in France are Google.fr (91%), Bing (5.2%) and Yahoo (2%).

E-commerce market

The French are among the leading consumers in Europe in terms of online purchases: in 2017 the B2C market reached EUR 82 billion, a 14% increase compared to the previous year, and is expected to rise even further in coming years (E-commerce Foundation). E-commerce through internet mobile devices has also shown significant growth in the past few years. At the end of 2017, the French e-commerce federation Fevad estimated that there were about 173,000 active retail websites in France (+10% when compared to 2016). The most visited online store is Amazon, with more than 15 million unique visitors per month. Other big online players are Cdiscount, eBay, Fnac and Priceminister. In the fashion industry La Redoute and 3 Suisses are among the biggest players. Recently, Google signed a deal with Carrefour to sell groceries online in France, so that customers will be able to buy Carrefour's products through Google's platforms such as Google Home, Google Assistant and Google Shopping. Smartphones have become popular for online shopping. According to a 2017 survey by iCM Direct, nearly one third of the business volume is now carried out on mobile devices, a 6% increase compared to the previous year. Finally, it has been reported that the French Senate is planning to introduce a tax on e-commerce. The tax would be imposed on deliveries from e-commerce companies to e-shoppers and the declared objective is to protect the shops in the city centres and smaller businesses across the country.

E-commerce sales and customers

According to a study by Médiamétrie, 37.4 million French consumers shopped online during the first quarter of 2018. The majority of online shoppers (54%) shop online at least once a month and around 28% do so at least twice a month. The average annual amount for a transaction lowered to EUR 65.5 in 2017 compared to EUR 69 euro the previous year, a 5% drop (Fevad - La Fédération du e-commerce et de la vente à distance). Nevertheless, this decline in average spending is counterbalanced by purchase frequency which has increased sharply over the last 3 years: after a 21% increase in 2016 and 19% in 2015, it went up 19% in 2017. On average, internet shoppers carry out 33 transactions online per year (Fevad). Consumers aged 25-34 order products online most frequently. When purchasing goods online, e-shoppers in France like to pay with credit cards (one of the most popular way to do so is with Carte-Bleue, a debit card that can also be used as a credit card). Other popular online payment methods in France are Visa and PayPal. As regards the latter, there are more than 8 million PayPal accounts in France, which makes it the third European country in

terms of the number of PayPal accounts. Among other alternative payment methods there are Allopass, CM-CIC Paiement, Hipay, Moneo, Paysafecard and bank transfers. Fevad's data show that French consumers prefer to have their online purchases delivered at home or at work, compared to other solutions like in-store delivery or delivery at a pick-up point. While purchasing from national sellers has decreased, the number of e-shoppers that bought from sellers in non-EU countries has increased from 15% in 2016 to 17% in 2017. The main cross-border commercial partners were China and the United States.

Social media

According to data from Statista, as of January 2018, 58% of the population had an active social network account. A survey conducted by Cint and published by Statista shows that the age group with the highest penetration rate of social media services in France is 18-24 year olds: 94% of respondents in this age group reported using social media services. The rate was 82% among those aged 25-39 years. The average time spent per French visitor on social networks is 247 minutes a month. The most popular social network is YouTube with a 69% penetration rate, closely followed by Facebook. Twitter has a penetration rate of 24%. As reported by eMarketer, almost 27 million accessed Facebook regularly in 2017, while Instagram accounted for 10.3 million users. The professional social networking platform LinkedIn has 15 million users in France (data: Thinknum). When it comes to messaging apps, Messenger is the most popular one, followed by WhatsApp.

Direct Selling

Evolution of the Sector The [European Direct Selling Association \(SELDIA\)](#) shows the French direct selling market grew 3.1% in 2017, reaching EUR 4.429 billion and involving 795,963 independent representatives (80% of whom are women). According to [Euromonitor International](#), a stronger French economy and lower unemployment rate may negatively affect direct selling in the short term. Euromonitor International also highlights the increased popularity of party plans, which allow consumers to test new products with friends - and the increase in direct sales ranging from home security products and services to housewares, home furnishing, and small consumer appliances. The [World Federation of Direct Selling Association \(WFDSA\)](#) divides French direct sales as follows: home improvement (35%); household goods and durables (26%); clothing and accessories (10%); wellness (9%); and cosmetics & personal care (9%), among other sectors.

