



2009 REPORT

JOB-CREATING FOREIGN
INVESTMENT IN FRANCE

investinfrance.org

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“*France has weathered the current crisis better than most other large economies.*”

International Monetary Fund, 2009

FOREWORD

In response to the question marks raised by the global economic crisis, the IFA 2009 Report on job-creating foreign investment in France bears witness to the enduring confidence that foreign companies have in our country. It also delivers several key lessons.

About France’s economic attractiveness: despite a fall in investment flows throughout the world, France’s capacity to attract job-creating investment projects remains undiminished: since 2007, over 600 new projects have been recorded each year. The results for 2009 (639 decisions taken to invest in France) are better than those for 2007 (624).

About employment: creating economic activity is at the crux of the competition in which European countries are engaged to attract foreign investment. While the number of jobs secured by new foreign investments continues to decline, in line with a common trend throughout other Western European countries, the contribution to employment in 2009 remained close to 30,000 jobs.

About Europe: one feature of France’s attractiveness as an investment location lies in its European outlook, which adds depth to the French market. However, Europe is also the leading source of foreign direct investment: 68% of new projects in 2009 – a larger share than in previous years – originated in other European countries. Proof of this intra-European energy is that Germany became in 2009 the leading foreign investor in terms of job creation in France, ahead of the United States.

About reforms: having aimed to strengthen the competitiveness of the economy, improve the business environment and support innovation, government reforms since 2007 have positively transformed France’s image and the way in which it is perceived by foreign investors. France’s ability to map out its future (through the “Grenelle laws” of its “Green New Deal”, the “Grand Paris” plans to make the French capital a sustainable city of the future, and the strategic funding priorities of the “national loan” bond issue, for example) has also played its part, particularly in encouraging investment decisions concerning R&D centers, company headquarters and the energy sector, which have all registered growth in the 2009 Report.

One final lesson can be drawn: in an unforgiving international environment, it is the competitiveness of the economy and therefore the continued pursuit of reforms that will determine France’s future attractiveness.

David APPIA

Ambassador for International Investment,
Chairman and CEO of the Invest in France Agency

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THE INTERNATIONAL CONTEXT

The international context

Strong downturn in foreign direct investment (FDI) flows and merger and acquisition activity.

ADVERSE GLOBAL ECONOMIC CONDITIONS

According to the most recent estimates by the International Monetary Fund (IMF), global economic growth dipped 0.8% in 2009, after rising 3% in 2008. World trade in goods and services dropped more than 12%, while the credit crunch and uncertainty surrounding the time frame of economic recovery caused global capital flows to plunge.

The global economy has been bolstered by stimulus plans, which have spurred economic activity, investment and demand. The global economy is expected to grow 3.9% in 2010. Although the global economic crisis slowed activity in emerging economies, and Asian countries in particular, their GDP is expected to grow by nearly 5% in 2010, compared with 1.75% in 2009, primarily fueled by strong growth in China and India.

In Europe, the recession in France has been less severe than in other countries. GDP shrank 2.3% in 2009, compared with -4.8% for the United Kingdom, -4.8% for Germany, -3.6% for Spain, -3.9% for the Euro zone and -3.2% in developed countries as a whole.

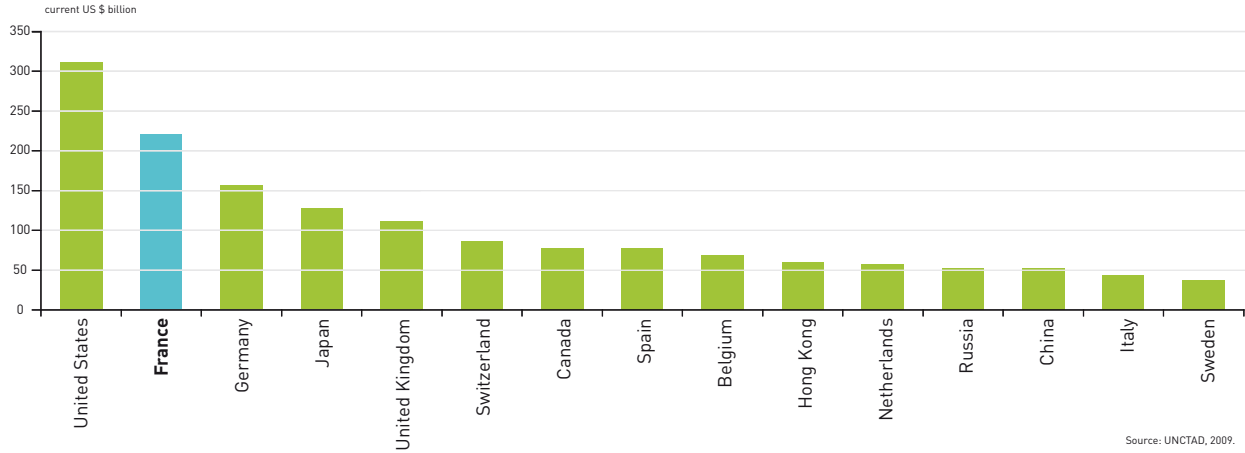
PLUNGING FDI FLOWS IN 2008 AND 2009

The decline in FDI flows observed in 2008 is expected to have accelerated in 2009 according to data compiled by the OECD and UNCTAD. The OECD's most recent estimates reveal that despite a slight increase in FDI flows in the second quarter of 2009, FDI flows in the first half of 2009 plunged more than 40% compared with the first half of 2008.

The anticipated decline in international investment in 2009 might in particular be attributable to the drop in merger and acquisitions activity of approximately 60% according to OECD estimates (-66% according to UNCTAD), the sharpest fall since 1995.

In 2008, France's share of FDI flows to Europe surged to 21%. Among OECD countries, France was Europe's leading destination for foreign direct investment in 2008, and the second leading destination in the world, after the United States.

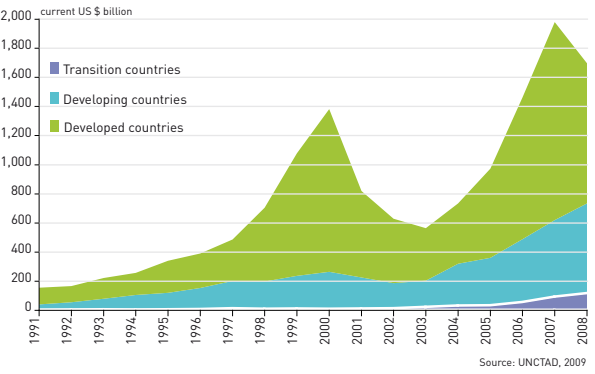
FOREIGN DIRECT INVESTMENT OUTFLOWS IN 2008: THE 15 LEADING INVESTORS IN THE WORLD



EMERGING ECONOMIES ARE STEPPING INTO THE FOREIGN INVESTMENT ARENA

Developed countries are still the world's leading source of multinationals, but countries such as Brazil, India and China have also shown their capacity in recent years to make foreign investments, by setting up new businesses or conducting takeovers. BRIC countries (Brazil, Russia, India and China) now account for 8% of FDI in the world, while sovereign wealth funds, from these countries as well as others, are also gaining in importance.

CHANGE IN FOREIGN DIRECT INVESTMENT INFLOWS 1991-2008



However, these countries were no strangers to the strong downturn in FDI outflows in 2009. International mergers and acquisitions carried out by companies from South Africa, Brazil, China, India, Indonesia and Russia, for example, fell 62%, from US \$121 billion in 2008 to US \$46 billion in 2009.

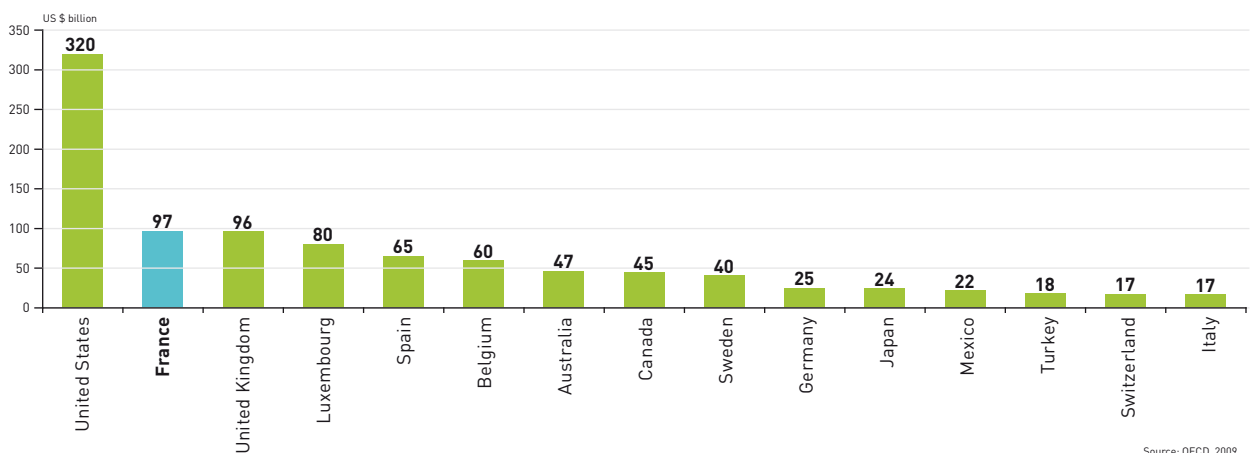
Conversely, Brazil, Russia, India and China (BRIC) were the main destinations for FDI inflows to developing countries, which rose 30% in 2008. They accounted for 15.6% of global FDI inflows and more than one-third of FDI received by developing countries.

IN STARK CONTRAST TO THE DECLINE IN FOREIGN DIRECT INVESTMENT, THE LEVEL OF JOB-CREATING INVESTMENT HAS REMAINED HIGH

FDI data are not a representative measure of physical investment, which creates productive capacity and jobs, for two major reasons: they include purely financial transactions like mergers and acquisitions; they also include intra-group financial flows.

This is why the focus of reports by investment promotion agencies like the IFA is on physical investment projects which create or safeguard jobs. Data are compiled in this area by consulting firms such as fDi Markets which

FRANCE, THE SECOND LEADING RECIPIENT OF FDI INFLOWS IN 2008



enable foreign job-creating investments to be tracked throughout the world. They are used in this report notably to establish comparisons and changes taking place within Europe.

Europe was the leading destination for job-creating foreign investment between 2003 and 2009, attracting 40% of job-creating projects over this period (and one-third in 2009).

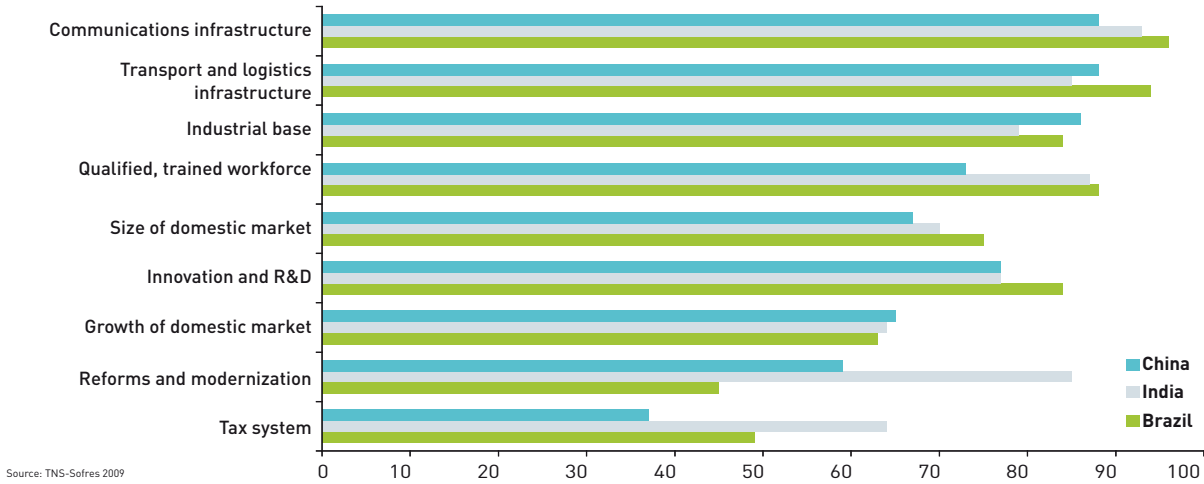
Like Asia and Africa, Europe was adversely affected by the global economic crisis in 2009, with the number of job-creating foreign investment projects falling 10% compared with 2008.

DISTRIBUTION OF JOB-CREATING FOREIGN INVESTMENT PROJECTS BY DESTINATION REGION

	Projects in 2009		Growth rate	
	Number	Share	2003-2009	2008-2009
Europe	5,092	32%	11%	-10%
Asia, Oceania	4,332	27%	2%	-16%
North America	3,700	23%	27%	37%
South America	1,210	8%	1%	7%
Middle East	883	6%	9%	-10%
Africa	689	4%	4%	-18%
World	15,906	100%	9%	-9%

Source: fDi Markets, IFA calculations 2009

FRANCE'S MAIN SELLING FACTORS: PERCEPTIONS IN THREE EMERGING ECONOMIES
% of respondents citing that factor as "attractive"



As the 2009 Annual Report shows, the number of new job-creating foreign investment projects recorded in France in 2009 was higher than in 2007, and in line with the figures for 2008. France's attractiveness to investors has remained high since the onset of the global economic crisis.

JOB-CREATING INVESTMENT PROJECTS BY EMERGING COUNTRIES ARE GAINING GROUND

Job-creating foreign investment projects by emerging countries, including Brazil, Russia, India and China in particular, have increased at an annual rate of approximately 10% since 2003. The number of projects carried out by these countries fell in 2009 (-38% for Brazil, -26% for India and -22% for Russia), with the exception of Chinese projects, which grew by approximately 23%. Europe has been the second leading recipient of BRIC job-creating investment projects since 2003, attracting approximately one-third of BRIC projects in the world:

→ 66 Brazilian projects, including 8 in 2009. Since 2003, France has been the second leading recipient in Europe after Portugal;

→ 473 Russian projects, including 66 in 2009. Since 2003, France has been Europe's 12th leading recipient of Russian investment projects;

→ 381 Indian projects, including 50 in 2009. Since 2003, France has been Europe's fourth leading recipient of Indian investment projects, after the UK, Germany and Russia;

→ 420 Chinese projects, including 110 in 2009. Since 2003, France has been the second leading recipient after Asia of Chinese projects.

INVESTMENT IS CENTRAL TO FRANCE'S RESPONSE TO THE GLOBAL CRISIS, UNDERPINNING MEASURES TO SUPPORT COMPETITIVENESS AND TO PREPARE THE COUNTRY'S FUTURE

These are the twin objectives driving France's stimulus plan and the five strategic priority areas to receive funding raised by the "National Loan".

THE ECONOMIC STIMULUS PLAN

Totaling €39 billion, 80% (€31 billion) of which had already been injected into the economy by February 2010, the French economic stimulus plan has made investment a top priority.

Among the main measures are:

→ Support for private investment (€11.5 billion): In early 2009, in order to improve company cash flows, especially among SMEs, and to enable companies to make investments, the French government accelerated the Treasury's reimbursements of corporate tax claims (research and VAT tax credits). Moreover, since January 1, 2010, the local business tax on productive investments has been abolished (€12.3 billion in 2010, €6.3 billion per year thereafter).

→ Increased public investment (€10.5 billion): A €4 billion increase in direct government investment in strategic areas (infrastructure, higher education and research, and defense-related industries); a €4 billion increase in investment in major companies in which the government holds an ownership stake (EDF, GDF-Suez, RATP, SNCF, La Poste) will help modernize and develop rail and energy infrastructures and postal services; and €2.5 billion for investments made by local authorities.

→ Funding for social support measures (housing construction, employment assistance and solidarity programs) and support for the automotive industry.

THE "NATIONAL LOAN"

The €35 billion "National Loan" bond issue will help shore up future growth through investment in sectors generating growth and employment.

Five strategic priority areas have been identified:

→ Higher education and training: a total of €11 billion has been earmarked for the creation of 5 to 10 higher education campuses of excellence (€7.7 billion); the development of the Saclay plateau, with a view to making it Europe's largest campus for science and technology (€1 billion); the modernization of apprenticeship training centers and the creation of 20,000 additional places at leading boarding schools.

→ Research: a total of €8 billion has been earmarked to develop research facilities (€1 billion) and laboratories of excellence (€1 billion); research in the vital fields of biotechnology and nanotechnology is being boosted (€850 million set aside to create university hospital institutes); initiatives promoting public research (new €1 billion national fund to promote research) and the Carnot institutes (which provide key support for research partnerships; €500 million) and technological innovation (through technological research institutes, which have been allocated €2 billion).

→ SMEs and the industrial sector: €6.5 billion have been earmarked to preserve and boost the competitiveness of the aerospace industry (€2 billion), and the automotive, rail and shipbuilding industries (€1 billion). Moreover, €2.5 billion have been earmarked for SME development (including €1.5 billion for the French innovation agency OSEO to provide funding for innovative companies, €400 million for startups and €500 million to strengthen innovation clusters).

