

## THE FRENCH ECONOMY'S STRONG ATTRACTIVENESS IS PARTICULARLY EVIDENT IN STRATEGIC SECTORS FOR THE RECOVERY, REINDUSTRIALISATION AND DECARBONISATION OF INDUSTRY

*Interview with Marie-Cécile Tardieu,  
Deputy CEO of Business France*



*Special issue compiled and edited by Marina Guérassimova and Professors David Chekroun, Gilles Pillet (ESCP Business School)*



*In July 2022, President Macron announced 14 new foreign investments in France worth more than €6,7 billion. Has the French government put new policies in place to attract these investments? If so, what are they?*

**Marie-Cécile Tardieu:** At a time of strong international competition, these 14 investment projects are a powerful reminder that France continues to attract foreign companies and major projects that boost our economy. These announcements will create more than 4,000 jobs throughout the country.

While our structural strengths and dynamic domestic market remain among the primary factors driving interest in France as an investment destination, these achievements are also the result of a renewed attractiveness policy that is firmly pro-business. The reforms implemented in recent years have helped France win on many fronts, and I will come back to this in more detail.

**Business France Invest** is at the forefront of internationally-oriented public policy efforts to encourage foreign investment in France and support foreign investment projects that create jobs and add value. The task force, consisting of 140 employees, 80 of whom are located outside France, has held more than 5,000 meetings with new investors and those already operating in France.

These projects are supported by the whole of **Team France Invest (TFI)**, which brings together all the public partners involved in attracting investment, including regional development agencies and central and decentralised government agencies. With new investment strategies since the Covid-19 pandemic, we have to be able to move quickly and combine our strengths to win over new investors. Working closely with the ministerial offices, the most strategic projects are monitored by a dedicated team that is supported by a recently created secure **collaborative digital platform**.

We also take part in implementing policies aimed at **attracting international talent**, which is an increasingly important factor for foreign investors when choosing a new location. Since 2017, foreign investors have received targeted support from Business France to **recruit the skills they need in France**. This support is provided by a team of international mobility specialists and a dedicated resource centre, the [Welcome to France website](#), which in just five years has provided information and guidance to more than 4 million visitors, international talent and future executive managers in France.

*More generally, what structural reforms and economic policies have been implemented to attract foreign investors?*

**Marie-Cécile Tardieu:** Foreign investors who choose France are now operating in a **rejuvenated business environment** resulting from a series of structural reforms that have been implemented since 2017 to transform the economy and business life.

To give an example, **a reduced tax burden is now a reality for all companies in France** thanks to the large-scale combined reduction in corporation tax, production taxes and capital taxes. The 2017 **Labour Ordinances** also introduced new flexibility and predictability tools to the dialogue between management and employees within companies. The efforts made to **simplify administrative procedures**, in particular through the PACTE (2019) and ASAP (2020) laws, have made it easier to set up businesses and industrial facilities. For the past two years, more than around 100 “turnkey” industrial sites have been ready to host new investors. France is also clearly committed to the **green transition**, with several far-reaching laws and significant financial packages set in the new France 2030 investment plan. France’s image is changing, and it is now recognised as a country leading the way in this area.

Most of these structural changes took place before the pandemic started, and they helped make the French economy and businesses more resilient at the height of the crisis. In 2021, France posted one of the most buoyant growth rates in Europe (7%) and the lowest unemployment rate in over ten years (8%). In 2022, while unemployment rate remains below 8%, growth forecasts reach 2.7%.

The new **France 2030 investment plan** launched last October 2021 rounds off this cycle of reforms by looking ahead to France over the longer term. This €54 billion plan will support the creation of future industries through investments targeted at accelerating disruptive innovation, from fundamental research to industrial-scale production

and from start-ups to large groups. The first calls for projects have been issued, offering exciting opportunities in fields as varied as digital healthcare, sustainable mobility and the green transition, not forgetting education and training.

This positive attractiveness barometer shows that there is once again a high level of confidence in France as an investment destination. However, we must not forget that the ever-increasing competition between our economies to attract foreign investment requires continuous adaptation to “stay ahead of the game” as we emerge from the pandemic.