Main direct selling companies in France include Vorwerk - the only company in the industry with a double digit market share and the owner of popular products such as the Thermomix 31 and Thermomix 5 - as well as traditional retail companies that have struggled since 2015 and entered the direct selling market as an alternative distribution channel (Bonduelle Groupe, Phildar, and La Redoute). [Ariix](#) has also recently opened operations in France. The [Direct Selling Association](#) also created a direct licensing program and participated in a reality television show in which contestants had to sell a product via direct selling; both strategies have improved the perception of the industry in the region. A [direct selling university degree](#) was also launched by the [Fédération de la Vente Directe \(FVD\)](#) and the University Paris-Est Créteil Val de Marne (UPEC) in 2015.

[Direct Selling Europe](#) also promotes best practices in the industry.

Commercial Intermediaries

Trading Companies

Type of Organization	Being listed with trading groups is an obligatory step for breaking into the hypermarket sales market. The cost of getting onto the listing can be substantial and promotional operations are at the supplier's expense. The distributors do not negotiate with foreign suppliers. That is why it is necessary to go through a French intermediary (a non-manufacturing importer, a manufacturer of similar products, a service company).
Main Actors	Five trading groups make 90% of purchases from suppliers: Carrefour-Promodès (29% share of the French food market); Lucie, the trading group common to Leclerc and to Système U (22%); Opéra, the trading group bringing together Casino-Cora (but also Franprix , Leader Price , Monoprix-Prisunic) (19%); Auchan (14%); Intermarché (13%).
Wholesalers	
Type of Organization	In addition to their role as a commercial intermediary, wholesalers also offer services such as making up, storage, repackaging, delivery, etc. Wholesalers are generally specialized in a certain type of convenience goods (food or not) or in equipment for industry and the craft industry.
Main Actors	Rungis wholesale market; Pomona ; DCDistribution
Useful Resources	The French Confederation of trade between companies The French network of wholesale markets The portal for international trade professionals

Using a Commercial Agent

The Advantages	More realistic for a small or medium enterprise in regards to marketing strategy. Most often, they are exclusive agents for the whole country.
Where to Be Vigilant	The agent should be chosen for his motivation, his interest in the product, his references and the range of products he is in charge of. Supplementary commercial investments will be necessary to support the agent's work (catalogs, samples of products, etc.)
Elements of Motivation	The total amount of commission is an important element for motivation. Having recourse to a system of contests and competition between agents is sometimes practiced. Supervision and close contact may be necessary for a good follow-up of the agent's activity.
The Average Amount of Commission	An agent on commission is paid according to the turnover he achieves.
Breach of Contract	The termination of an agency contract is carried out with one month's notice during the first year, two month's notice the second year, and three month's notice the third and following years. The agent is entitled to compensation if he is not the cause of the breach of contract. Council Directive 86/653/EEC establishes the rights and obligations of the principal and its agent, the agent's remuneration, and the conclusion and termination of an agency contract.
Finding a Commercial Agent	The national federation of commercial agents Sales France , network of independent sales persons Laniac (in french) , national and international directory of commercial agents Independent Agents Home at LibertyMutualGroup.com

Learn more about [Traders, Agents in France](#) on [Globaltrade.net](#), the Directory for [International Trade Service Providers](#).

Setting Up a Commercial Unit

The Advantages	Setting up in France is very expensive, but the French government encourages the formations of new enterprises, and offers extensive counseling and assistance.
Where to Be Vigilant	It should be considered especially with a long term view.
Different Possible Forms of Settlement	
A Representative Office	A representative office may be necessary to obtain data about the market and to provide promotional support. However, as a representative office cannot be involved in commercial transactions or generate income, it cannot manage orders directly.
A Branch Office	A branch office can take and fill orders and carry out a marketing or advertising program, recruit the sales force and carry out promotional activities. Setting up a branch office is considered as a direct investment and must be declared to the Ministry of Finance. Nevertheless, the branch office is not liable to French taxes.
A Company	Setting up a subsidiary needs time and leads to considerable expenses. However, it offers a better guarantee of protection for the registered trade mark, of obtaining credit and of breaking into the market.