→ Sustainable development: €5 billion will be added to the €7 billion in government funding allocated every year until 2020 within the framework of France's "Green New Deal" ("Grenelle" laws). This funding will notably provide support for technological and industrial advances in the renewable and low-carbon energy industries (€2.5 billion), the development of fourth-generation nuclear reactors (€1 billion), sustainable transport and urban planning (€1 billion), and energy-efficient renovation of social housing (€500 million).

→ Digital economy: a €4.5 billion national digital economy fund will equip France with a very-high-speed broadband network (€2 billion), and develop innovative services, uses and content (€2.5 billion), particularly through the digitization of French cultural heritage.



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2009 REPORT: JOB-CREATING FOREIGN INVESTMENT IN FRANCE

1 4 2009 RESULTS

1 6 PROJECTS AND JOBS

1 8 SOURCE REGION ANALYSIS

2 0 BUSINESS SECTOR ANALYSIS

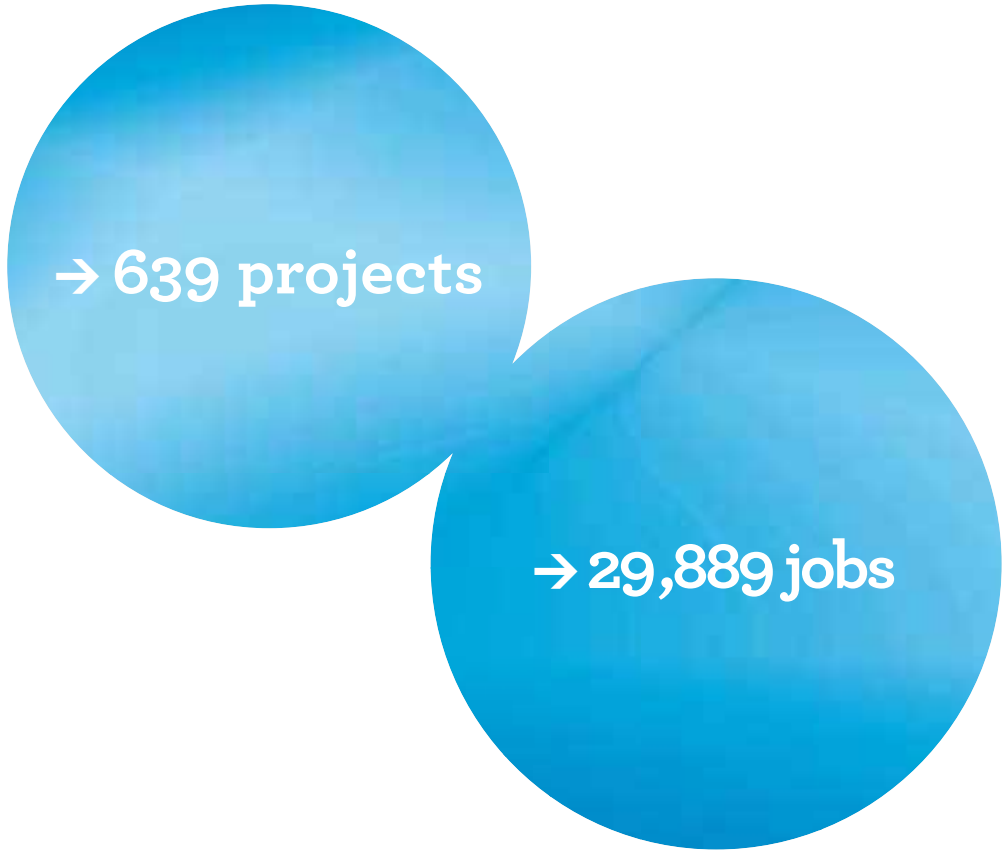
2 2 BUSINESS ACTIVITY ANALYSIS

2 4 INVESTMENT TYPE ANALYSIS

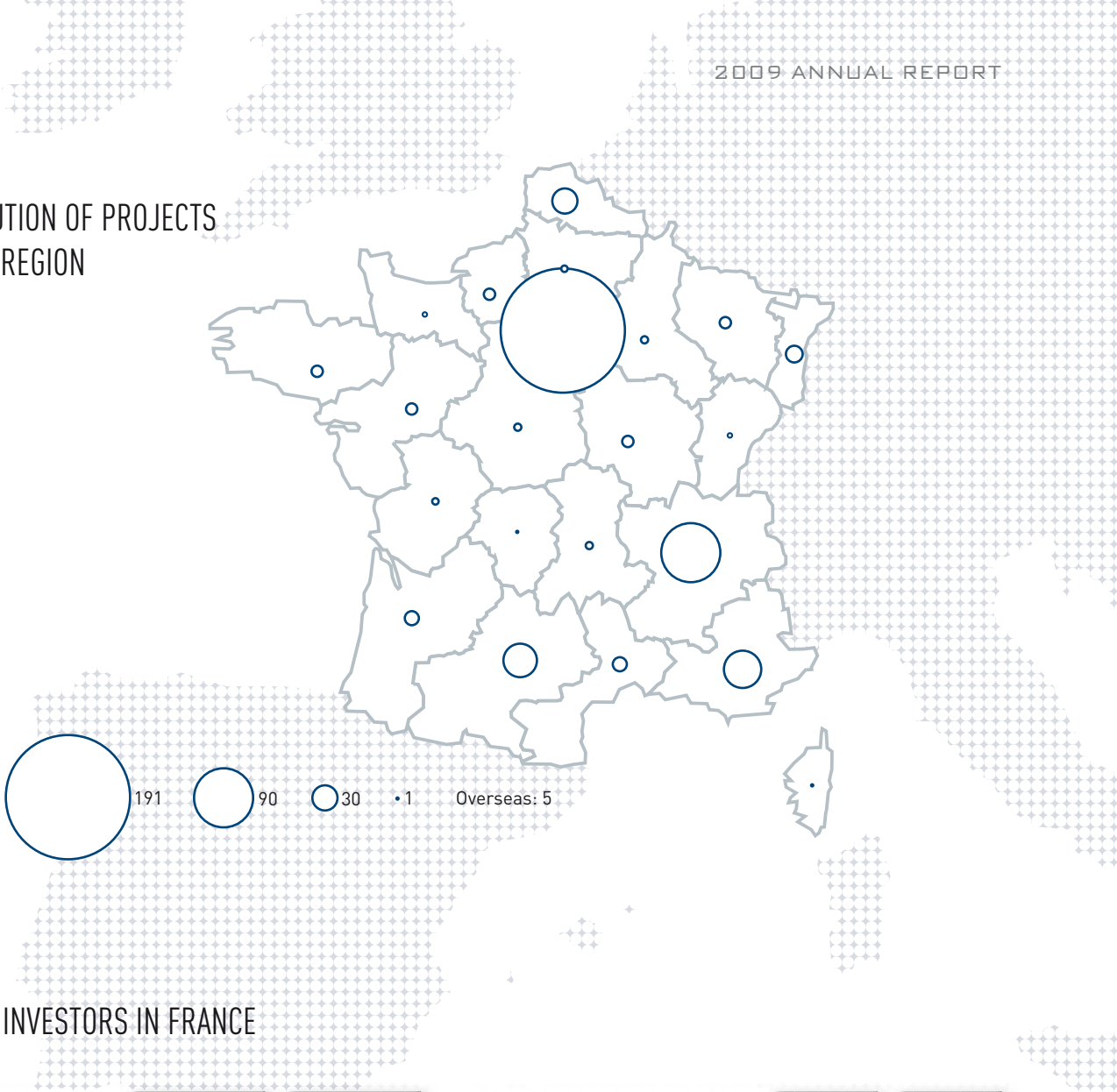
2 6 HOST REGION ANALYSIS

2009 results

France recorded 639 new foreign direct investment projects in 2009, at an average of 12 per week, leading to 29,889 jobs being created or maintained.



DISTRIBUTION OF PROJECTS BY HOST REGION



LEADING INVESTORS IN FRANCE

EUROPE	Projects	Jobs
Germany	113	6,256
Italy	56	3,152
Spain	43	1,255
United Kingdom	39	1,201
Switzerland	35	1,741
Netherlands	30	1,253
Belgium	30	628
Sweden	21	1,486
Total:	433 PROJECTS	19,747 JOBS

ASIA	Projects	Jobs
Japan	24	1,824
China	18	1,139
Hong Kong	4	344
India	10	201
Total:	66 PROJECTS	3,789 JOBS

NORTH AMERICA	Projects	Jobs
United States	106	5,580
Canada	17	273
Total:	125 PROJECTS	6,063 JOBS

Projects and jobs

France has brought in over 600 new job-creating investment projects every year for the last five years. This number has remained relatively stable since the onset of the global economic crisis: 624 in 2007, 641 in 2008 and **639 in 2009**.

In spite of the competition from emerging and transition countries which are well positioned to attract labor-intensive manufacturing projects, France has confirmed its attractiveness to investors, particularly in the service sectors related to research and development and renewable energies which were the source of a substantial and growing number of new projects. However, changes and reconfigurations underway are having a negative impact on the number of jobs these projects create or maintain. These figures have been steadily declining for the past three years: 34,517 in 2007, 31,932 in 2008 and **29,889 in 2009**. Nevertheless, the results for 2009 remain very close to the yearly average observed between 2001 and 2008 (30,200 jobs).

THE AVERAGE PROJECT SIZE IS SLIGHTLY SMALLER

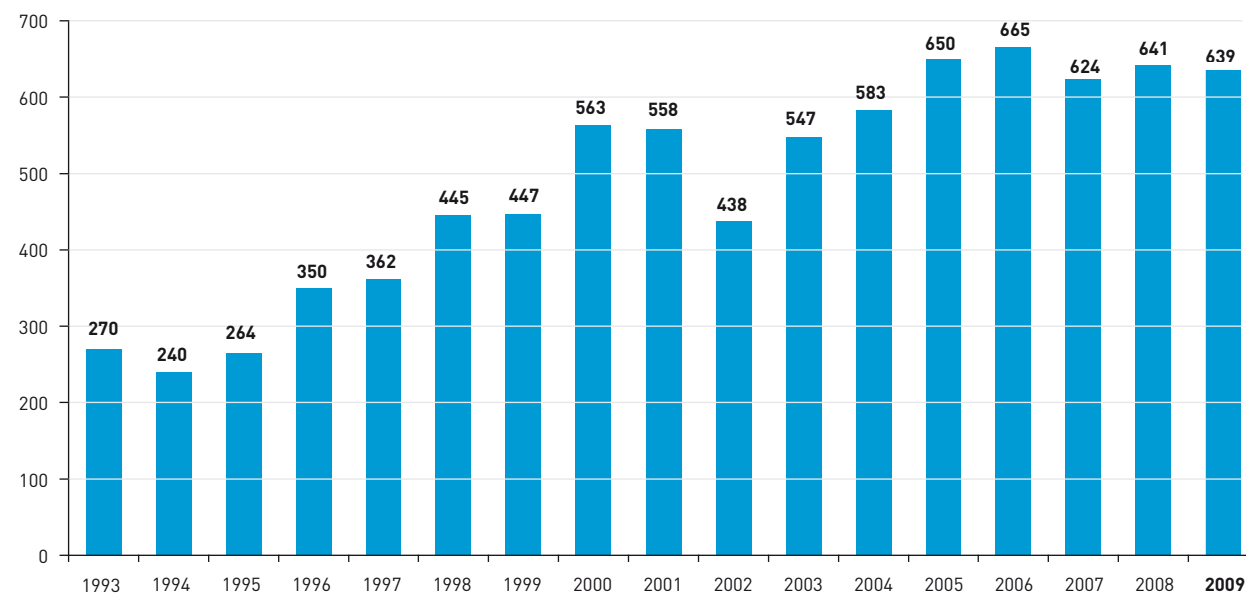
The average number of jobs created or maintained per project was around 47 in 2009, which is below the figure achieved in 2008 (50 jobs per project) and between 2001 and 2005 (48).

The primary reasons behind this decline in average project size are:

- A greater number of smaller projects: 329 projects offering fewer than 20 jobs were recorded in 2009, versus 287 last year;
- Fewer medium-size projects providing 50 to 500 jobs: 132 projects in 2009, versus 170 in 2008.

These changes reflect the growing share of service sector projects, primarily in research and development and consulting, which are on average smaller than manufacturing projects.

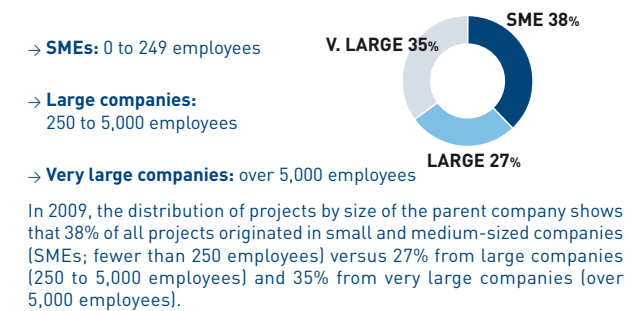
CHANGE IN NUMBER OF PROJECTS IN FRANCE (1993-2009)



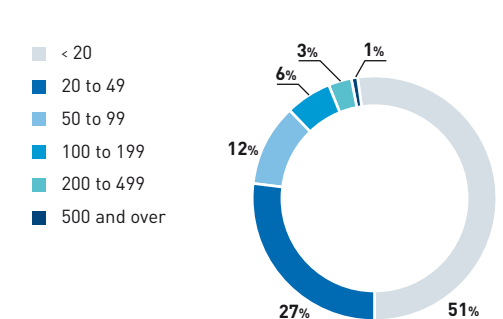
The distribution of projects by project size (jobs created or maintained) is virtually unchanged from 2008, with the exception of projects with over 500 jobs, which accounted for 21% of the jobs created or maintained in 2009 but only made up 10% of the total in 2008.

This figure was substantially influenced by two major site creations (Cremonini Restauration and Bertelsmann AG) and one takeover (completed by Oaktree Capital Management LLC of Saint-Gobain Desjonqueres), accounting for a total of over 2,500 jobs maintained or created.

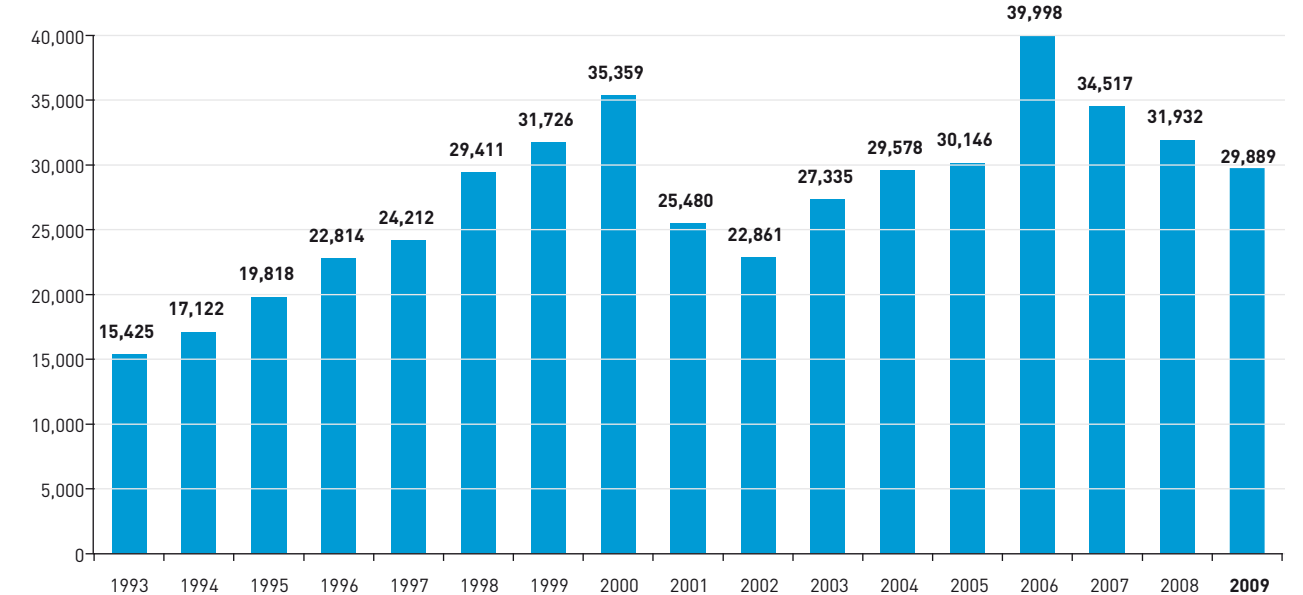
DISTRIBUTION OF PROJECTS BY SIZE OF THE PARENT COMPANY



DISTRIBUTION OF PROJECTS BY PROJECT SIZE (JOBS CREATED OR MAINTAINED) IN 2009



CHANGE IN NUMBER OF JOBS CREATED OR MAINTAINED IN FRANCE (1993-2009)



Source region analysis: Europe leads the way

Fellow European countries are the predominant source of inward investment on the continent.

