

Business Locations in FRANCE

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Country is still a top choice to set up shop

But there is growing rivalry with Germany as a destination for inward investment, reports **James Boxell**

President Nicolas Sarkozy of France took a political gamble recently, when he told his countrymen they needed to be more like their German neighbours. The two states are being driven ever closer together by the shared need to solve the eurozone crisis. But in a country with a strong sense of national worth and pride, Mr Sarkozy's comments will have stung. There are certainly aspects of the French economy, not least its first-class education system, where it scores highly in international rankings. The image of the French, in other countries, is often informed by stereotyped views on their attachment to state handouts and the 35-hour working week and a readiness to strike should their benefits be challenged.

However, a recent report from Insead, a business school based at Fontainebleau, near Paris, pointed out that among advanced economies, the country is second only to the US in competitiveness (the level of productivity per hours worked).

It is also acknowledged as having a good infrastructure and a high standard of living.

Factors such as these explain why France remains the most popular destination for job-creating foreign investment in Europe after the UK, though Germany appears poised to overtake it.

According to the United Nations Conference on Trade and Development, using slightly different criteria, France is the fourth-biggest recipient of foreign direct investment after the US, China and Hong Kong, with \$57bn of inflows in 2010.

A recent "barometer" on the attractiveness of France from Ernst & Young, a consultancy firm, showed there were 562 job-creating ventures by foreign investors in the country last year, 6 per cent up on 2009. This led to the addition of almost 15,000 jobs, it found, a 12



Rich pickings: a macaroon assembly line. Among advanced economies, France is second only to the US in productivity per hours worked Getty

per cent increase on the year before.

Invest in France, a state agency in charge of seeking foreign investment, calculates that the number of new ventures last year was in fact even higher. It says that the number of projects – after reaching a plateau

between 2007 and 2009, largely caused by the banking crisis – rose 22 per cent to 782.

Regardless of which figure is used, 2010 was one of France's most successful years for attracting foreign interest.

There was a strong rebound in new projects from the US,

including: Amazon setting up a logistics centre in the Rhône-Alpes region; a new General Electric research and development centre for signalling technology near Paris; and the creation of 300 jobs by Dell, the computer maker.

Neighbours accounted for the

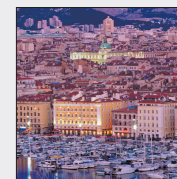
bulk of new investment, however, with Spain's Vueling, a low-cost airline, opening a subsidiary in Midi-Pyrénées, and Bertelsmann, the German media group, adding jobs.

The problem for France, as for

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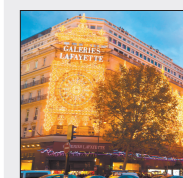
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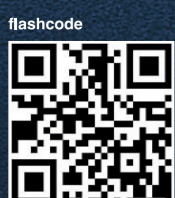
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