Franchising

Evolution of the Sector	<p>The French franchise sector is the leader in Europe in terms of sales, totalizing 55.01 billion EUR in 2016 (export.gov), and the third in the world. There are about 1,900 franchisers and 71,500 franchises in the French market, 7% of them are foreign. There are more than 600 000 employment generated by the French franchise sector (French federation of franchise, 2016)</p> <p>Franchises are established in the sectors of real estate, cars, clothing, perfumes, foodstuffs, glasses and restaurants. According to the French federation of franchise, the food sector represented almost 20% of the total sales in 2016, followed by home appliances sector (7%)</p> <p>Although the French franchise sector is very competitive, direct investment or area development expansion methods have proven more successful in France.</p>
Some Big Franchises	Ranking of franchises , Complete list of franchises by sector of activity
For Further Information	The French Franchise Federation The Franchise Observatory The french entrepreneurship Agency

Finding Assistance

Export Trading Companies	Harth The portal for international trade professionals
Recommended Resource	France Trade Portal

Learn more about [Sales in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Buying

CUSTOMS PROCEDURES

Export Clearance	There is free movement of goods within the EU. To go out of the EU, customs clearance is necessary. The customs clearance office checks the export declaration (which need only be brief), may control the goods and authorizes the collection of the goods. The goods are placed for a period of 20 days maximum (45 days in ports) in warehouses or customs clearance areas (temporary bond).
Necessary Declaration	The Customs declaration must contain information on the origin of the goods, the Customs tariff and Customs valuation of the goods.
Restrictions	It is only prohibited to export cultural artifacts, specimens of flora and fauna which are threatened with extinction and war material, arms, munitions and such.
Export Taxes	None

INDUSTRIAL AND MANUFACTURING PROFILE

Type of Production	In France, industry represents 20% of the GDP and 17% of employment. The pharmaceutical, aeronautical, and new information and communication technology (NICT) industries have an important place in the French industrial scene.
--------------------	--

Type of Manufacturers

Original Equipment Manufacturers	OEMs in France are generally manufacturers of spare parts for the automobile, aeronautical, IT and electronic industries. Among the French OEMs , there are large groups such as, for example, Valeo (automobile) or Bull (IT).
Original Design Manufacturers	A large number of subcontractors have had to adapt to the requirements of their industrial clients and take a bigger part in the industrial production process. They have gone from the simple task of making parts to that of helping with decision making or marketing. In France, it is often subcontractors of IT or electronic components who have become designer subcontractors.
Subcontractors	Subcontracting in France is extensive and dynamic. It is particularly well-developed in the fields of the iron and steel industry, the plastics industry, foundry work, spinning and weaving for the automobile, aeronautical, rail, electronic and textile industries. French subcontractors provide high-quality services or products as their workforce is highly qualified. Some subcontractors are also chosen for their renown. They are appreciated for their ability to innovate which, nevertheless, would deserve investment in Research and Development which they cannot always carry out because of the need to reduce production costs.
Useful Resources	In France Directory of subcontracting (in French) Industrial subcontracting trade fair

IDENTIFYING A SUPPLIER

Business Directories

Multi-sector Directories [ABC France](#) - B2B information in France.

- [All.biz - France](#) - Directory of companies in France.
- [France-Entreprises.fr](#) - Directory of French companies.
- [French Advisor for Foreign Trade](#) - Members of the French Council of Foreign Trade Counselors.
- [French Commercial Chamber Directory](#) - More than 2.6 millions French companies
- [French Polynesia Directory](#) - Yellow page in Polynesia
- [Indexa](#) - Online directory of professionals and companies.
- [MacRAE'S Blue Book](#) - Business directory with detailed information of companies in Europe.
- [Société.com](#) - Find a company in France.
- [Startup Directory](#) - La French Tech website
- [The professional pages](#) - B2B directory.
- [The Yellow Pages](#) - Find a business in France.

Marketplaces

- | | |
|-----------------------|---|
| Domestic Marketplaces | <ul style="list-style-type: none"> Hello Pro Bobex Prospea |
| Regional Marketplaces | <ul style="list-style-type: none"> Euro-innovation European market place |

Other Useful Resources

- | | |
|---|---|
| Trade Agencies and Their Representations Abroad | <ul style="list-style-type: none"> The French confederation of trade between companies Portal for Chambers of Commerce and Industry The Assembly of French Chambers of Commerce and Industry Bureaux of the AFII abroad French economic missions abroad The Union of French Chambers of Commerce and Industry abroad |
| Fairs and Trade Shows | <ul style="list-style-type: none"> International aeronautical and space show The Paris world car show Vinexpo, the wine and spirits show The international food industry show (SIAL) Portal for shows and professional events Parisexpo, the Paris meeting points Eurexpo, international exhibition park in Lyon Chanot park in Marseille |

