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INVESTMENT STRATEGIES: THE NEW WAYS OF BUSINESS TRANSFORMATION IN FRANCE

According to the World Investment Report 2017, published by UNCTAD, France lost several spots in the ranking of the world's largest recipients of FDI, moving from 9th to 14th place. FDI inflows dropped from nearly USD 47 billion to USD 28.3 billion between 2015 and 2016. Nevertheless, Paris is the world's second largest host to multinational headquarters, after Tokyo. The country ranked 29th out of 190 countries in the 2017 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 and its geographic location in the center of Europe.

Foreign Direct Investment	2014	2015	2016
FDI Inward Flow (million USD)	2,669	46,992	28,352
FDI Stock (million USD)	700,065	688,879	697,579
Number of Greenfield Investments***	515	606	558
FDI Inwards (in % of GFCF****)	0.4	9.0	5.4
FDI Stock (in % of GDP)	24.6	28.5	28.3

Source: UNCTAD, Latest available data.

Some 20,000 subsidiaries of multinationals operating in France are the embodiment of France's longstanding openness to foreign investment. An average of 19 foreign companies invest in France every week.

Foreign subsidiaries:

- Provide jobs for 13% of the workforce in France (nearly one-quarter in the manufacturing sector).
- Generate 19% of all turnover in the French economy (29% in manufacturing).
- Produce 32% of French exports.
- Carry out 28% of all business enterprise R&D expenditure in France.

Foreign residents also own around 50% of the equity of companies listed on the Paris stock market.

There are numerous benefits to choosing France for headquarters and decision-making centers:

- Ideal location at the heart of the European continent and the crossroads between northern Europe and the Mediterranean Basin.
- Excellent infrastructure and frequent links to EMEA countries (Paris-Le Bourget is Europe's leading business airport and Paris-Charles de Gaulle is the second busiest passenger airport in Europe).
- Quality real estate readily available at competitive prices.
- Ability to hire and obtain residency for international executives from around the world. Renowned quality of life for employees and their families, an array of international schools for their children, first-class healthcare system, tax advantages for expat executives, special visas, etc.
- Large number of multinationals already operating in France: 31 of the world's top 500 companies are French, 28 are German and 28 are British).
- The La Défense business district on the edge of Paris is the largest in continental Europe.
- A highly attractive R&D ecosystem.

France's R&D ecosystem offers a number of key advantages:

- World-class researchers and readily available skilled workforce.
- Countless opportunities in collaborative research at private and public research institutes, universities and companies, particularly in innovation clusters.
- A simple, highly effective research tax credit, covering 30% of annual R&D spending up to €100 million per company, and 5% above this threshold.
- A special legal status for innovative new companies (JEIs).
- A wide array of financial and consulting services from Bpifrance, France's public investment bank.

Not only can France's attractiveness for R&D operations be seen in international rankings, but also by the hundreds of foreign companies that have chosen France for their R&D centers in the last decade. In 2015, 28% of business enterprise R&D spending was made by foreign subsidiaries operating in France.

There are 1.2 million jobs in France's financial sector, which generates €300 billion in financing and boasts more than a hundred private research centers. It is powered by a pool of financial talent growing by more than 70,000 new recruits every year. Four French banks are ranked among the top 10 in Europe and more major industrial companies are headquartered in Paris than in any other European city (Paris Europlace).

France's superb higher education system is responsible for generating this talent pool of engineers, mathematicians, financial experts and managers. French finance has an excellent reputation throughout the world.

This innovative spirit can also be seen in France's growing number of FinTech companies (currently over 750), an increasing share of funding in the Chinese yuan (20% of French-Chinese trade flows) and solutions provided by over 1,000 researchers in finance.

No country today aspires to be without entrepreneurial startup talent. Another of France's key advantages is that it is a country brimming with entrepreneurship and business creation, with some 8,000 startups ready to power its growth into the future.

Innovative tech companies are collectively part of the "La French Tech" initiative, which enjoys international recognition and solid financial backing in France through the "National Investment Program", large grants from private and public investors, and specialist host organizations throughout the country. In 2015, Paris outpaced all other European cities for raising seed capital.