European investors have increasingly taken the lead in France since 2007. In 2009, 68% of foreign direct investment projects came from within Europe's borders, 19% from North America and 10% from Asia. Four countries (Germany, United States, Italy, United Kingdom) brought in 50% of job-creating foreign direct investment in France last year.

Germany, with 113 investment projects in 2009, a 3% increase on 2007, was the source for 18% of all projects, becoming the leading job-creating foreign investor in France. The primary reason for this growth was an investment boom in the energy sectors: 31 projects, double the number recorded in 2007.

Notable examples included the expansion of the *Juwi ENP* subsidiary – a solar photovoltaic plant design and engineering office – in the Provence-Alpes-Côte d'Azur region (35 additional jobs) and the creation of *Energiebau France SAS* – a firm that distributes photovoltaic solutions to companies and consumers – in the Alsace region (80 jobs created).

The United States lost its position as France's leading investor: the number of American investment projects – 106 in 2009 – was down 11% compared with 2007. This decline mainly affected the commercial and financial services sectors (-37% since 2007) as well as software and IT services (-43%).

In 2009, some of the American companies who announced new investment projects in France included

First Solar: creation of a thin-film solar photovoltaic panel construction plant in the Aquitaine region (385 jobs created); *Merial*: expansion of a manufacturing plant for vaccines and veterinary pharmaceutical products in the Midi-Pyrénées region (50 jobs created); a technology partnership between *Mobile Experience Lab* and the Massachusetts Institute of Technology (MIT) at the Secure Communication Solutions (SCS) innovation cluster in the Provence-Alpes-Côte d'Azur region (10 jobs created).

Italy underlined the strength of its companies that had already been observed in 2008. The number of Italian investment projects coming into France has risen sharply in the last two years, from 25 in 2007 to 56 in 2009. The share of projects originating in Italy has doubled since 2007 to reach 9% in 2009. Italy has risen to third place among source countries of investment projects that chose France as a destination.

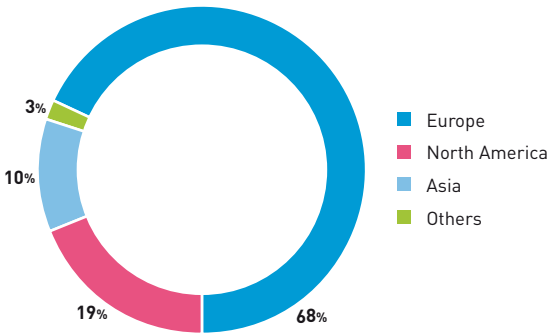
Among the key projects in 2009 were: the expansion of *Sorin Group* – research, design and production of medical devices to treat cardiac rhythm disorders – in the Ile-de-France region, 150 jobs created; the expansion of *Alcea France* – an industrial group manufacturing liquid paints and industrial powders – in the Bourgogne region (25 jobs created).

The situation is different for the **United Kingdom**. British investment projects in Europe are estimated to have fallen 11% in 2009. This trend is also apparent in France where the share of British projects declined from 11% in 2007 (69 projects) to 6% in 2009 (39 projects). These figures are partly due to the decline in the number

of projects in the consulting and engineering sectors (average annual decline of 50% since 2007: 3 projects in 2009 versus 12 in 2007).

Several creation and takeover projects provided job opportunities in highly-skilled labor sectors: creation of *Tissea* – IT solutions design and development in the new information and communication technologies sector – in the Aquitaine region (4 jobs created); the takeover of *Eco Technilin* by *Driftwell Investments Ltd* – manufacture of composite materials made of natural and thermoplastic fibers for the automotive industry – in the Haute-Normandie region (22 jobs maintained); site creation by *Algentech* – a company relocating to France from the United Kingdom to take advantage of the favorable environment for R&D investment in France – Ile-de-France region (10 jobs created).

DISTRIBUTION OF PROJECTS IN FRANCE BY SOURCE REGION IN 2009



THE LEADING SOURCE COUNTRIES
The fifteen leading source countries for foreign direct investment in France (investment projects 2007-2009)

	Number of projects			Average annual change 2007-2009	Share of projects		
	2007	2008	2009		2007	2008	2009
Germany	106	111	113	3%	17%	17%	18%
United States	133	121	106	-11%	21%	19%	17%
Italy	25	55	56	50%	4%	9%	9%
Spain	29	42	43	-21%	5%	7%	7%
United Kingdom	69	53	39	16%	11%	8%	6%
Switzerland	23	31	35	23%	4%	5%	5%
Belgium	31	32	30	-2%	5%	5%	5%
Netherlands	30	23	30	-	5%	4%	5%
Japan	34	34	24	-16%	5%	5%	4%
Sweden	32	22	21	-19%	5%	3%	3%
China	16	11	18	6%	3%	2%	3%
Hong Kong	8	6	4	-29%	1%	1%	1%
Denmark	6	4	18	73%	1%	1%	3%
Canada	14	18	17	10%	2%	3%	3%
Austria	14	10	10	-15%	2%	2%	2%
India	7	10	10	20%	1%	2%	2%
Others	55	65	69	12%	9%	10%	11%
Total	624	641	639	1%	100%	100%	100%

PROJECTS BY SOURCE REGION

	Number of projects			Average annual change 2007-2009	Share of projects		
	2007	2008	2009		2007	2008	2009
Europe	396	415	433	5%	63%	65%	68%
United States	147	140	123	-9%	24%	22%	19%
Asia	71	71	66	-4%	11%	11%	10%
Others	10	16	17	30%	2%	2%	3%
Total	624	641	639	1%	100%	100%	100%

Business sector analysis

RESURGENCE OF MANUFACTURING PROJECTS

The share of manufacturing projects had been declining steadily until 2006. Since 2007, it has been on the rise. With 421 projects recorded, the manufacturing sector provided 66% of the foreign direct investment projects in France announced in 2009, versus 62% in 2007.

This vitality is primarily attributable to sectors with a high degree of technology and added value.

Energy and other concessions: there has been a significant average annual increase of approximately 42% in the number of investment projects in the energy sector since 2007 (73 projects in 2009 versus 36 in 2007). The upswing in structural investments in the sectors covered by France’s “Green New Deal” (“Grenelle” Laws) has unquestionably helped to improve France’s attractiveness to investors. Some of these investments included German projects to create or expand the manufacture and marketing of solar

photovoltaic panels (*Energossa SARL, Aleo Solar, IBC Solar*) and Spanish projects involving the manufacture and distribution of solar and thermal modules (*AE 3000 France, Solaria Energia*).

Medication and applied biotechnologies: the number of projects in this sector went from 19 in 2007 to 27 in 2009. Among the investments confirmed in 2009 were American projects to manufacture vaccines and veterinary pharmaceutical products (*Meriel* in the Midi-Pyrénées region) and the Swiss project *Novartis France* concerning a research and development center as a European platform for preclinical and clinical trials in the Alsace region.

Aerospace, naval and railway materials: the number of investments recorded has doubled since 2007 to a total of 24 projects in 2009. This increase is largely due to investments by the European Aeronautic Defence and Space Company (EADS) in the Midi-Pyrénées region.

PROJECTS BY BUSINESS SECTOR

BUSINESS SECTORS	Number of projects			Average annual change 2007-2009	Share of projects		
	2007	2008	2009		2007	2008	2009
Aerospace, naval and railway materials	12	21	24	41%	2%	3%	4%
Agri-food, agriculture and fishing	49	43	45	-4%	8%	7%	7%
Automotive industry	46	29	27	-23%	7%	5%	4%
Chemicals, plastics	38	41	27	-16%	6%	6%	4%
Electrical, electronic, IT equipment	33	33	29	-6%	5%	5%	5%
Electronic components	11	7	15	17%	2%	1%	2%
Electronic goods	8	5	5	-21%	1%	1%	1%
Energy, other concessions	36	33	73	42%	6%	5%	12%
Furnishings, household goods	8	23	21	62%	1%	4%	3%
Glass, ceramics, minerals, wood, paper, publishing	21	22	23	5%	3%	3%	4%
Machinery and mechanical equipment	37	31	29	-11%	6%	5%	5%
Medical/Surgical equipment & devices	11	12	12	4%	2%	2%	2%
Medications and applied biotechnologies	19	31	27	19%	3%	5%	4%
Metals, metalworking, recycling	39	40	22	-25%	6%	6%	3%
Perfumes, cosmetics	8	3	6	-13%	1%	-	1%
Textiles, clothing	12	36	36	73%	2%	6%	6%
Total manufacturing	388	409	421	4%	62%	64%	66%
Consulting, engineering and business services	43	52	20	-32%	7%	8%	3%
Hotels and tourism	0	6	2	-	-	1%	-
Logistics	2	0	15	174%	-	-	2%
Other commercial and financial services	82	64	91	5%	13%	10%	14%
Software and IT services	55	60	49	-6%	9%	9%	8%
Telecoms, internet service providers	8	11	6	-13%	1%	2%	1%
Transport, storage, construction	46	39	35	-13%	7%	6%	5%
Total services	236	232	218	-3%	38%	36%	34%
Total	624	641	639	1%	100%	100%	100%

DECLINE IN PROJECTS IN THE SERVICES SECTOR

The share of service-sector foreign direct investment projects in France dropped two points to 34% in 2009. This change is primarily attributable to a decline on the one hand in projects observed in the consulting, engineering and business services sectors (average annual decline of 32% since 2007) and, on the other hand, in the telecoms and internet service providers sector (average annual decline of 13% since 2007).

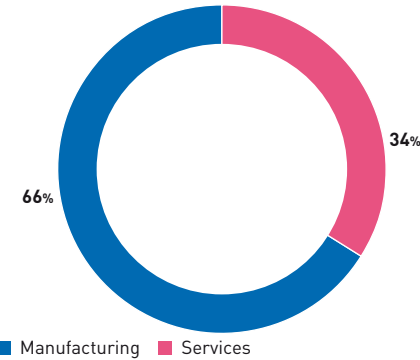
Some of the key operations included the British IT solutions design and development project *Tisseea* in the new information and communication technologies sector, in the Aquitaine region; the American projects *A10 Networks*, which designs innovative solutions for managing and optimizing enterprise networks, in the Ile-de-France region, and *Centre de réalité virtuelle*, a new company specializing in interactive 3D digital content management and a supplier of virtual reality software, in the Auvergne region.

STRONG GROWTH IN THE NUMBER OF TECHNOLOGY PROJECTS

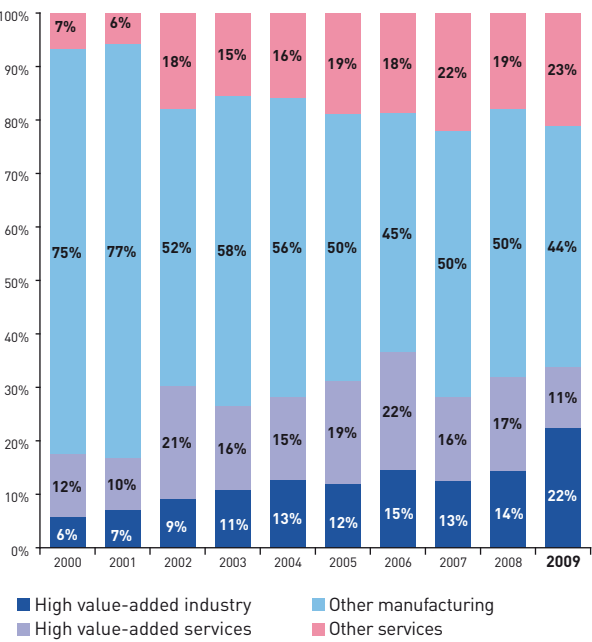
The structure of foreign direct investment in France has shifted over the last ten years towards projects in sectors with a high level of technology and added value, whether in the field of services such as energy, consulting and engineering, software and IT services or in the technology-rich industrial sectors of medication and biotechnologies, electronic components and supplies, or aerospace, naval and railway materials. These sectors accounted for 33% of the projects in 2009 versus 29% in 2007.

Some of the key operations included: the creation of a research and development center in information and communication technologies by the American company *INTEL Corporation* – the world’s leading manufacturer of processors – dedicated to research and development in high-performance computing, in the Ile-de-France region (40 jobs created); and the creation of a research and development center by the American company *EON Reality, Inc.* – the leading virtual reality center in France and 15th in the world – in the Auvergne region (10 jobs created).

DISTRIBUTION OF PROJECTS BETWEEN MANUFACTURING AND SERVICES IN 2009



DISTRIBUTION OF PROJECTS BY TECHNOLOGICAL INTENSITY LEVEL (2000-2009)



	2007	2008	2009
Information and communication technology	109	103	102
Renewable energy	23	21	59
Research and development	34	23	42
Headquarters	5	7	17

Business activity analysis

Companies rely on a variety of business activities to fulfill their functions: production, research and development, administrative services and company headquarters, logistics and distribution, call centers and remote service centers, among others.

AN UPSURGE IN SERVICE ACTIVITIES RELATING TO PRODUCTION ACTIVITY

To design and market their products, production companies create production support service activities, such as R&D centers, administrative services, sales offices, headquarters and logistics and distribution platforms. Since 2000, there has been a steady average annual increase in these service activities of 9%. Their share of all projects has increased from 46% in 2000 to 71% in 2009 (or 451 projects). R&D business activities, engineering and design, decision-making centers and business-to-consumer commerce and services have all seen a sharp rise since 2007.

There are two specific reasons for this growth in service-sector business activities:

→ The globalization of R&D activities, indicated primarily by the rise in R&D spending among foreign companies located in France. Their expenditure increased from 19% of total R&D in 1995 to 22.6% in 2003 and has remained above 20% since then. This makes the R&D spending contribution of foreign

subsidiaries in France higher than in the United States (13%), Japan (5%) or Finland (17%). The number of investment projects in R&D has risen by around 22% since 2007 to 7% of total projects in 2009, versus 5% in 2007.

→ France’s proven ability to host these activities, given that large labor-intensive manufacturing production sites tend to gravitate towards countries with the lowest labor costs. The French government’s policy support for innovation, primarily exemplified by the research tax credit and the proliferation of innovation clusters, has boosted France’s economic attractiveness and is a major asset amid the global competition for capital, jobs and expertise.

Besides their impact on growth, R&D activities and company headquarters are generating highly skilled jobs, which provide high added value and generally higher stability than production-sector jobs.

Some of the projects confirmed in 2009:

→ in R&D: the creation in the Midi-Pyrénées region of an R&D center by Spanish company *Vision Sistemas de Localizacion S.L.*, which manufactures and sells localization systems for Alzheimer’s patients (9 jobs created); the recruitment of at least 50 expert mobile communications engineers by British semi-conductor company *Icera* at its Sophia Antipolis site (Provence-

Alpes-Côte d’Azur) to step up its R&D activities on technical specifications for the upcoming 4G mobile network standard; the decision by the French subsidiary of Swiss pharmaceutical group *Novartis* to locate its third global clinical oncology research center in Rueil-Malmaison (over 50 clinical research jobs created in Ile-de-France); the creation of an R&D center at the Génopôle d’Evry innovation cluster (Ile-de-France) by *Algentech Ltd*, a British biotechnology company specializing in developing innovative processes for gene targeting and chloroplast transformation in plants;

→ for decision-making centers: the expansion through takeover by the American company *Research Pharma Services* of Therapharm Recherches in the Ile-de-France region, which will become its European headquarters charged with business development for the rest of Europe, Northern Africa, the Middle East and South Africa (100 jobs created); the creation of a decision-making center by Chinese telecom supplier *ZTE* (Zhongxing Telecommunication Equipment), combining its headquarters for Western Europe, Eastern Europe and North America in the Ile-de-France region (40 jobs

created); the investment made by the Japanese group *Horiba*, which manufactures optical measurement and analytical devices, at its European headquarters on the Saclay plateau in the same region (40 jobs created).

DECLINE IN PRODUCTION ACTIVITIES

Projects in production activities are declining as a share of overall projects, going from 55% in 2000 to 30% in 2009. The drop off is especially apparent in the commercial and financial services sector (-16%), the automotive industry (-8%) and the electrical and electronic equipment sector (-22%).

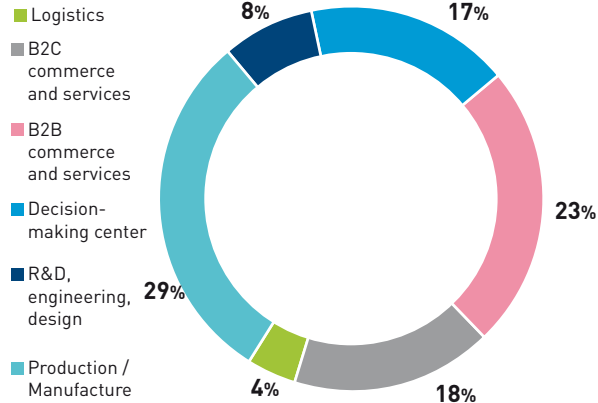
On the upside, projects in the energy sectors have grown by an annual average of around 52% since 2003 to account for 14% of production activity projects in 2009, versus 2% in 2003. Some of the projects confirmed in 2009 included the creation of a thin-film solar photovoltaic panel assembly plant in the Aquitaine region by the American investor *First Solar, Inc.* (380 jobs created) and the creation of Robotic Concepts SARL – to manufacture inspection robots for the nuclear industry – by American investor *Brooks Associates, Inc.* in the Provence-Alpes-Côte d’Azur region (100 jobs created).