Learn more about [Service Providers in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

CONTROLLING THE QUALITY OF THE PRODUCTS

- | | |
|-------------------------------|---|
| Quality Control Organizations | <ul style="list-style-type: none"> Bureau Veritas Ecocert |
|-------------------------------|---|

ORGANIZING GOODS TRANSPORT TO AND FROM FRANCE

- | | |
|----------------------|--|
| Main Useful Means of | The transport (national and international) of goods in France is dominated by road |
|----------------------|--|

Transport transport, with more than 2 billion goods transported every year. Road transport of goods is above all practical. Plans for putting trucks on trains and reviving the use of waterways could advance the development of a form of transport other than roads, but their potential remains limited.

International goods transport for its part is dominated by sea transport. This means of transport is economical, and France is easy to access because of its extensive sea coast. Five of the fifteen biggest European ports are located in France; they are linked with each other and serve the other large European centres of consumption in the North and in the South thanks to an extensive network of shipping lines. The ports represent 85% in volume and 66% in value of French foreign trade.

By Sea

Ports [Marseille](#)
[Le Havre](#)
[Dunkerque](#)
[Nantes Saint Nazaire](#)
[Calais](#)
[Rouen](#)

Transport Professionals [Union of autonomous ports and maritime Chambers of Commerce and Industry \(UPACCIM\)](#)
[General Maritime Company \(CMA CGM\)](#)
[French federation of maritime freight and sales of vessels brokers](#)
[French ship owners](#)
[SNCM \(Metropolitan France - Corsica\) ferry company](#)

Government Transport Organisations [The Ministry of Ecology, Sustainable Development and Energy](#)

By Air

Airports [Paris - Airport Roissy-Charles de Gaulle](#)

Transport Professionals [Air France](#)
[CCM, Air Corsica](#)
[Corsair](#)
[French federation of transport and logistics companies](#)

Government Transport Organisations [Ministry for the Ecological and Inclusive Transition](#)

By Road

Transport Professionals [The national federation of road transport](#)
[Eurotransfret, directory of transport companies](#)
[Transport directory](#)
[The European road transporters' organization](#)

Government Transport Organisations [The Ministry of Ecology, Sustainable Development and Energy](#)

By Rail

Transport [The French rail network, management of the rail network](#)

Professionals [The Sncf freight website](#)
[Eurotunnel](#)

Government Transport Organisations [The Ministry of Ecology, Sustainable Development and Energy](#)

Learn more about [Sourcing in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Operating a Business

LEGAL FORMS OF COMPANIES

Individual businessperson alone	Number of partners: 1 person only. Capital (max/min): No notion of capital. Shareholders and liability: Liability for debts on the person's personal property.
Limited liability company (SARL)	Number of partners: Between 1 and 100 partners/shareholders maximum. Capital (max/min): Minimum: EUR 1 Shareholders and liability: Limited to the amount of capital contributed.
Private limited company under sole ownership (EURL)	Number of partners: Between 1 and 100 partners/shareholders maximum. Capital (max/min): EUR 7,500 minimum. Shareholders and liability: Limited to the amount of capital contributed.
Public limited company (SA)	Number of partners: Minimum 7 shareholders Capital (max/min): EUR 225,000 minimum if the company is listed, EUR 37,000 otherwise. Shareholders and liability: Limited to the amount of capital contributed.
Simplified joint-stock company (SAS).	Number of partners: Minimum 1 natural person or legal entity with no maximum. Capital (max/min): Minimum: EUR 1 Shareholders and liability: Limited to the amount of capital contributed.
General partnership (SNC).	Number of partners: Minimum 2 partners Capital (max/min): No minimum capital required. Shareholders and liability: Liability is joint and indefinite.
Limited joint-stock partnership (SCS)	Number of partners: 2 partners: the active partners and the silent partners Capital (max/min): No minimum required. Shareholders and liability: The active partner: joint and indefinite; The silent partner: limited to the amount of capital contributed.
Non-trading company (SC)	Number of partners: Minimum 2 partners. Capital (max/min): No minimum required. Shareholders and liability: Liability for registered debts.
Enterprises Federation	The Government information website for SMEs Net PME, the information website for SMEs The Directorate-General 'Internal Market, Industry, Entrepreneurship and SMEs' of the European Commission The CGPME (General Confederation of Small and Medium Enterprises) The MEDEF (Movement of French Enterprises)
Find a Company or a Financial Report	Société Infogreffe Verif.com , Financial and legal information. Manageo.fr , Financial and legal information.