*Has the Covid-19 pandemic brought new international investors to France?*

**Marie-Cécile Tardieu:** On the ground, Business France’s teams noticed a clear upturn in the number of foreign companies considering investing in France in 2021. This positive performance can be explained in part by the implementation of recovery plans and government policies, which went down very well with foreign investors, promoting an economy that is more self-sufficient (agri-food), and more environmentally friendly (sustainable energy, bioeconomy). The second part of the equation includes the change in consumption patterns (logistics and e-commerce), favouring online experiences and short supply chains, and the development of new forms of mobility, particularly in urban areas (such as electric cars and vans).

With France 2030 and the increasing awareness of the environmental emergency, France has a trump card to play in attracting foreign investors who share its ambitions and are concerned about the environmental and societal issues raised by the pandemic.

*To what extent does France differ from its European neighbours in terms of attractiveness and foreign investment?*

**Marie-Cécile Tardieu:** France has been the leading host country for international investment in Europe since 2019, according to EY and the Choose France announcements of 11 July show that France continues to become increasingly attractive.

France stands out in Europe because of the importance of industry in the investments it receives: a quarter of all investment projects undertaken in France involve opening or extending a production facility. These projects are the main contributors to employment from international investment in France creating an average of around 15,000 industrial jobs in France in 2021. France is the European country that plays host to the largest number of industrial projects, and it has been doing so for several years. This

position illustrates the confidence that foreign investors have in French expertise and their recognition of the quality that Made in France stands for. This high level of attractiveness of our economy is particularly evident in strategic sectors such as healthcare and energy transition, where France is the European leader for international investments. Moreover, it is worth noting that four French regions - Auvergne-Rhône-Alpes, Grand Est, Bourgogne-Franche-Comté and Hauts-de-France - are ranked among the 6 largest European regions for manufacturing investment projects in 2021.

Our country also stands out in Europe for projects in innovative spheres, which are vital for supporting the future competitiveness of our economy. France is committed to a wide range of measures to support innovative companies (R&D Tax Credit, Young & Innovative Company status, and so on). It is one of the leading OECD countries in terms of public funding and tax incentives for business R&D. France's commitment to innovation meant that it ranked second in Europe for the number of patent applications filed in 2021. This commitment explains why it is now the European leader in hosting innovative international projects. The record fundraising by French Tech companies in 2021 is testimony to the extraordinary vibrancy of France's innovative business ecosystem.

### *Which French regions attract the most foreign investors?*

**Marie-Cécile Tardieu:** Foreign-controlled companies are operating all over France and are creating jobs. They play a pivotal role in our country's economy, employing more than two million people in France and generating more than €173 billion in added value. Their choice of location depends on many factors and will change considerably from project to project: an industrial project will adopt a different approach to an R&D project, for example. The nationality of the investor and the sector in which they

operate will also have a bearing, as will the specific characteristics of the regions in which the company is located.

Although Paris attracts a significant share of international investment projects, they are mainly concentrated in smaller cities: according to the survey carried out by Business France, between 2014 and 2021, 71% of international projects took place in municipalities with fewer than 200,000 inhabitants. Other regions do not therefore lose out to the attractiveness of large metropolitan areas. Moreover, this geographical distribution will vary significantly depending on the type of activity targeted by the investment. Industrial projects are mainly located in municipalities with fewer than 20,000 inhabitants, whereas innovation projects are mainly located in large cities.

The French regions have many advantages and unique expertise that they draw on to attract international investment projects, and their attractiveness varies depending on the investment sector. Over the last five years, the leading host regions of foreign projects have been Ile de France (Paris region), Auvergne-Rhône-Alpes and Occitanie.

Over the last five years, the leading host regions of foreign projects have been Ile de France (Paris region), Auvergne-Rhône-Alpes and Occitanie. Elsewhere, the regions in the north and east of France, Bourgogne-Franche-Comté, Grand Est, and Hauts de France, display a high degree of specialization in the FDI that they receive in the automotive industry and metalworking sector. Centre-Val de Loire in healthcare and Brittany in agri-food.

The increase in France's attractiveness is therefore beneficial to all French regions, and the establishment of foreign companies in France is a major source of economic growth right across the country.