DISTRIBUTION OF PROJECTS BY BUSINESS ACTIVITY

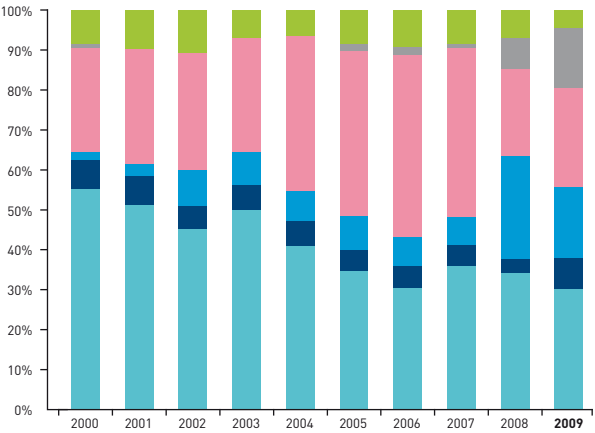
	Jobs 2009	Number of projects			Average annual change 2008-2009	Share of projects		
		2007	2008	2009		2007	2008	2009
Decision-making center*	2,561	43	164	111	-32%	7%	26%	17%
R&D, engineering, design	1,771	34	23	51	122%	5%	4%	8%
Production/Manufacture	12,402	224	219	188	-14%	36%	34%	29%
Business-to-business commerce and services	4,778	264	141	150	6%	42%	22%	23%
Business-to-consumer commerce and services	6,828	6	49	112	129%	1%	8%	18%
Logistics	1,078	53	45	27	-40%	8%	7%	4%
Total	29,418	624	641	639	-	100%	100%	100%

* Decision-making center: since 2008, this classification has been extended to include first-time investments.

DISTRIBUTION OF PROJECTS IN FRANCE BY BUSINESS ACTIVITY IN 2009



DISTRIBUTION OF PROJECTS BY BUSINESS ACTIVITY (2000-2009)



Investment type analysis: strong growth in site creations

Several different types of foreign direct investment projects can be distinguished: creation of a new site, expansion of an existing site, takeover of an ailing site, partnership or expansion through takeover. The IFA and this Annual Report record these types of investment that either create jobs or, when a French company is bought out and closes, maintain them (see Appendix: Project selection criteria).

STRONG GROWTH IN SITE CREATIONS

There was new growth in 2009 (average annual increase of 8% since 2007) for creation projects: 62% of the investment projects were creations, versus 54% in 2007.

Some of the investments confirmed in 2009:

→ **in the service sector:** the creation in the Ile-de-France region of a Canadian-owned creative marketing agency, *Sid Lee Paris*, specializing in marketing and advertising (50 jobs); creation of *KPN France*, specializing in telecommunications and information/communication technology services (50 jobs); creation of the *Lidl* logistics platform in the Languedoc-Roussillon region (120 jobs) and *Anyware Services*, specializing in developing online content management applications (CMS Java Open Source) in the Midi-Pyrénées region (20 jobs);

→ **in industry:** the creation in Bourgogne (Burgundy) of a processing and packing plant for fish, shellfish and mollusks by Polish company *Morpol SA* (350 jobs); creation in Bretagne (Brittany) by German company *Solar Direct GmbH* of a site for distributing energy and heat production equipment from renewable energy (10 jobs).

INVESTMENT TYPE	Number of projects			Share of projects		
	2007	2008	2009	2007	2008	2009
Creation	338	357	393	54%	56%	62%
Expansion	203	217	182	33%	34%	28%
Takeover	53	58	52	8%	9%	8%
Expansion through takeover	30	12	12	5%	2%	2%
Total	624	641	639	100%	100%	100%

FEWER EXPANSIONS OF EXISTING SITES

The number of expansions has been falling since 2007, accounting for a 28% share of projects in 2009, versus 33% in 2007.

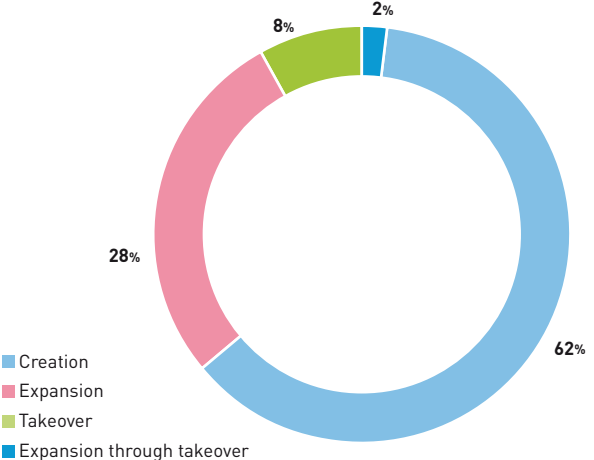
Expansions were confirmed and announced by consulting and business services companies (*Roland Berger Strategy Consultants*, *Fullsix France*, *Camaris SARL*, *Mercator*, etc.) while in industry, such projects included *Smart France*, to manufacture the *Smart Fortwo Electric Drive* in Lorraine (52 jobs) and *Newdeal Technologies* to manufacture orthopedic implants in the Rhône-Alpes region (60 jobs).

NUMBER OF TAKEOVERS OF AILING COMPANIES REMAINS STABLE

The number of takeovers of ailing companies, which was on the rise in 2007, has since declined, although investments of this type still accounted for 8% of projects in 2009, versus 1% in 2000.

Some of the investments of this type included: the takeover of *Eco Technilin* – manufacturer of composite materials made of natural and thermoplastic fibers for the automotive industry – by British company *Driftwell Investments Ltd* in the Haute-Normandie region (22 jobs maintained); and the takeover of Saint Gobain Desjonqueres by American company *Oaktree Capital Management LLC*, in the Picardie region (897 jobs maintained).

DISTRIBUTION OF PROJECTS IN FRANCE
BY INVESTMENT TYPE IN 2009



Other types of investment not recorded in the Annual Report: safeguarding investment, partnerships and franchises

SAFEGUARDING INVESTMENT

Safeguarding investment serves to “secure” foreign companies’ business sites and to safeguard jobs that might otherwise have ultimately been lost. This type of investment reflects a foreign company’s desire to continue doing business at a particular site and is not taken into account in the Report, which only examines projects that create new jobs or preserve existing ones which are at risk in the very short term. This type of investment nevertheless warrants a mention, as ensuring that foreign companies remain in the country is an important factor in France’s attractiveness to investors.

In 2009, the IFA recorded eight safeguarding investment projects which enabled 1,473 jobs to be saved. The projects, three-quarters of which related to production activities, were concentrated in the following sectors: agri-food; metals and metalworking; medications and applied biotechnologies; medical/surgical equipment.

The IFA and its regional partners were involved in several of these safeguarding investment projects, including:

→ **Polimeri Europa S.P.A:** This Italian company specializing in the production of intermediate products (polyethylene) and products for processing companies (styrenics and elastomers) announced a €100 million investment at its Dunkirk plant, in the Nord-Pas-de-Calais region. This major investment is expected to lead to the creation of a new production line (EVA copolymers) and safeguard 220 jobs.

ACQUISITIONS

Mergers and acquisitions, which have been a driving force behind the growth of FDI flows in recent years, fell sharply in 2008 and continued their decline in 2009. According to the most recent UNCTAD estimates for 2009, M&A activity plunged approximately 66% worldwide and 72% in France.

Mergers and acquisitions, for the same reason as safeguarding investment, are not taken into account in this Report. M&A activity does nevertheless reflect internationalization and the state of affairs among multinationals in France.

PARTNERSHIPS

Technological and research partnerships offer a new way for companies to expand their international scope. Foreign companies and companies located in France can pool their expertise and technology to improve their respective efficiency and maintain technological advances in an increasingly competitive business environment.

The IFA and its regional partners supported and monitored three such partnerships in 2009.

AUDITING AND CONSULTING FRANCHISES

Certain foreign auditing and consulting firms in France represent a special case. One example involves the “KPMG” brand, which is owned by the Swiss cooperative KPMG International. Although each national firm in the KPMG international network is legally and financially independent, brand image plays a vital role in their development. For that reason, investment promotion agencies often take them into account in their reports. Auditing and consulting franchises are mentioned here for the same reason as safeguarding investment: they reflect France’s attractiveness to investors such as these.

Host region analysis

The diversity of France’s regions, coupled with the quality of its infrastructures and workforce, are powerful drivers of its attractiveness to investors. Just like in previous years, new foreign direct investment projects in 2009 were located throughout the country.

At the same time, the geographical distribution of projects is testament to the allure of large cities and the fact that the presence of foreign companies frequently draws new foreign direct investment to the same area.

The top four regions (Ile-de-France, Rhône-Alpes, Provence-Alpes-Côte d’Azur and Midi-Pyrénées) hosted 61% of new projects (62% in 2008 for Ile-de-France, Rhône-Alpes and Midi-Pyrénées and Provence-Alpes-Côte d’Azur). The top seven regions accounted for 75% of the total number of new projects.

With 191 foreign direct investment projects in 2009, **Ile-de-France (Paris region)** once again secured first place. Almost one-third of all projects being hosted in the region have a high level of technology and added value (energy, consulting and engineering, software and IT services, electronic components, aerospace and railway materials).

→ Examples: in September 2009, *Huawei Technologies*, the leading manufacturer of telecommunications equipment in China, announced the creation of a research center in Ile-de-France, which will focus on three main areas: algorithms for mobile networks, developing new standards and assessing end-to-end mobile services. Huawei will thereby be able to strengthen its relationships with French universities and *grandes écoles* (graduate schools) and to create a center of excellence for mobile telecommunications in the Paris region. The company has also announced its partnership with ParisTech (an institute comprising 12 *grandes écoles*) to support a “Doctorate for Business” program.

With 90 projects, **Rhône-Alpes** remained the second leading host region in 2009. Exceptional growth in project numbers in 2009 was recorded in the energy sector (average annual increase of 37% since 2007) and

the machinery and mechanical equipment sector (average annual increase of 12% since 2007), which accounted for 18% and 12%, respectively, of the projects brought into the region.

→ Examples: Canadian company *Pharmideas Research & Consulting* invested in a subsidiary in Lyon (Rhône-Alpes) and will be creating 10 jobs. This consulting company provides pharmacoeconomic and epidemiological assessments to companies in the wider life sciences sector (biotechnology, pharmacy, medical devices, dermocosmetics).

Provence-Alpes-Côte d’Azur came in third, with 9% of all projects in France. Since 2007, it has increasingly played host to services activities with a high degree of added value. The software and IT services sector along with the energies and other concessions sector accounted for over one-third of the projects this region attracted.

→ Two recent projects: the Swedish group *Way Group Europe*, specializing in software development, chose the Sophia Antipolis technology park (Provence-Alpes-Côte d’Azur) as the location for its European research and development center. This project will create 10 additional jobs. In the same region, the German project to create a subsidiary of *Aleo Solar*, specializing in the manufacture and distribution of solar photovoltaic panels, is expected to bring in 20 new jobs.

Midi-Pyrénées is well positioned to host innovation- and technology-rich activities, particularly in the aerospace sector. In 2009, it was the fourth-leading host region, with the bulk of job-creating investment coming from the European Aeronautic Defence and Space Company (EADS).

Nord-Pas-de-Calais came in fifth, with 6% of all projects in France. The region welcomed some large projects this year in the furnishings and household goods sectors (notably with the arrival of the firm *JISK*), and in chemicals and plastics (where multiple expansions of foreign companies already set up in the region confirmed its attractiveness in this sector).

Two recent projects: the creation by the British company *SSL247 SARL* of a subsidiary specializing in SSL certificate retailing, which is due to create 10 jobs. In

DISTRIBUTION OF PROJECTS BY HOST REGION (2007-2009)

HOST REGION	Number of projects			Average 2000-2008	Share of projects		
	2007	2008	2009		2007	2008	2009
Ile-de-France (Paris region)	182	208	191	153	29%	32%	30%
Rhône-Alpes	91	107	90	77	15%	17%	14%
Provence-Alpes-Côte d'Azur	36	35	56	44	6%	5%	9%
Midi-Pyrénées	50	52	51	53	8%	8%	8%
Nord-Pas de Calais	44	30	39	46	7%	5%	6%
Alsace	25	26	25	33	4%	4%	4%
Aquitaine	23	23	21	19	4%	4%	3%
Languedoc-Roussillon	15	15	21	13	2%	2%	3%
Lorraine	14	26	17	29	2%	4%	3%
Pays de la Loire	19	11	17	13	3%	2%	3%
Bretagne (Brittany)	11	10	16	11	2%	2%	3%
Haute-Normandie	18	21	16	13	3%	3%	3%
Bourgogne (Burgundy)	15	10	15	13	2%	2%	2%
Auvergne	2	1	10	4	-	-	2%
Centre	16	21	10	17	3%	3%	2%
Champagne-Ardenne	20	11	10	13	3%	2%	2%
Picardie	17	10	8	14	3%	2%	1%
Poitou-Charentes	6	2	7	4	1%	-	1%
Basse-Normandie	11	10	6	8	2%	2%	1%
Franche-Comté	7	7	6	6	1%	1%	1%
"DOM-TOM" overseas territories	0	3	5	2	-	-	1%
Corse (Corsica)	0	0	1	0	-	-	-
Limousin	2	3	1	2	-	-	-
Total	624	641	639	586	100%	100%	100%

NUMBER OF JOBS CREATED OR MAINTAINED BY REGION (2007-2009)

HOST REGION	Number of jobs			Average 2000-2008	Share of jobs		
	2007	2008	2009		2007	2008	2009
Ile-de-France (Paris region)	10,398	8,300	8,286	6,230	30%	26%	28%
Rhône-Alpes	4,660	3,586	2,948	3,669	14%	11%	10%
Aquitaine	1,497	2,290	2,890	1,094	4%	7%	10%
Midi-Pyrénées	2,054	2,421	2,178	2,308	6%	8%	7%
Nord-Pas de Calais	2,810	3,159	2,008	2,730	8%	10%	7%
Provence-Alpes-Côte d'Azur	1,604	926	1,972	2,270	5%	3%	7%
Champagne-Ardenne	1,450	730	1,137	886	4%	2%	4%
Picardie	984	451	1,103	847	3%	1%	4%
Languedoc-Roussillon	382	750	1,017	655	1%	2%	3%
Alsace	791	1,243	724	1,384	2%	4%	2%
Poitou-Charentes	519	56	720	483	2%	-	2%
Lorraine	982	1,271	694	1,928	3%	4%	2%
Pays de la Loire	938	504	605	972	3%	2%	2%
Centre	1,062	1,693	602	1,119	3%	5%	2%
Bourgogne (Burgundy)	890	490	597	802	3%	2%	2%
Auvergne	72	10	467	338	-	-	2%
Franche-Comté	851	601	443	426	2%	2%	2%
Bretagne (Brittany)	730	315	414	902	2%	1%	1%
Haute-Normandie	1,288	1,684	390	867	4%	5%	1%
Basse-Normandie	485	1,045	375	548	1%	3%	1%
"DOM-TOM" overseas territories	0	210	289	189	-	1%	1%
Corse (Corsica)	0	0	15	4	-	-	-
Limousin	70	197	15	157	-	1%	-
Total	34,517	31,932	29,889	30,808	100%	100%	100%

the same region, an American project to create a subsidiary of *Ouvrie PMC*, specializing in the manufacture of anti-foaming agents for industrial users processing large volumes of liquids containing foam-producing impurities, is due to create 20 jobs.

With 25 projects, **Alsace** remained the sixth leading host region in 2009. Projects in the energy and other concessions, medications and applied biotechnologies, and commercial and financial services sectors accounted for 40% of all projects in the region.

→ Examples: The German firm, *Energiebau Solarstromsysteme GmbH*, specializing in solar photovoltaic power, is to create its first foreign subsidiary in France, which will lead to the creation of 80 jobs. The Swiss company *Novartis Pharma* is expanding its French subsidiary to manufacture a new bio-medication, Simulect. This project will lead to the creation of 40 new jobs.

In other regions, project numbers were up in Languedoc-Roussillon, Bretagne (Brittany), Auvergne and in France’s “DOM-TOM” overseas territories, while remaining stable in Aquitaine, Pays-de-la-Loire, Haute-Normandie, Bourgogne (Burgundy) and Franche-Comté. A slight drop off has been observed since 2007 in the Centre, Champagne-Ardenne, Basse-Normandie and Picardie regions, while foreign direct investment projects remained a marginal phenomenon in Corse (Corsica) and Limousin.