BUSINESS SETUP PROCEDURES

Setting Up a Company	France
Procedures (number)	5.00
Time (days)	3.50

Source: *Doing Business*.

For Further Information	Consult the Doing Business Website , to find out about procedures to start a Business in France. Trade Register , in French. Registry of the Tribunal de Commerce de Paris , in French.
The Competent Organisation	The Portal for the Company Formalities Centres The Register of Commerce

Recovery Procedures

Principle	In the framework of the safeguard scheme, two legal decisions are generally made: <ul style="list-style-type: none"> - being put into receivership, a state where payment stops, it is impossible to face the liabilities due with the current assets. - compulsory liquidation, a persistent state where payment stops and receivership is manifestly impossible. Since the law of July 26, 2005, it is possible for a buyer to make a takeover bid for a company once the safeguard or receivership procedure has begun.
Minimum Debt-to-Capital Ratio	No minimum
Triggering Liquidation	
Bankruptcy Laws	The Commercial Code
Reorganization and Rehabilitation Laws	The economic initiative Act 2003-721 of 1 August 2003 Company safeguard scheme: Commercial Code art. L. 626-1 et seq. and R. 626-1 et seq. (in french)

THE ACTIVE POPULATION IN FIGURES

	2012	2013	2015
Labour Force	29,620,000	29,940,000	29,840,000

Source: CIA - *The World Factbook*

	2015	2016	2017
Total activity rate	55.16%	54.91%	54.66%
Men activity rate	34.43%	34.39%	34.35%
Women activity rate	50.68%	50.50%	50.29%

Source: ILO, *Laborstat - Yearly Statistics*

Employed Persons, by Occupation (% of Total Labour Force)	2015
Human health and social work activities	14.7%
Wholesale and retail trade; repair of motor vehicles and motorcycles	12.8%
Manufacturing	12.2%
Public administration and defence; compulsory social security	9.2%
Education	7.6%

Employed Persons, by Occupation (% of Total Labour Force)	2015
Construction	6.4%
Professional, scientific and technical activities	5.7%
Transportation and storage	5.6%
Administrative and support service activities	3.8%
Accommodation and food service activities	3.8%
Financial and insurance activities	3.3%
Information and communication	2.8%
Agriculture, forestry and fishing	2.7%
Arts, entertainment and recreation	1.7%
Real estate activities	1.5%
Water supply; sewerage, waste management and remediation activities	0.7%
Electricity, gas, steam and air conditioning supply	0.7%
Mining and quarrying	0.1%

Source: [ILO, Laborstat - Yearly Statistics](#)

For Further Statistics [INSEE statistics on work](#)
 For Further Information [ILO, International Labour Organisation](#)
 About the Labour Market [Studies and research of the Ministry of Employment](#)

WORKING CONDITIONS

Opening Hours

Legal Weekly Duration	35 hours
Maximum Duration	Maximum duration : 10 hours per day and 48 hours per week.
Night Hours	Between 9pm and 6am.

Working Rest Day The weekly rest day of at least 24 hours is Sunday; this day must be observed but permanent dispensations may be granted for particular activities.

Paid Annual Vacation 2 and a half working days of paid vacation a month; working days are all weekdays except Sunday and public holidays.
 This equals 30 days or 5 weeks vacation a year.

Retirement Age 67 years of age, but as soon as the employee has paid enough into the compulsory retirement scheme, she/he can leave her/his job any time after age 62.

Child Labour and Minimum Age For Employment 16 years old

Informal Labour Market About 6% of the population say they have worked without being declared every year.

For further information consult [the European Commission's study of undeclared work](#). Undeclared work is above all made up of hours of work only partially declared or undeclared overtime.

THE COST OF LABOUR

Pay

Minimum Wage	In 2018, the gross minimum wage is EUR 1 498 per month according to Eurostat data (lastest available data).
Average Wage	The gross average monthly wage was EUR 2 754 in 2016 according to the OECD (lastest available data).
Other Forms of Pay	
Pay For Overtime	Between the 36th and 39th hour an increase of 25%. Between the 40th and the 43rd hour an increase of 25%. From the 44th hour an increase of 50%.
Pay For Rest Days Worked	According to the collective agreements, except May 1 which is increased by 100%.
Pay For Night Hours	For one hour of night work if it is for less than 25 nights a year: an increase of 25% For one hour of night work if it is for more than 25 nights a year: 10%
Pay For Overtime at Night	The same as for overtime.

Social Security Costs

The Areas Covered	Health insurance (medical care, maternity, disability, death), retirement pensions, family allowances, unemployment benefit.
Contributions	Contributions Paid By the Employer: Employer contribution varies depending on the size, type and location of businesses to about 50% of gross pay. Contributions Paid By the Employee: About 20% of the gross wage
Competent Organization	URSSAF

MANAGEMENT OF HUMAN RESOURCES

Recruitment

Method of Recruitment	More and more applications are made via Internet. The method of recruitment in France is by face to face interview.
Recruitment Agencies	The ANPE is the official employment agency. There is also a specialized agency for managers, the APEC . Recruitment agencies: Michael Page International , Hudson , etc. Agencies specialized in temporary work: Vediorbis , Adecco , etc.
Recruitment Websites	Portal for on-line recruitment Emploi.com Monster Indeed

The Contract

Type of Contract The permanent contract (CDI) is the type of contract which is most often used. The fixed-term contract (CDD) makes it possible to employ temporary workers. The Contrat Nouvelle Embauche (New Hiring Contract) is a new form of CDI where the rules for breach of contract are more flexible for employers during the first two years in exchange for the payment of a 10% indemnity for the employee.

Breach of Contracts

Retirement	There are several ways of retiring: early retirement, automatic retirement and official retirement.
Dismissals	The employer initiates dismissals: - redundancy is either individual or mass redundancy - dismissal for professional misconduct
Other Possible Methods	Resignation; this is initiated by the employee.
Labour Laws	Labor Code Juritravail, an information website on labor law Consult the Doing Business Website , to obtain a summary of the labour regulations that apply to local enterprises.

Dispute Settlement

Conciliation Process

Cases of Dispute	Physical violence (7%), moral harassment (7,7%), sexual harassment (1,5%), working conditions, etc.
Legal Framework	Submission to the council: this is the filing of the request for the procedure of settling work disputes. Arbitration: conciliation between the parties is achieved. In case of non-conciliation, the procedure is referred to the judgment bureau. Judgment: the case is judged by the councilors of the industrial tribunal (Conseil des Prud'hommes). Remedy at law: the case can be submitted to the appeal court (cours d'appel) and this can review the decision of the industrial tribunal.
Procedure	Defined in the Labor Code

Judicial Structures

Legal Framework	Defined in the Labor Code
Competent Legal Body	The Industrial Tribunal (Conseil des Prud'hommes) The occupational safety and health administration (Inspection du Travail): the contact details by region (in french) For further information, click here (in French) .

Social Partners

Social Dialogue and Involvement of Social Partners	In France negotiations take place at the national, sectorial and company levels. French labour law provides an extensive institutional role for employee representatives and for organised labour. Strikes are common in France and are part of the social fabric.
Unionisation Rate	Today 8% of French employees belong to a union (5% in the private sector and 14% in the public sector). That is twice as few as 25 years ago, yet the unions remain strong and active.
Unions	The CGT, general labour confederation The CFTD, French democratic labour confederation FO, workers' union The CFTC, French Christian workers' confederation The CFE-CGC, management confederation-general confederation of managers The UNSA, national union of autonomous unions The Solidaires trade union
Regulation Bodies	The Ministry of Labour, Employment, Professional Training and Social Dialogue

Learn more about [Operating a Business in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019