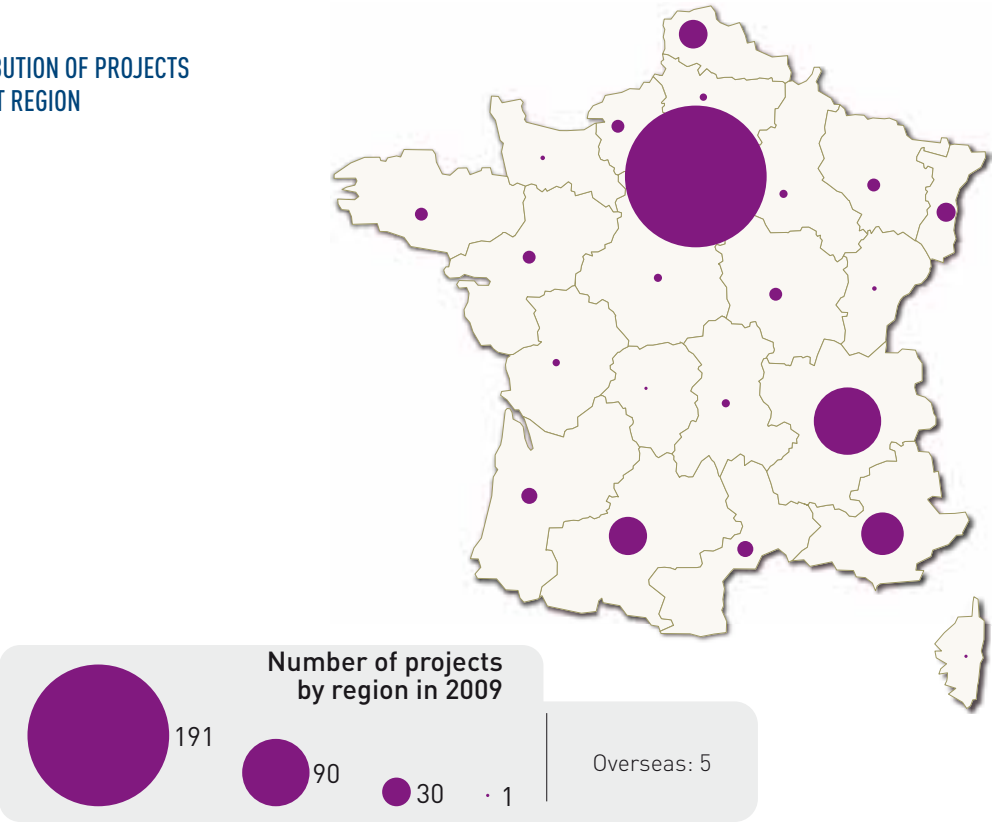
In terms of creating or maintaining jobs, the top regions in 2009 were Ile-de-France (28% of the national total), Rhône-Alpes (10%), Aquitaine (10%) and Midi-Pyrénées (7%), which together made up 55% of the national total.

To gauge the extent to which foreign subsidiaries have contributed to jobs and economic activity in France’s regions, the number of jobs created from new foreign direct investment projects can be measured as a proportion of the economically active population. According to this indicator, the regions of Aquitaine, Champagne-Ardenne, Midi-Pyrénées, Ile-de-France, Picardie, Nord-Pas-de-Calais and Rhône-Alpes stand out for having a higher than average proportion of jobs created in 2009 by foreign companies per 1,000 people in the workforce.

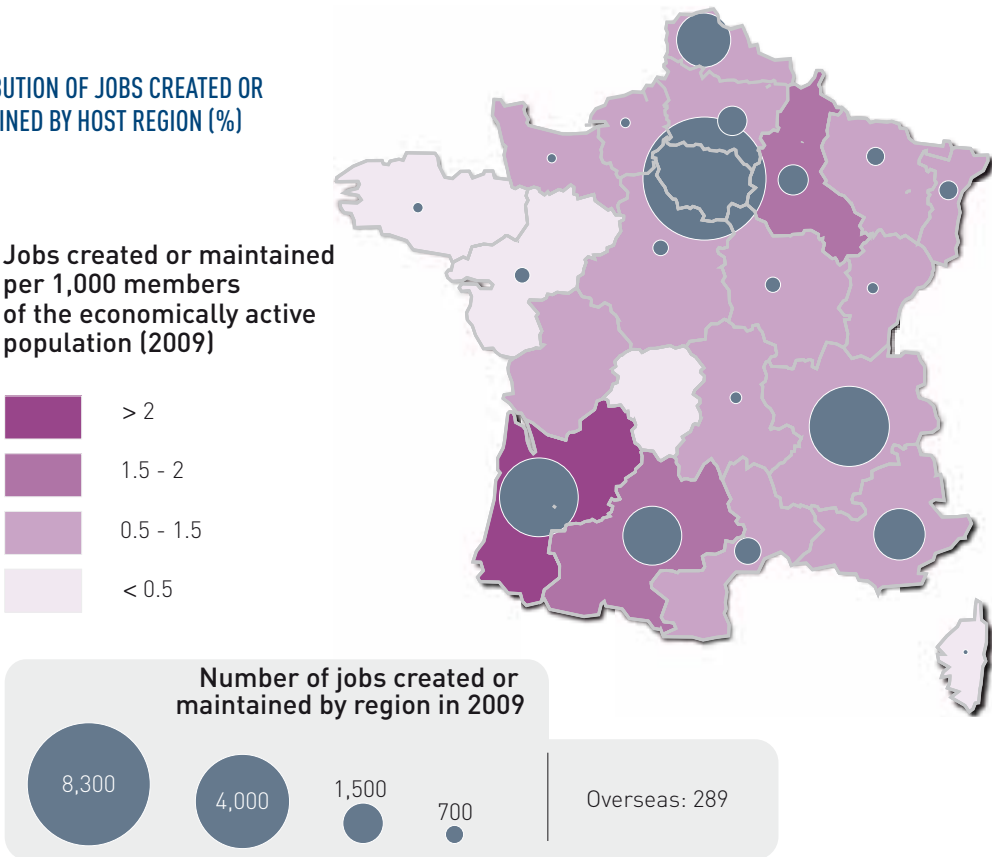
NUMBER OF JOBS CREATED OR MAINTAINED PER 1,000 EMPLOYEES BY REGION IN 2009

	Ratio per 1,000 employees
Aquitaine	2.0
Champagne-Ardenne	1.9
Midi-Pyrénées	1.7
Ile-de-France	1.5
Picardie	1.3
Nord-Pas de Calais	1.2
Rhône-Alpes	1.1
Languedoc-Roussillon	1.0
Provence-Alpes-Côte d’Azur	0.9
Poitou-Charentes	0.9
Franche-Comté	0.9
Bourgogne (Burgundy)	0.8
Alsace	0.8
Auvergne	0.8
Lorraine	0.7
Basse-Normandie	0.6
Centre	0.5
Haute-Normandie	0.5
“DOM-TOM” overseas territories	0.4
Pays de la Loire	0.4
Bretagne (Brittany)	0.3
Corse (Corsica)	0.1
Limousin	0.0
Total	1.0

DISTRIBUTION OF PROJECTS BY HOST REGION



DISTRIBUTION OF JOBS CREATED OR MAINTAINED BY HOST REGION (%)



2

FOREIGN DIRECT INVESTMENT
BY SOURCE COUNTRY

32 AUSTRIA	40 GCC COUNTRIES	47 SOUTH KOREA
33 BELGIUM	41 INDIA	48 SPAIN
34 BRAZIL	42 ITALY	49 SWEDEN
35 CANADA	43 JAPAN	50 SWITZERLAND
36 CHINA	44 NETHERLANDS	51 TURKEY
38 DENMARK	45 RUSSIA	52 UNITED KINGDOM
39 GERMANY	46 SINGAPORE	53 USA

AUSTRIA

KEY FIGURES 2009	
FLOW	
10	185
Number of projects	Number of jobs
STOCK	
300	15,600
Number of investment sites in France	Number of employees
€3.03 billion	
Stock of FDI in France as of Dec 31, 2008 (Banque de France)	

SELECTED AUSTRIAN INVESTMENT PROJECTS IN FRANCE IN 2009:

- **DREXEL & WEISS:** this Austrian company specializing in the construction of low-energy consumption homes chose to invest in a subsidiary in the Rhône-Alpes region, leading to the creation of **15** jobs.
- **KWIZDA AGRO GMBH:** expansion of a marketing site for insecticides, raticides and disinfectants located in the Bretagne (Brittany) region. This project will create **10** additional jobs.
- **ISOCELL VERTRIEBS GMBH:** this Austrian company which manufactures and markets cellulose thermal insulation announced that it will create a production and distribution unit for cellulose wadding in Bretagne (Brittany), leading to the creation of **10** jobs.

France’s share of Austrian investment in Europe has grown over the last few years. With 10 new projects in 2009, Austria is now the fourteenth largest investor in France.

AUSTRIAN COMPANIES IN FRANCE

Austria maintained its position as the fourteenth largest investor in France in 2009 with 10 projects, creating or maintaining 185 jobs. Austrian investment in France is a relatively recent phenomenon: from 2000 to 2005, an annual average of four Austrian businesses began operations in France, but this figure has almost tripled since 2006.

Sectors

Austrian companies have developed across a very wide range of sectors, with a notable focus on projects in innovative sectors such as renewable energies and other concessions (13%) and chemicals and plastics (10%).

Type of investment

2009 was characterized by the number of site creations (70% of projects and 62% of jobs created or maintained). Expansions accounted for 20% of projects and 11% of jobs created, while takeovers amounted to 10% of projects and 17% of jobs created or maintained. Production activity accounted for 40% of projects.

Regional investment sites

Alsace had long been the preferred destination, but Rhône-Alpes is now the leading host region (21% of projects), ahead of Ile-de-France (15%), Alsace (13%) and Provence-Alpes-Côte-d’Azur (11%).

FRANCE AS A DESTINATION IN EUROPE

Job-creating Austrian investment in Europe (80% of worldwide investment) rose steadily by an annual average of around 15% between 2003 and 2007. However, the number of projects began dropping by an annual average of 21% in 2007, falling to 127 projects in 2009, versus 206 in 2007. France ranked tenth among host countries for Austrian projects (6% of Europe-bound projects in 2009, versus 1% in 2003).

BELGIUM

KEY FIGURES 2009	
FLOW	
30	628
Number of projects	Number of jobs
STOCK	
3,300	180,848
Number of investment sites in France	Number of employees
€84 billion	
Stock of FDI in France as of Dec 31, 2008 (Banque de France)	

SELECTED BELGIAN INVESTMENT PROJECTS IN FRANCE IN 2009:

- **INTERSIG:** this Belgian-Dutch steel construction company and European leader in concrete reinforcement wire decided in March 2009 to invest in a 200,000-tonne manufacturing plant for steel products in Saint-Pourçain-sur-Sioule, in the Auvergne region. The €60 million investment will create **100** jobs.
- **GEERT MAES:** this major player in sustainable development in Belgium, specifically in recycling various materials, including biomass, created a scrap wood collection and processing facility in Luglon (Aquitaine). The €3.5 million investment will lead to the creation of **15** jobs.
- **GOOD DISPLAY:** this company specializing in merchandising and marketing for supermarket retailing is opening offices in Paris, leading to the creation of **20** jobs.
- **SAMTECH:** this company, publishing software and developing engineering services for virtual prototyping and structure analysis by elements, will be moving to a new site in Toulouse (Midi-Pyrénées) and hiring about a **dozen** R&D engineers.

France has been the leading recipient of Belgian job-creating investment in Europe for more than a decade. The number of projects from Belgium remained stable in 2009 compared to previous years.

BELGIAN COMPANIES IN FRANCE

There are over 3,300 Belgian companies in France employing 180,850 people. In 2009, Belgium was the seventh largest foreign investor in France with 30 projects, creating or maintaining 628 jobs.

Sectors

In 2009, three-quarters of Belgian investment was spread across the following five sectors: commercial or financial services (23%) – where the annual number of Belgian projects has nearly doubled since 2007, from 4 to 7 – agri-food (17%), software and IT services (13%), metals and metalworking (13%), transport and logistics (10%).

Type of investment

2009 was characterized by the proportion of site creations (43%) and expansions (37%), which when combined accounted for 78% of jobs created. Takeovers only accounted for 13% of projects and 19% of jobs created or maintained. Belgian investment projects in France in 2009 were primarily in production activities, which accounted for 40% of projects. More specifically, they often involved creations or expansions of production subsidiaries in the metals and energy sectors, as well as acquisitions of production facilities in the agri-food sector. Commerce and services accounted for 43% of projects.

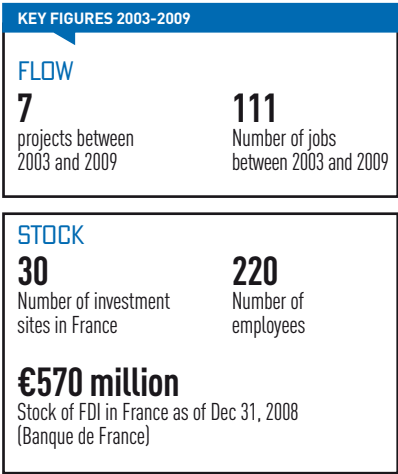
Regional investment sites

Belgian-owned businesses have investment sites throughout France. In 2009, the two main host regions were Nord-Pas-de-Calais (23% of projects) and Ile-de-France (20%).

FRANCE AS A DESTINATION IN EUROPE

Flows of investment projects from Belgium vary according to the economic cycle and are more concentrated in Europe than elsewhere in the world. Following a steady period of growth from 2003 to 2007, at an average annual rate of 25% for worldwide investment and 32% for projects in Europe, the number of Belgian projects dropped sharply in 2008 and 2009, by around 23% in Europe and 16% overall. France hosted 29% of Belgian Europe-bound projects in 2009, with 12% going to the United Kingdom and 5% to Germany.

BRAZIL



SELECTED BRAZILIAN INVESTMENT PROJECTS IN FRANCE BETWEEN 2003 AND 2009:

- **TERRA PI:** in 2006, this Brazilian company specializing in medications and applied biotechnologies invested in a research and development center at Paris Charles-de-Gaulle airport in the Ile-de-France region. This project to promote traditional Brazilian medicine created 15 jobs.
- **BERACA SABARA QUIMICOS E INGREDIENTES LTDA:** this Brazilian consulting, engineering and business services firm announced in 2008 that it would be creating a subsidiary specializing in supplying high-quality solutions and raw materials for water treatment, animal nutrition and health, cosmetics, etc. This project created 10 jobs in the Ile-de-France region.
- **ALPARGATAS:** this Brazilian maker of Havaianas sandals set its sights on the European market with plans to invest US \$150 million over a five-year period. The group will be expanding by creating several subsidiaries in Europe, including one in the Ile-de-France region. This investment announced in 2008 was expected to create 10 jobs.

Brazilian companies have been increasing their presence in the global arena in recent years and are developing their operations in France. Seven Brazilian investment projects were recorded between 2003 and 2009.

BRAZILIAN COMPANIES IN FRANCE

The globalization of Brazilian companies is a relatively recent phenomenon: average annual investment outflows went from around US \$1 billion between 2000 and 2003 to almost US \$14 billion between 2004 and 2008. Between 2003 and 2009, seven investment projects were recorded in France.

Sectors

Since 2003, Brazilian investment in France has essentially been focused on the creation of sales or liaison offices, which have accounted for almost 60% of all projects. However, the nature of Brazilian investment has been changing with, for example, the creation of a research and development center in 2006 by Terra Pi, a manufacturer of medications and applied biotechnologies for traditional Brazilian medicine.

Type of investment

Between 2003 and 2009, creations accounted for 71% of Brazilian investment projects in France and 63% of the jobs created. There were no takeovers of ailing sites recorded in the same period. A large majority of Brazilian companies invested in production support activities, which accounted for over 80% of all projects.

Regional investment sites

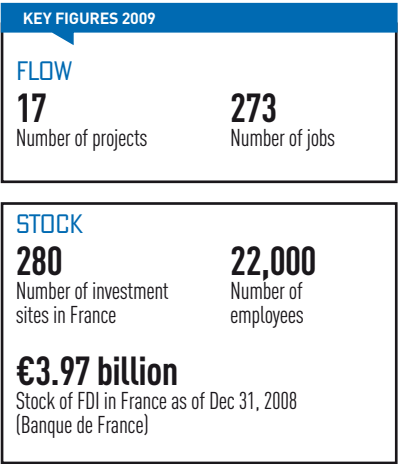
Since 2003, Ile-de-France has played host to 57% of Brazilian investment projects, ahead of the regions of Midi-Pyrénées (14%), Nord-Pas-de-Calais (14%) and Rhône-Alpes (14%).

FRANCE AS A DESTINATION IN EUROPE

Europe is a new destination for Brazilian companies and investors. Since 2003, Brazilian investment projects in Europe have been growing at a faster rate (+26%) than those in the world as a whole (+16%).

In 2009, this trend reversed course and Brazilian projects recorded a 37% decline overall compared with 2008, and were down 63% year-on-year in Europe. Since 2003, France has ranked third among European recipients of Brazilian investment projects, behind Portugal and the United Kingdom, hosting 13% of all Europe-bound projects.

CANADA



SELECTED CANADIAN INVESTMENT PROJECTS IN FRANCE IN 2009:

- **PHARMIDEAS RESEARCH & CONSULTING INC.:** this company opened a research and development center in Lyon (Rhône-Alpes) specializing in physical and natural sciences and pharmacoeconomic and epidemiological assessments, which led to the creation of 10 research positions.
- **LOUISBOURG SEAFOOD LTD:** in April 2009, this Nova Scotia-based Canadian company took over the Interpêche fish processing plant in Saint-Pierre and Miquelon (overseas French territory), which had been in receivership since July 2008. The takeover will safeguard 45 jobs.
- **RAYMARK RCS EUROPE:** Creation of a European headquarters in the Ile-de-France region, by the Raymark Xpert Business Systems Inc. group, specializing in the design and sale of software solutions to clients from the luxury goods industry (Christian Dior, Kenzo, etc.) and retail sector (Leroy Merlin, Geneviève Lethu). This project will lead to the creation of 25 jobs.

The number of new Canadian investments has remained steady in France since 2007, but there are signs of growth in research activities.

CANADIAN COMPANIES IN FRANCE

There are 280 Canadian companies with a presence in France, employing over 22,000 people. In 2009, Canada was the thirteenth largest investor in France with 17 projects that will create or maintain 273 jobs. The number of new Canadian investment projects in France has remained stable since 2007.

Sectors

In 2009, the key sectors were software and IT services (29%), metals and metalworking (12%) and commercial or financial services (12%).

Types of investment

2009 was characterized by the predominance of site creations, which accounted for 83% of projects and 73% of jobs created. Takeovers only accounted for 9% of Canadian projects, but led to 20% of the jobs created or maintained. Canadian investment projects focused on production support activities, such as decision-making centers (35%) and business-to-business commerce and services (41%). In 2009, noteworthy investments included three research and development centers in the sectors of electronic components, medications and applied biotechnologies, and software/IT services.

Regional investment sites

Investment sites by Canadian businesses are located throughout France. In 2009, two-thirds of Canadian projects were concentrated in the regions of Ile-de-France (35%) and Rhône-Alpes (29%).

FRANCE AS A DESTINATION IN EUROPE

The number of Canadian investment projects conducted worldwide has increased by an annual average of 11% since 2007, but Europe-bound projects have fallen (average annual decline of 7%).

Since 2003, France has been the second largest recipient of Canadian investment in Europe after the United Kingdom. In 2009, France brought in 21% of Europe-bound Canadian investment projects (29% going to the United Kingdom and 8% to Germany).

CHINA

MAINLAND CHINA: KEY FIGURES 2009	
FLOW	
18 Number of projects	1,139 Number of jobs
STOCK	
70 Number of investment sites in France	5,000 Number of employees
€303 million Stock of FDI in France as of Dec 31, 2008 (Banque de France)	

HONG KONG: KEY FIGURES 2009	
FLOW	
4 Number of projects	344 Number of jobs
STOCK	
20 Number of investment sites France	3,000 Number of employees
€1.5 billion Stock of FDI in France as of Dec 31, 2008 (Banque de France)	

China, the second largest goods exporter in the world, is also a player on the international investment scene. Chinese investment in Europe, in particular, has been growing steadily over the last few years. Approximately 100 companies from mainland China and Hong Kong have a presence in France, employing over 8,000 people. In 2009, 22 job-creating investment projects were announced, versus 17 in 2008, generating 1,483 jobs in France.

MAINLAND CHINESE COMPANIES IN FRANCE

With 18 new investment projects and 1,139 jobs created in 2009, mainland China was the eleventh largest investor in France.

Sectors

Between 2000 and 2008, the top three sectors receiving Chinese investments were chemicals and plastics (13% of projects), electrical, electronic and IT equipment (12%) and transport and logistics (10%). In 2009, Chinese investment projects spanned a variety of sectors: energy and other concessions (17%), glass and ceramics (17%), commercial and financial services (11%), machinery and equipment (11%) and telecoms (11%). There were a few new Chinese projects in the energy sector (three projects in 2009).

Type of investment

In 2009, takeovers accounted for 33% of projects. Creations saw solid growth, accounting for 56% of projects, and were less focused on creating sales offices, as demonstrated by the creation of a research and development center in wireless technologies, for example, in the Ile-de-France region.

Regional investment sites

Chinese companies with a presence in France have until now gravitated mainly towards Ile-de-France (50% of projects in 2009) and the Rhône-Alpes region. For example, three major Chinese groups – Huawei, ZTE and Lenovo – have located their European headquarters in Ile-de-France, while many other Chinese companies have chosen this area to set up their strategic decision-making centers. Several plant buyouts have taken place in the regions of Auvergne, Champagne-Ardenne, Basse-Normandie and Ile-de-France.

FRANCE AS A DESTINATION IN EUROPE

Since 2003, the number of Chinese job-creating investment projects worldwide has grown by an annual average of 17% (from 108 to 303 projects in 2009) and by 33% in Europe (from 24 to 110 projects). Since 2007, growth has slowed for Europe-bound projects, but remains close to an annual average of 20%. France was the fourth largest recipient of Chinese investment in Europe, after Germany, the United Kingdom and Russia. In 2009, 8% of Europe-bound projects were hosted by France (40% going to Germany and 10% to the United Kingdom).

HONG KONG COMPANIES IN FRANCE

With four new investment projects and 344 jobs created in 2009, Hong Kong was the nineteenth largest investor in France. There are currently about 20 group subsidiaries from Hong Kong in France.

Sectors

In 2009, there were two projects in the transport and storage sectors, one in commercial services and one in furnishings and household goods.

Type of investment

Since 2003, 83% of the projects from Hong Kong have been creations. They accounted for half of all projects in 2009, including the opening of new production facilities in the logistics sector most notably.

Regional investment sites

Ile-de-France was the leading destination for investment projects from Hong Kong in 2009: one creation project and one takeover were recorded in this region. One creation was recorded in the Nord-Pas-de-Calais region and one expansion in Languedoc-Roussillon.

FRANCE AS A DESTINATION IN EUROPE

The number of investment projects worldwide conducted by Hong Kong companies between 2003 and 2009 remained relatively stable. France is the third largest European recipient of projects from Hong Kong, after the United Kingdom, Spain and Germany.

SELECTED CHINESE INVESTMENT PROJECTS IN FRANCE IN 2009:

- **HUAWEI:** the fourth-largest telecom equipment manufacturer in the world announced in September 2009 that it would be creating a basic research center in Ile-de-France at sites in Issy-les-Moulineaux and Cergy-Pontoise. The center will employ about 150 people. Huawei is the first Chinese company to invest in an advanced research center in France.
- **ZTE:** the second largest Chinese telecom equipment manufacturer announced in November 2009 that it would be opening its head offices for Western Europe, Eastern Europe and North America in Boulogne-Billancourt, in the western suburbs of Paris. In 2004, the company had already chosen France as the location for its European headquarters. This decision led to ZTE's division managers for North America and Europe, currently located in Shenzhen, being redeployed to Paris and a plan to hire about 40 employees.
- **YINGLI GREEN ENERGY:** One of the top-10 solar panel manufacturers in the world, the Yingli Green Energy group recently announced that it would be entering the French market. A sales office in Lyon (Rhône-Alpes) will initially employ 10 people.

SELECTED HONG KONG INVESTMENT PROJECTS IN FRANCE IN 2009:

- **SILVERLIT TOYS MANUFACTORY LIMITED:** in November 2009, the company took over OUAPS, a bankrupt French toy company with headquarters in Boulogne-Billancourt. Existing jobs were maintained in the buyout.
- **CROWN WORLDWIDE HOLDINGS LTD:** a leader in logistics solutions for global mobility services, worldwide transport services for personal belongings and works of art, which has had offices in France since 1999. The creation of a fourth subsidiary in Sophia Antipolis (Provence-Alpes-Côte-d'Azur) will lead to the creation of 10 jobs.

DENMARK

KEY FIGURES 2009

FLOW

18

Number of projects

435

Number of jobs

STOCK

552

Number of investment sites in France

56,700

Number of employees

€4.5 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED DANISH INVESTMENT PROJECTS IN FRANCE IN 2009:

- **XERGI A/S:** this Danish company specializing in biomass processing (energy, fertilizer), and more specifically in engineering in two processing-activity fields, Combined Heating Power (CHP) and Biogas (gas processing), has just completed its first investment in France. The Paris office will employ **15** people.
- **VESTAS WIND SYSTEMS A/S:** this world leader in manufacturing wind turbines recently opened its eighth maintenance center in France. Based in Langres (Champagne-Ardenne), it will lead to the creation of **13** jobs.
- **AGITO MEDICAL:** this company specializing in reselling second-hand medical and laboratory equipment is relocating to a larger facility in Strasbourg (Alsace), where it will create **20** additional jobs over the next three years.
- **WIDEX APS:** this Danish company, specializing in research and development, has had a presence in France since 1956. It has four divisions (Hearing Aids, Equipment and Training, Accessories, Laboratories). After strong growth in the French market, the company announced it would be expanding its sales and administration office in Paris. This project will lead to the creation of **25** jobs in the Ile-de-France region.

France is one of the leading recipients of Danish investment in Europe. Over 500 Danish companies have a presence in France and there were nearly 20 new projects in 2009.

DANISH COMPANIES IN FRANCE

Over 550 Danish companies have a presence in France, employing over 56,700 people. The number of Danish investment projects, which had been declining sharply since 2005, going from 11, to seven, then five and finally to four projects in 2008, increased significantly in 2009: 18 projects were recorded, creating or maintaining 435 jobs. Denmark thus claimed twelfth spot among foreign investors in France.

Sectors

In 2009, two-thirds of Danish investment projects were concentrated in three sectors: furnishings and household goods (33%, six projects in 2009, versus one in 2007), energy and other concessions (17%, from zero to three projects between 2007 and 2009), and medications and applied biotechnologies (17%, from zero to three projects between 2007 and 2009).

Type of investment

2009 was characterized by a predominance of site creations (72% of projects) and expansions (25%), which when combined accounted for 97% of projects and 70% of jobs created or maintained. Production activity only accounted for 17% of Danish investment projects, whereas production support activities, specifically in the innovation sectors, amounted to 45% of projects.

Regional investment sites

Danish-owned business sites are located throughout the country. In 2009, close to three-quarters of projects (72%) were concentrated in three regions: Nord-Pas-de-Calais (33% of projects), Ile-de-France (28%) and, to a lesser degree, Provence-Alpes-Côte d’Azur (11%).

FRANCE AS A DESTINATION IN EUROPE

There was a relatively similar upswing in Danish projects in Europe and worldwide between 2003 and 2007: an average annual increase of 9% and 7%, respectively. However, starting in 2007, there was less growth in Danish investments in Europe (10% increase) than in the world as a whole (20% increase). Danish companies have an established presence in France. France is the second largest recipient in Europe of Danish investment, attracting 11% of projects in 2009 (27% going to the United Kingdom and 4% to Germany).

GERMANY

KEY FIGURES 2009

FLOW

113

Number of projects

6,256

Number of jobs

STOCK

3,000

Number of sites in France

294,000

Number of employees

€79.41 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED GERMAN INVESTMENT PROJECTS IN FRANCE IN 2009:

- **DAIMLER AG:** Daimler AG chose the *Smart* plant in Hambach, France as the production site for the “Smart ForTwo” electric series, which is expected to go on sale to the public in 2012. This €18 million investment will be used to expand the company which has been in the Lorraine region since 1997, creating **52** new jobs.
- **JUWI GmbH:** expansion of a Juwi ENP research and development center, specializing in designing and engineering solar photovoltaic power plants, by German parent company *Juwi GmbH* in the Provence-Alpes-Côte-d’Azur region. **35** jobs will be created.
- **ENERGIEBAU SAS:** this German company, specializing in photovoltaics, will be building its first foreign subsidiary in the Alsace region. This project will lead to the creation of **80** jobs.
- **BAYER CROPSCIENCE DEUTSCHLAND GMBH:** the German company *CropScience Deutschland GmbH* has decided to develop operations at its subsidiary, which has been in the Rhône-Alpes region since 1954, with the opening in May 2009 of a new plant research laboratory. The group has invested €10 million in the site, creating **20** new jobs.

Germany has climbed to the top of the list of source countries for job-creating foreign direct investment in France. It accounted for 18% of projects in France in 2009 and 21% of jobs created or maintained by foreign companies. German companies are growing strongly in the renewable energy sectors.

GERMAN COMPANIES IN FRANCE

Over 3,000 German companies in France employ approximately 300,000 people. With 113 projects announced in 2009, Germany has replaced the United States as France’s leading investor, contributing 18% of all projects.

Sectors

In 2009, two sectors were especially sought-after by German companies: energy and other concessions (27% of all German projects) and commercial or financial services (14%). German investment in renewable energies, a high-tech growth sector, doubled between 2007 and 2009 to reach 31 projects in 2009. However, there was a marked decline in projects in the metals and metalworking sector and in transport and storage, which fell from 21% of projects in 2007 to only 5% in 2009.

Type of investment

German investment primarily focused on site creations (53% of all German projects in 2009) and expansions (41%). The projects announced by German investors were largely concentrated in production/manufacture/assembly activities (42%) and business-to-business commerce and services (31%).

Regional investment sites

German investment sites are spread throughout the country. The leading host regions in 2009 were Ile-de-France (19% of all projects in France), Rhône-Alpes (18%) and Provence-Alpes-Côte-d’Azur (11%). The growing presence of German investments in the Provence-Alpes-Côte-d’Azur region is a result of a surge in projects in the renewable energy sector, which accounted for 75% of all German projects conducted in this region in 2009.

FRANCE AS A DESTINATION IN EUROPE

In 2009, Germany was the second largest European investor country on the continent. Following steady growth from 2003 to 2007, German projects in Europe have been declining since 2007. In 2009, France was the leading host country for projects from Germany, hosting 18% of all Europe-bound projects (14% going to the United Kingdom, 11% to Russia).

GCC COUNTRIES

KEY FIGURES 2003-2009

FLOW

8

projects between 2003 and 2009

405

Number of jobs between 2003 and 2009

STOCK

50

Number of investment sites in France

26,700

Number of employees

€3.8 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED GCC INVESTMENT PROJECTS IN FRANCE:

- **JETEX FLIGHT SUPPORT (United Arab Emirates):** this Dubai-based airline opened offices in the new business aviation terminal at Le Bourget airport (Ile-de-France), where it created about **40** jobs. JetEX began servicing customers at the end of 2008.
- **SR TECHNICS (United Arab Emirates):** this company specializing in technical and maintenance services for the aerospace industry opened offices at Paris-Orly airport in late 2006. The company now employs about **30** people at the site.

Job-creating investment projects in France from Gulf Cooperation Council countries remain limited. Sixty-five percent of them have come from the United Arab Emirates.

GCC COMPANIES IN FRANCE

Approximately 50 GCC companies have a presence in France, employing over 26,700 people. Eight projects from Qatar, the United Arab Emirates and Kuwait have been recorded since 2003, creating or maintaining 405 jobs.

Sectors

Job-creating investments from GCC countries were found in the sectors of transport and logistics (37.5%), aerospace equipment (27%), electrical, electronic and IT equipment (12.5%), the automotive industry (12.5%) and energy and other concessions (12.5%).

Type of investment

Creations accounted for half the number of projects. The key business activities were sales offices and business services.

Regional investment sites

Three regions were predominant: Ile-de-France (63% of projects), Midi-Pyrénées (25%) and Languedoc-Roussillon (13%).

FRANCE AS A DESTINATION IN EUROPE

Investment projects from GCC countries have been growing by an annual average of 35% in Europe since 2003. Since 2007, growth has been 41% in Europe, versus 19% for the rest of the world. Between 2003 and 2009, France was the tenth largest European recipient of investment from GCC countries and received 4% of Europe-bound projects. The United Kingdom was Europe’s leading recipient with 38% of GCC investment projects.

INDIA

KEY FIGURES 2009

FLOW

10

Number of projects

201

Number of jobs

STOCK

70

Number of investment sites in France

8,000

Number of employees

€363 million

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED INDIAN INVESTMENT PROJECTS IN FRANCE BETWEEN 2003 AND 2009:

- **DURGA ISPAT PVT LTD:** the company opened a metal recycling unit in Rolampont (Champagne-Ardenne region) for export to India, where the waste will be transformed and used in the construction industry. This €1 million investment project involved the creation of **22** jobs.
- **EVEREADY INDUSTRIES INDIA LTD:** located in Bengal, this company specializing in manufacturing electric batteries acquired the bankrupt Uniross Batteries in the Ile-de-France region in 2009. This €10 million acquisition will maintain 50 jobs and create **10** additional jobs.
- **GOBLIN:** this subsidiary unit of Camex Trade Link PVT Ltd. announced that it would create a European design and distribution center for high-end customized gifts. With **15** employees, the Paris office is the company’s first location abroad.