Investing

FDI IN FIGURES

According to the [World Investment Report 2019](#) published by UNCTAD, France attracted a significant amount of FDI in 2018. FDI flows to France increased by 25% (to reach USD 37 billion). The FDI stock in 2018 in France was about USD 824,9 billion, it represents an increase of 0.7% in comparison with 2017. This was mainly due to large mergers-acquisitions deals and "urban free zones" that support small businesses and local services in underprivileged inner-city areas. France is the 12th recipient of FDI in the world. Luxembourg, the Netherlands, the UK and Switzerland are the main investors in France, and represent more than 50% of the FDI stock. Germany, the US, Belgium, Italy, Spain, Finland and Japan are the other main investing countries in 2017 (INSEE, 2018). FDI inflows in 2016 were mainly oriented towards professional, scientific and technical activities, manufacturing industry, finance and insurance activities, real estate, trade and maintenance and information and communication. According to the [latest data published by INSEE](#), FDI inflows in 2017 were mainly oriented towards manufacturing industry (47.5%) (computer, electronic and optical products, refining, pharmaceutical and chemical industries, and agrifood industries) and finance and insurance (41.9%). Paris region remains the third host for headquarters of multinationals, after Beijing and Tokyo, according to the [Fortune's 2018 report](#). Emmanuel Macron aims at attracting more multinationals currently based in London.

The country ranked 32nd out of 190 countries in the [2019 Doing Business report](#) published by the World Bank. The country's strengths include its position as Europe's third power, its highly-skilled workforce, its large industrial base, its agricultural resources, its worldwide cultural reputation and its geographic location at the centre of Europe.

Foreign Direct Investment	2016	2017	2018
FDI Inward Flow (<i>million USD</i>)	23,061	29,802	37,294
FDI Stock (<i>million USD</i>)	694,859	818,471	824,915
Number of Greenfield Investments***	624	826	698
FDI Inwards (<i>in % of GFCF****</i>)	5.4	n/a	n/a
FDI Stock (<i>in % of GDP</i>)	28.3	n/a	n/a

Source: UNCTAD, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

FDI INFLOWS BY COUNTRY AND BY INDUSTRY

Main Investing Countries	2018, in %	Main Invested Sectors	2018, in %
Luxembourg	46.8	Manufacturing	47.5
Netherlands	10.6	Finance and insurance activities	41.9
United Kingdom	9.6	Information and communication	3.4
Switzerland	6.6	Scientific, technical and specialised activities	2.8
Germany	4.4		

Main Investing Countries	2018, in %
Canada	2.7
Italy	2.5
Spain	1.6
British Virgin Islands	1.2
Norway	1.0

Main Invested Sectors	2018, in %
Extractive industries	2.1
Health and social activities	1.4

Source: [Bank of France - Statistics extract](#) - Latest available data.

- Form of Company Preferred By Foreign Investors SA: public limited company
- Form of Establishment Preferred By Foreign Investors The subsidiary
- Main Foreign Companies Consult some examples of [successful investment projects in France](#).
- Sources of Statistics [The Ministry of Industry](#)
[The French Agency for international investments](#)

WHAT TO CONSIDER IF YOU INVEST IN FRANCE

Strong Points

France is one of the top ten world economic powers and has many assets to attract foreign investors:

- A strategic geographical location in the centre of Western Europe
- A developed tertiary fabric (including tourism), a vast industrial base and strong agricultural production capacity
- Leading infrastructure and quality public services
- A skilled and productive workforce (2nd European country in terms of hourly productivity) and a dynamic demographics
- An investment-friendly business environment and a relatively stable and transparent legal framework
- A diversified economy that is full of a wide range of players ranging from large multinationals to high-tech start-ups (French tech).

Weak Points

The main obstacles to attracting FDI in the French economy are:

- One of the highest corporate tax rates in the world
- High cost of labour
- Heaviness of the tax and work regimes
- High unemployment rate (9.4% in 2017, OECD) which particularly affects young people and older workers
- Growing inequalities
- High public spending fuelling already significant public debt (96.8% of GDP in 2017, OECD)
- A low level of SMEs operating for export or investing in innovation

Government Measures to Motivate or Restrict FDI

Many reforms have emerged in recent years with the aim of revitalizing the national economy and attracting foreign investors. Here are the main ones:

The number of administrative formalities for the establishment of foreign companies has been reduced.

The establishment of a tax credit program of 20 billion EUR (competitiveness tax credit), the abolition of the solidarity tax and the creation of the research tax credit and incentives for young innovative companies.

The project to create a new labour legislation reinforcing vocational training and adding more flexibility to the labour market.

The 2018 Finance Act provides for several tax cuts (financial income can't be taxed at more than 30%, substitution of wealth tax by a real estate tax, elimination of employee contributions, etc.).

Foreign companies have access to the same subsidies as French companies (support for productive investment, R & D, vocational training, job creation, etc.).