Indian investment projects remain limited in number but showed no signs of a downturn in 2009. France was the third-largest European recipient of Indian investment between 2003 and 2009, where there are currently 70 businesses from India employing close to 8,000 people.

INDIAN COMPANIES IN FRANCE

Seventy Indian companies have a presence in France, employing almost 8,000 people. France is an increasingly attractive destination for Indian companies and investors, with the number of new job-creating investment projects remaining steady in 2009, despite the global economic crisis. Ten projects will generate 201 jobs. In 2009, India was the fifteenth largest foreign investor in France in terms of project numbers, ahead of many developing nations.

Sectors

Between 2003 and 2009, the major sectors for Indian investment reflected India’s economic strengths: software and IT services (36%), consulting, engineering and business services (15%) and electrical, electronic and IT equipment (13%). These sectors accounted for 64% of the projects conducted in France by Indian investors.

Type of investment

Between 2003 and 2009, site creations accounted for 70% of all Indian investment projects in France. These projects were mainly focused on sales offices and business services.

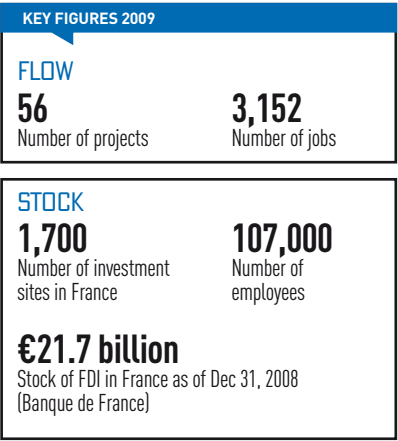
Regional investment sites

Between 2003 and 2009, Ile-de-France hosted 55% of Indian investment projects, followed by the regions of Midi-Pyrénées (9%), Nord-Pas-de-Calais (6%) and Alsace (6%).

FRANCE AS A DESTINATION IN EUROPE

Indian investment projects worldwide grew by an annual average of 5% between 2003 and 2009 (227 projects in 2009 and 173 in 2003). This trend was even more marked in Europe (27 to 73 projects, or an average annual increase of 18%). As of 2009, France has become Europe’s third-largest recipient of Indian investment, after the United Kingdom and Germany, hosting 8% of Europe-bound projects, (10% going to Germany, and 46% to the United Kingdom).

ITALY



- SELECTED ITALIAN INVESTMENT PROJECTS IN FRANCE IN 2009:
- **SORIN GROUP** (3,600 people, including 530 in France) is the largest European company doing business in the cardiovascular sector and one of the global leaders in medical technology development for cardiac surgery. In 2009, Sorin Group decided to significantly step up its CRM (Cardiac Rhythm Management) activity in France. **150** research jobs will be created by 2013.
 - **INDUSTRIE CARTARIE TRONCHETTI S.P.A.:** this Italian multinational specializing in toilet paper manufacture has several production sites in Europe. An investment in France will initially create **150** jobs in Montargis (Centre region).
 - Takeover by **B4 ITALIA** of Metal Temple Aquitaine, specializing in transport and gear construction. This takeover will maintain **216** jobs.

Italian job-creating investment projects in France have seen a strong upturn since 2007. With over 56 new projects in 2009 creating or maintaining 3,152 jobs, France is the leading European recipient of Italian investment.

ITALIAN COMPANIES IN FRANCE

More than 1,700 Italian companies have a presence in France, where they employ over 100,000 people. In 2009, Italy remained the second largest European investor in France, after Germany. The number of Italian investment projects remained virtually unchanged at 56 (55 in 2008), or 9% of all foreign investment projects announced in France in 2009, and will create or maintain 3,152 jobs.

Sectors

In 2009, Italian-owned companies invested in all sectors. Commercial and financial services (13%), chemicals and plastics (11%) and transport, storage, construction (11%) continue to be particularly active. Autogrill and Cremonini, specializing in food services for highways and trains, are expanding.

Type of investment

Italian investments were primarily focused on expansions (48% of projects) and site creations (43%), followed by takeovers (9% of projects), mainly in manufacturing activities. Almost half (46%) of Italian investment projects in 2009 involved production activities, a much more significant share than projects from other investor countries.

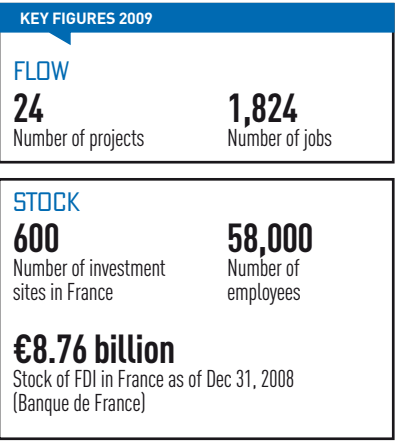
Regional investment sites

Projects from Italy were relatively evenly spread throughout France, but were still concentrated in the regions of Ile-de-France and Rhône-Alpes, which received 25% and 16% of the projects in 2009, respectively.

FRANCE AS A DESTINATION IN EUROPE

Since 2003, the number of Italian projects in Europe has been growing steadily (at an annual average of around 3%) and even more rapidly in France (9%). France is the leading European recipient of Italian projects, hosting 17% of Europe-bound Italian projects (15% going to the United Kingdom and 6% to Germany). The number of Italian projects in France has risen from 25 in 2007 to 56 in 2009.

JAPAN



- SELECTED JAPANESE INVESTMENT PROJECTS IN FRANCE IN 2009:
- **HORIBA:** in September 2009, this Japanese group specializing in applied measurement and analysis systems for industry and research announced an investment in its European headquarters on the Saclay Plateau (Ile-de-France) creating **40** jobs. This head office for the group's holding company in Europe will oversee Horiba activities in France, Germany, Austria, Italy, Poland and the United Kingdom. The creation of these headquarters occurred in tandem with a decision to develop the group's R&D center through an initial investment of €20 million.
 - **NESS CORPORATION:** specializing in childcare services, this Tokyo-based company chose to open its first European facility in Paris. Its French subsidiary, created in April 2009, will initially provide childcare services in homes and at daycare centers in Paris, where **35** jobs will be created over three years.
 - **FAST RETAILING:** one of the largest retail clothing groups in the world, and owner of several brands, including Uniqlo and Princesse Tam-Tam, opened a store in October 2009 in the Opéra district of Paris, where it employs **200** people.

Japanese businesses have a long-established and diverse presence in France. The number of new Japanese job-creating projects fell in 2009, but Japan remains one of the top ten investors in France.

JAPANESE COMPANIES IN FRANCE

With 24 new investment projects and over 1,800 jobs created in 2009, following 33 projects and 1,100 jobs in 2008, Japan was ranked ninth among foreign investors in France. There are currently 600 subsidiaries of Japanese groups in France, employing approximately 58,000 people.

Sectors

In 2009, Japanese investments in France were focused on the services (21%) and electronics (13%) sectors, followed by the automotive industry (8%), medications and applied biotechnologies (8%), medical/surgical equipment (8%), textiles (8%), health and cosmetics (8%) and energy and other concessions (8%). The global economic crisis has caused a sharp average annual decline in Japanese investment projects in the automotive industry of around 60% since 2007. Projects in the manufacturing sector experienced a generalized downturn in favor of service activities.

Type of investment

Japanese investments in 2009 were concentrated in site creations, which accounted for 63% of projects and 73% of Japanese jobs created in France. Expansions accounted for 33% of projects and 25% of jobs created. An analysis of investments by business activity reveals the significance of service activities: decision-making centers, business-to-business and business-to-consumer commerce and services combined accounted for 83% of projects and 92% of jobs created.

Regional investment sites

Japanese investment projects were mostly found in the regions of Ile-de-France (63%), Rhône-Alpes (17%) and Provence-Alpes-Côte-d'Azur (13%), which hosted 92% of the projects decided upon in 2009.

FRANCE AS A DESTINATION IN EUROPE

Japanese investment projects in Europe, which had been growing steadily since 2003 (average annual increase of around 6%), have fallen considerably since 2007 (down 25%). France has not avoided the effects of this trend, but the downturn has not been as severe (average annual decrease of 15% since 2007). France has been the second largest European recipient after the United Kingdom of job-creating investments from Japan since 2003, attracting 14% of Europe-bound projects.

NETHERLANDS

KEY FIGURES 2009

FLOW

30

Number of projects

1,253

Number of jobs

STOCK

2,500

Number of investment sites in France

392,600

Number of employees

€101.5 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

- SELECTED DUTCH INVESTMENT PROJECTS IN FRANCE IN 2009:
- **THOMSON TELECOM:** takeover of Thomson Telecom, specializing in multimedia content identification, by the Dutch group Civolution BV. This takeover in the Bretagne (Brittany) region will lead to **30** jobs being maintained.
 - **VENDOR SARL:** this Dutch company specializing in developing and marketing toilet hygiene solutions announced it would create a subsidiary in the Nord-Pas-de-Calais region. This project will lead to the creation of **10** jobs.
 - **NUCLETRON BV:** this Dutch company specializing in radiotherapy has had a presence in the French market for over 10 years and intends to expand its operations in the Ile-de-France region. This expansion project is due to create **10** jobs.

Dutch companies have a substantial presence in France, where 30 new investment projects were recorded in 2009.

DUTCH COMPANIES IN FRANCE

2,500 Dutch companies have a presence in France, employing 392,600 people. In 2009, the Netherlands was the eighth-largest foreign investor in France. At the same time, the number of projects (30) returned to 2007 levels, creating or maintaining 1,253 jobs.

Sectors

In 2009, three sectors accounted for nearly half of all investment projects: furnishings and household goods (20%), energy and other concessions (17%) and textiles and clothing (10%). There was an increasing number of projects in the energy sector (five projects in 2009, versus one in 2006).

Type of investment

2009 was characterized by a predominance of site creations, which accounted for 80% of projects and 66% of jobs created or maintained. Over half of all projects involved business-to-business or business-to-consumer commerce and services, notably with new retail outlets in furnishings and household goods as well as textiles and clothing.

Regional investment sites

Dutch-owned business sites are present throughout France. The primary host regions in 2009 were Ile-de-France (37% of projects) and Aquitaine (13%), which when combined received half of all new projects.

FRANCE AS A DESTINATION IN EUROPE

Projects from the Netherlands increased by an annual average of 7% between 2003 and 2009 and have accelerated further since 2007. Europe has also received a growing number of projects since 2003 (up by an annual average of 9%), with a slight downturn since 2007 (average annual increase of only 5%). In 2009, France was the leading recipient of Dutch projects in Europe. It received 19% of Dutch Europe-bound projects, followed by Germany (16%) and the United Kingdom (12%).

RUSSIA

KEY FIGURES 2009

FLOW

2

Number of projects

78

Number of jobs

STOCK

20

Number of investment sites in France

3,000

Number of employees

€1 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

- SELECTED RUSSIAN INVESTMENT PROJECTS IN FRANCE IN 2008-2009:
- **DR WEB LTD:** in 2008, this Russian publisher of IT security solutions (anti-virus, spam protection, etc.) decided to open a sales office in Courbevoie (Ile-de-France), creating **20** jobs.

The volume of Russian job-creating investment in France remains limited, despite the size of the Russian economy.

RUSSIAN COMPANIES IN FRANCE

Although some of its companies have become multinationals, Russia is not among the largest foreign investors and the number of Russian businesses in France remains very limited. Since 2003, there have only been 10 Russian investment projects recorded in France, which have created or maintained 735 jobs. In 2009, Russia was the 28th largest foreign investor in France in terms of project numbers.

Sectors

Between 2003 and 2009, the two key sectors for Russian investment in France were other commercial or financial services (27% of projects) and the combined sector of glass, ceramics, minerals, wood, paper and publishing (18%). Russian projects recorded in 2009 were in the hotels and chemicals sectors.

Type of investment

Job-creating investments from Russia were mainly concentrated in site creations, which accounted for 55% of projects, followed by takeovers and expansions (27% and 18%, respectively). In 2009, the two operations recorded were creations.

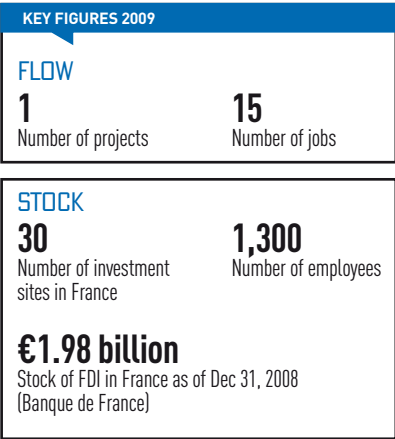
Regional investment sites

Russian-owned businesses are primarily found in the Ile-de-France region (55% of investment projects in France between 2003 and 2009). They are also located in the regions of Haute-Normandie and Provence-Alpes-Côte-d'Azur.

FRANCE AS A DESTINATION IN EUROPE

The number of Europe-bound Russian projects, which had been growing at an annual average of 4% between 2003 and 2007 before the global economic crisis hit, has since experienced an average annual decline of about 15%. Europe is one of the primary recipients of job-creating Russian investments, receiving 66 projects since 2003. In 2009, France was the eighth largest recipient of Russian investment in Europe. It hosted 3% of Europe-bound projects (17% going to Germany and 6% to the United Kingdom).

SINGAPORE



SELECTED SINGAPOREAN INVESTMENT PROJECTS IN FRANCE:

- **CASSIS INTERNATIONAL PTE LTD:** this company specializing in secure electronic payment software has chosen to open its European headquarters in the Provence-Alpes-Côte-d’Azur region. This project will lead to the creation of about **15** jobs.
- **MEDIPURPOSE PTE LTD:** this company created a subsidiary in 2006 specializing in the manufacture and marketing of medical safety devices to protect health workers from injuries caused through work with pointed and sharp objects. The company currently employs about **10** people in Vésinet (Ile-de-France).

The number of Singaporean businesses in France remains limited at a time when a growing number of companies from this country are globalizing their operations.

SINGAPOREAN COMPANIES IN FRANCE

Despite rapid industrialization, Singapore’s globalization is a relatively recent phenomenon. Singaporean investment in France remains limited. The first significant operations began at the end of the 1990s. About 30 companies now have a presence in France, employing over 1,300 people. Between 2003 and 2009, only three projects were recorded, which led to 101 jobs being created or maintained.

Sectors

Since 2003, investments from Singapore have primarily been focused on the electrical, electronics and IT equipment sector, which has accounted for two-thirds of the projects.

Type of investment

In the same period, two site creations and one takeover were recorded. The contribution of Singaporean investments to employment in France has been limited until now and the Singaporean presence in the country mostly involves investments by the GIC (Government Investment Corporation) sovereign wealth fund in real estate, and Temasek through the purchase of shares in a variety of French companies.

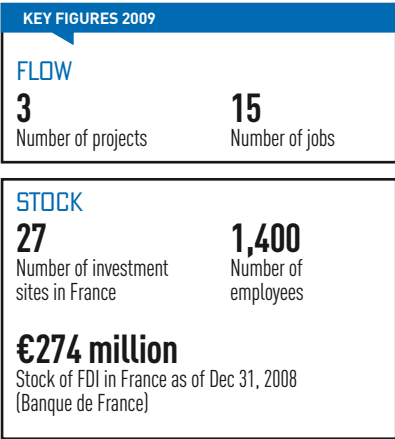
Regional investment sites

Singaporean investors have a presence in Ile-de-France, Provence-Alpes-Côte-d’Azur and Pays-de-la-Loire.

FRANCE AS A DESTINATION IN EUROPE

Investment projects from Singapore grew by an annual average of 4% around the world in 2009, and by 11% between 2003 and 2009. The global economic crisis prompted major Singaporean groups to refocus their globalization strategy in 2009 on Asia, which received 74% of outward Singaporean investments. The share of these projects going to European countries is low, at about 10%. France received less than 10%, with 21% going to the United Kingdom and 6% to Germany.

SOUTH KOREA



SELECTED SOUTH KOREAN INVESTMENT PROJECTS IN FRANCE IN 2009:

- **WOO YOUNG MEDICAL:** this South Korean SME, specializing in manufacturing infusion systems, chose to open its first international subsidiary in Asnières-sur-Seine (Ile-de-France). The office will create **10** jobs.
- **CHEIL WORLDWIDE:** owned by Samsung Electronics, this company is South Korea’s largest communications and marketing agency. It opened an office that will employ **10** people in Saint-Denis (Ile-de-France).

Despite South Korea’s economic prowess and technological potential, the number of South Korean investments in France still remains limited.

SOUTH KOREAN COMPANIES IN FRANCE

Nearly 30 South Korean companies have a presence in France, employing over 1,400 people. In 2009, South Korea was ranked 22nd among foreign investors in France. Since 2003, there have been 24 investment projects from South Korea, which have led to 764 jobs being created or maintained.

Sectors

Between 2003 and 2008, South Korean investment projects spanned a large number of sectors. However, half of the projects were in the sectors of electrical, electronic and IT equipment (17%), electronic goods (13%), medical/surgical equipment and devices (10%) and perfumes and cosmetics (10%).