PROTECTION OF FOREIGN INVESTMENT

Bilateral Investment Conventions Signed By France	France has signed bilateral investment agreements with 91 countries. To see the list, click here .
International Controversies Registered By UNCTAD	There is one case of controversy registered, that of Eurotunnel versus France and the United Kingdom.
Organizations Offering Their Assistance in Case of Disagreement	ICCWBO , International court of arbitration, International chamber of commerce ICSID , International Center for settlement of Investment Disputes
Member of the Multilateral Investment Guarantee Agency	France is a signatory to the Convention of the MIGA .

Country Comparison For the Protection of Investors

	France
Index of Transaction Transparency*	8.0
Index of Manager's Responsibility**	3.0
Index of Shareholders' Power***	6.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

Freedom of Establishment	Yes. The formal investment regime remains among the least restrictive in the world.
Acquisition of Holdings	Possible When more than 5% of the capital or voting rights of a company listed on the stock exchange are likely to change holders, it is compulsory to inform the Financial Market Authority (within 5 days) and the issuing company (within 15 days).
Obligation to Declare	For any acquisition of over 10% of the capital or voting rights of a French company:

declaration for statistical purposes to the credit institutions.
 For any creation or acquisition of more than one third of the capital or voting rights, when the investment is over EUR 1.5 million: administrative declaration to the [Ministry of Finance \(Directorate-General of the Treasury and Economic Policy\)](#) (in French).

Competent Organisation For the Declaration	Directorate of the Treasury of the Ministry of the Economy, Industry and the Digital Sector
Requests For Specific Authorisations	Some sectors are subject to procedures to obtain prior authorisation: gambling; private security; research and development activities on pathogenic or toxic agents; phone-tapping systems; information technologies; information systems security; goods and technologies with a dual use; means of cryptology in the digital economy; companies holding national defence secrets; the arms trade and companies, which have concluded a contract with the Ministry of Defence.

Learn more about [Foreign Investment in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

OFFICE REAL ESTATE AND LAND OWNERSHIP

Possible Temporary Solutions	There are several temporary solutions: domiciliation of the company at the private address of the director, domiciliation in a business center, lodging in relay-workshops (ateliers-relais), company "nurseries" (pépinières d'entreprise) and renting professional premises.
The Possibility of Buying Land and Industrial and Commercial Buildings	Yes It is possible to buy freehold or leasehold, to build industrial and commercial premises or to buy through a real estate company.
Risk of Expropriation	According to French law, foreign investors are entitled to adequate and promptly paid compensation if they are victims of expropriation.

INVESTMENT AID

Forms of Aid	Subsidies, discounts and reductions of costs, tax exemptions, loan guarantees, payment of expenses for personnel training
Privileged Domains	Job creation, regional development, the food industry domain, protection of the environment, aid for Research and Development, Pole of competitiveness
Privileged Geographical Zones	Areas eligible for the regional development subsidy Regions concerned by the European ERDF program
Free Zones	Urban Free Zones
Organizations Which Finance	The State, local administrations (regions, departments, town councils) The EU through the ERDF Some big industrial groups which back new investors The French Agency for International Investments The National Agency for the Development of Research The Fund for the Development of SMIs OSEO , Financing and support for SMEs (merger of the ANVOR - French innovation agency - and the BDPME - Bank of the development of SMEs)

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy	Aerospace, automobile, food industry, pharmaceuticals, luxury and fashion industry, micro electrotechnology, logistics, health equipment.
High Potential Sectors	Biotechnologies, telecommunications, firm services, information and communication technologies, environment.
Privatization Programmes	Electricity, gas, rail transport and postal services. The government has not recently announced plans to privatise any of the remaining state-owned enterprises, but it has drawn down its shareholdings in several companies.
Tenders, Projects and Public Procurement	BOAMP , French Public Procurements (in french) Tenders Info , Tenders in France Ted - European public markets , Business opportunities in the EU MPF , Public markets and projects in France

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors	The French government still maintains legal monopolies in public service companies: the rail network (RFF), public transport in Paris (RATP), tobacco manufacturing and distribution (Altadis) nuclear plants (EDF), defence, the media, energy, air transportation, aerospace.
----------------------	---

FINDING ASSISTANCE FOR FURTHER INFORMATION

Investment Aid Agency	Business France (national agency supporting the international development of the French economy)
-----------------------	--

Learn more about [Investing in France](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: December 2019