In 2009, there were three South Korean projects in medical/surgical equipment and devices, commercial and financial services, and transport.

Type of investment

In 2009, two site creations and one expansion were recorded. South Korean investors prefer creations as a way to enter the French market (73% of projects since 2003). Between 2003 and 2009, business-to-business commerce and services and production activity accounted for 50% and 20%, respectively, of all South Korean investment projects in France. In 2009, the three projects were all in service activities.

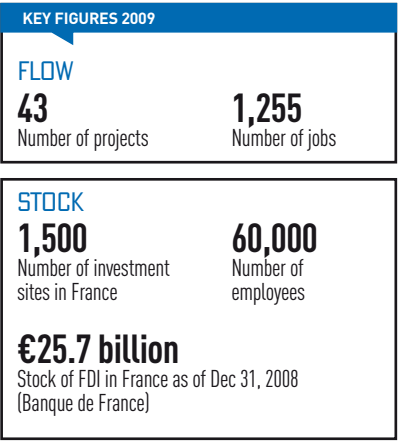
Regional investment sites

There are a large number of South Korean-owned investment sites in Ile-de-France, which has received half of all projects since 2003. In 2009, there were two investment projects in Ile-de-France and one in Rhône-Alpes.

FRANCE AS A DESTINATION IN EUROPE

Between 2003 and 2009, job-creating investment projects by South Korean companies rose steadily by an annual average of 3% worldwide. Similarly, the number of Europe-bound projects grew until 2007, before an average annual decline of 28% set in. The number of South Korean projects launched each year in France has remained stable since 2003. In Europe, France was the eighth largest recipient of South Korean investments in 2009, attracting 11% of projects (12% going to Germany and 12% to the United Kingdom).

SPAIN



- SELECTED SPANISH INVESTMENT PROJECTS IN FRANCE IN 2009:
- **KAIKU CORPORACION ALIMENTARIA:** in 2009, this Basque-Spanish cooperative dairy group bought a 50% stake in the 3A Coop Group's Toulouse production site (Midi-Pyrénées), which was threatened with closure. The two partners decided to invest €18 million, since then this French-Spanish partnership has kept the site open, saving **200** jobs and creating **60** additional jobs.
 - **INGETEAM ENERGY,** a Spanish group specializing in electrical engineering, has announced it is creating a sales office in Toulouse (Midi-Pyrénées) and a service division that will oversee the installation and maintenance of solar photovoltaic farms. This €5 million investment is expected to create about **60** jobs.
 - **DERBY HOTELES** opened a 4-star hotel in March 2009. This €75 million investment in the Ile-de-France region is expected to create **80** jobs.

The volume of Spanish job-creating investment in France is on the rise. With 43 new projects, Spain became the fourth largest investor in France in 2009.

SPANISH COMPANIES IN FRANCE

Over 1,500 Spanish-owned companies have a presence in France, where they employ nearly 60,000 people. Spanish investments in France have been significantly increasing since 2007 (average annual increase of 22%). In 2009, Spain leapfrogged the United Kingdom and climbed into fourth position among investors in France. Spanish companies announced 43 job-creating investment projects (or 7% of the projects received in France) which will create or maintain 1,255 jobs.

Sectors

In 2009, over two-thirds (69%) of Spanish investment projects were focused on three business sectors: textiles and clothing (37% of projects), energy and other concessions (21%) and commercial or financial services (12%). Growth was especially strong in the energy sector (9 projects in 2009, versus 2 in 2007) as well as in textiles, specifically due to the opening of several Mango stores throughout France (over 15 sites in 2009).

Type of investment

Spanish investment is largely concentrated in site creations, which have experienced solid growth since 2007. They accounted for 88% of the projects in 2009, versus 48% in 2006. An analysis by business activity shows that Spanish projects in France were primarily focused on service activities. Nevertheless, production activities remained stable and accounted for 24% of the projects in 2009.

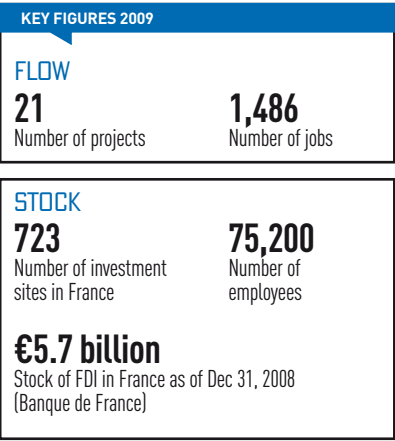
Regional investment sites

In 2009, four regions hosted nearly two-thirds of all Spanish projects in France: Midi-Pyrénées (21%), Ile-de-France (17%), Rhône-Alpes (14%) and Languedoc-Roussillon (12%).

FRANCE AS A DESTINATION IN EUROPE

Despite the global economic crisis, the number of Spanish investment projects worldwide is rising (average annual increase of 13% since 2007), as it is in Europe (up 6%). In 2009, Spain's 274 projects made it the fourth largest European investor in Europe, after Germany, France and the United Kingdom. The growth in France-bound Spanish projects is higher than anywhere else, with an average annual increase of 22% since 2007. In 2009, France was the third-largest European recipient of Spanish projects, hosting 11% of Europe-bound projects.

SWEDEN



- SELECTED SWEDISH INVESTMENT PROJECTS IN FRANCE IN 2009:
- **IKEA:** two new stores opened in France, one in Thillois (Champagne-Ardenne), and one in Vedène, near Avignon (Provence-Alpes-Côte d'Azur). **350** and **300** jobs were created, respectively.
 - **WAYGROUP EUROPE AB:** this company specializing in software development chose Provence-Alpes-Côte-d'Azur and the Sophia Antipolis technology park to create its European R&D center. The site is expected to employ **20** workers.
 - **ALFA LAVAL,** a company specializing in heat transfer and fluid separation/transfer, announced it was expanding its facility in Chalon-sur-Saône in Bourgogne (Burgundy), leading to the creation of **20** additional jobs.

France was Europe's second largest recipient of Swedish investment in 2009, receiving over 10% of projects. The number of Swedish projects in France remained stable after a decline in 2008.

SWEDISH COMPANIES IN FRANCE

More than 700 Swedish companies have a presence in France, employing over 75,000 people. Twenty-one investment projects were announced in 2009, a similar number to 2008 (22), creating or maintaining 1,486 jobs (versus 1,214 in 2008). In 2009, Sweden was the tenth-largest foreign investor in France.

Sectors

In 2009, there was a surge in projects in the textiles and clothing sector (29% of projects) thanks to six new H&M outlets. By order of descending size, there were also projects in the furnishings and household goods sector (14%), commercial or financial services (14%), the automotive industry (10%), software and IT services (10%) and machinery and mechanical equipment (10%).

Type of investment

2009 was characterized by a high number of site creations (76%). Along with expansions (19%), they accounted for 95% of projects, but only 65% of jobs created or maintained due to a takeover in the automotive industry that maintained 520 jobs in the Rhône-Alpes region. Among service activities, retail outlets accounted for 48% of projects. Swedish investments in production activities (10% of projects) dropped off considerably, with two projects in 2009, versus 14 in 2007.

Regional investment sites

Swedish companies have a presence in all of France's regions. In 2009, investment from Sweden was concentrated in the regions of Ile-de-France (19%), Rhône-Alpes (14%), Midi-Pyrénées (14%), Haute-Normandie (10%) and Provence-Alpes-Côte-d'Azur (10%).

FRANCE AS A DESTINATION IN EUROPE

Between 2003 and 2007, the number of Swedish job-creating investment projects increased, with more growth in Europe-bound projects than in other regions of the world. Since 2007, there has been a noticeable average annual decline (of around 6%) in these investments in Europe. France was the second largest recipient in Europe of job-creating investments from Sweden in 2009, attracting 12% of all European projects (17% going to the United Kingdom and 9% to Germany).

SWITZERLAND

KEY FIGURES 2009

FLOW

35

Number of projects

1,741

Number of jobs

STOCK

1,600

Number of investment sites in France

169,000

Number of employees

€41.8 billion

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED SWISS INVESTMENT PROJECTS IN FRANCE IN 2009:

- **SCHILLINGER:** this family-owned Swiss company took over the Alsatian sawmill Klenk Holz France SAS in Volgelsheim in the Alsace region, which had been in receivership since the end of March 2009. This operation protected **120** jobs.
- **NOVARTIS:** in October 2009, Novartis France, a subsidiary of the Swiss pharmaceutical group, announced its decision to open its third international oncology clinical research cluster in the Ile-de-France region. In addition to a €20 million investment and the creation of over **50** clinical research jobs over the next three years, this structure will help strengthen research partnerships between French players, such as innovation clusters, research laboratories and hospitals specializing in oncology.
- **MÜLLER SA:** founded in 1980, this company manufactures high-end automatic wood-burning furnaces. It created a new facility in Soultz (Alsace) that will employ about **10** people.

Swiss companies have a proven interest in the French market, where they continue to actively invest. Switzerland is ranked sixth among job-creating foreign investors in France.

SWISS COMPANIES IN FRANCE

1,600 Swiss companies have a presence in France, employing 169,000 people. In 2009, Switzerland climbed into sixth place among foreign investors in France, with 35 projects creating or maintaining 1,741 jobs. The number of Swiss investment projects has seen solid growth since 2007 (average annual increase of 23%).

Sectors

In 2009, one-third of Swiss projects were made in two sectors: agri-food (14%) and medications and applied biotechnologies (17%). There was some volume of projects in technology-based activities, with the noteworthy creation and expansion of a Novartis research and development center.

Type of investment

In 2009, there was predominance of site creations (49%) and expansions (41%), which when combined accounted for 90% of projects and 49% of jobs created or maintained. Takeovers accounted for only 10% of projects, but 51% of jobs created or maintained; this was due to acquisitions of production facilities and a large decision-making center.

Regional investment sites

Swiss-owned investment sites exist throughout France. In 2009, two-thirds of Swiss investment projects were concentrated in three regions: Ile-de-France (29%), where the number of projects went from 2 in 2007 to 10 in 2009, Alsace (20%) and Rhône-Alpes (17%).

FRANCE AS A DESTINATION IN EUROPE

Following a period of steady growth between 2003 and 2007 around the world and in Europe (average annual growth of 19% and 21%, respectively), Swiss foreign investment projects declined by an annual average of 8% and 3% , respectively, in 2008 and 2009. However, Swiss investment in France remained very dynamic. The number of investments has increased by an annual average of 23% since 2007. In 2009, France was the leading recipient in Europe of Swiss projects, attracting nearly one quarter (22%) of projects (14% going to Germany and 13% to the United Kingdom).

TURKEY

KEY FIGURES 2003-2009

FLOW

6

Number of projects between 2003 and 2009

465

Number of jobs between 2003 and 2009

STOCK

30

Number of investment sites in France

800

Number of employees

€878 million

Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED TURKISH INVESTMENT PROJECTS IN FRANCE BETWEEN 2003 AND 2009:

- **ORHAN HOLDING:** this family-owned group employing over 4,000 people conducts a large part of its business in the automotive industry. It acquired Nobel Plastiques in 2007, a company specializing in manufacturing brake lines (fuel, water, brake fluid or power steering) for automobiles. The site employs **460** people in Vitry-le-François (Champagne-Ardenne).
- **ZORLU HOLDING:** one of the largest Turkish groups, with a wide array of business lines (home appliances, energy, textiles, financial services, electronics), this conglomerate has a presence in France through Vestel France. The company has a market share of over 15% in the French television set retail market (for brands like Sharp, Mitsubishi, Hitachi and Sanyo) and a 25% share in satellite receivers. It employs nearly **30** people in France.

Six investment projects have been recorded since 2003.

TURKISH COMPANIES IN FRANCE

Although trade between France and Turkey is improving, only six job-creating investment projects were recorded in France between 2003 and 2009. The global economic crisis has been taking a heavy toll on Turkish FDI outflows, which were significantly down in 2009 compared with 2008.

Sectors

The leading sector for Turkish investments has been textiles and clothing (50%), followed by the chemicals sector (17%), machinery and mechanical equipment (17%) and glass and ceramics (17%).

Type of investment

Since 2003, three takeovers of ailing sites in the textiles sector and three site creations have been recorded. Turkish investment is relatively evenly distributed between the business activities of production, business-to-business commerce and services, and logistics.

Regional investment sites

Alsace has hosted 50% of investment projects from Turkish companies, followed by the regions of Ile-de-France (17%) and Provence-Alpes-Côte-d’Azur (17%).

FRANCE AS A DESTINATION IN EUROPE

While Europe is Turkey’s leading trade partner, it remains a new destination for Turkish investors. The number of Turkish investment projects worldwide, which had been falling steadily between 2003 and 2007 (average annual decline of 27%), has surged 36% since then. There was a similar drop for Europe-bound projects (down 25% between 2003 and 2007), but there has been less growth in investment projects since 2008 (13%).

Since 2003, France has been the seventh largest recipient in Europe of Turkish investment, hosting 3% of the Europe-bound projects from Turkish companies.

UNITED KINGDOM

KEY FIGURES 2009

FLOW

39
Number of projects

1,201
Number of jobs

STOCK

2,350
Number of investment sites in France

255,000
Number of employees

€101.24 billion
Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED BRITISH INVESTMENT PROJECTS IN FRANCE IN 2009:

- **ICERA SEMICONDUCTORS INC.:** a British semiconductor company and a leader in 3G/HSDPA modem chipsets, Icera decided to step up its R&D activities on technical specifications for the upcoming 4G mobile network standard at its Sophia Antipolis site (Provence-Alpes-Côte-d’Azur). In December 2009, the company announced it will be hiring 50 mobile communications engineers over the next three years.
- **ALGENTECH LTD.,** developer of innovative processes for gene targeting and chloroplast transformation in plants, will be creating an R&D center in plant genomics. 10 jobs will be created at the Génopole d’Evry biotechnology park and facilities at the French National Institute for Agricultural Research (INRA) in Versailles (Ile-de-France).
- **REED IN PARTNERSHIP,** a recruitment agency specializing in finding work for long-term jobseekers, has announced it will be opening an office in Lille (Nord-Pas-de-Calais) to tap into the northern half of France. 20 jobs created.

France is the leading recipient of British investment in Europe. Since 2000, more than 520 projects confirmed by British businesses have helped to create or maintain over 24,000 jobs.

BRITISH COMPANIES IN FRANCE

With 39 new investment projects and 1,201 new jobs created, the United Kingdom was the third-largest European investor in France in 2009, after Germany and Italy.

Sectors

Nearly half of all projects were in the sectors of commercial and financial services (33%) and software and IT services (15%). Other leading sectors were the automotive industry (8%), and consulting, engineering and business services (8% versus 17% in 2007).

Type of investment

British investment in 2009 was concentrated in site creations, which accounted for 75% of investment projects and 68% of British jobs in France. Expansions accounted for 15% of all projects and 16% of jobs created, while takeovers accounted for 10% of projects and 17% of jobs created or maintained. An analysis of investment by business activity reveals the dominance of the services sector: decision-making centers, business-to-business and business-to-consumer commerce and services accounted for 70% of all projects. The drop in the number of projects in production activities continued and only accounted for 13% of the projects in 2009, versus 20% in 2007.

Regional investment sites

British investments in 2009 were spread throughout nearly a dozen regions, including Nord-Pas-de-Calais (8%), Alsace (8%), Haute-Normandie (8%) and Provence-Alpes-Côte-d’Azur (8%), but were primarily concentrated in Ile-de-France, which hosted 40% of the projects.

FRANCE AS A DESTINATION IN EUROPE

British investment projects abroad have been rising steadily since 2003, but took a downward turn in 2007. The United Kingdom is the third largest investor in Europe, after Germany and France. Following a period of steady growth between 2003 and 2006, the number of British job-creating investment projects in France has been declining sharply since 2007, by an annual average of around 25%. Nevertheless, France remained the leading European host country for British projects in 2009.

UNITED STATES OF AMERICA

Since 2000, American companies have conducted 1,440 investment operations in France, accounting for a quarter of all inward job-creating investment over the last decade. The United States has historically been France’s leading investor, but conceded top spot in 2009 to Germany.

AMERICAN COMPANIES IN FRANCE

Over 4,200 American companies have a presence in France where they employ approximately 770,000 people, almost half of whom work in the manufacturing industry. With 106 projects announced in 2009 (versus 121 in 2008 and 133 in 2007) the United States conceded its position as the leading investor in France.

Sectors

The drop in the number of American projects in France (down 12% from 2008) is impacting service activities, particularly in the sectors of commercial and financial services, software and IT services as well as consulting, engineering and business services. There are signs that investments are growing in manufacturing activities, particularly in the electronic components sector and electrical, electronic and IT equipment.

Type of investment

The number of site creations remains stable and predominant, accounting for 58% of all foreign creation projects in 2009. In the last few years, service projects have been on the rise. Centers for decision-making, business-to-business commerce and services, research and development and engineering thereby made up 53% of the American investment projects in 2009.

Regional investment sites

Two-thirds of the American investment projects in 2009 were concentrated in three regions: Ile-de-France, with over one-third (36%) of American projects, Rhône-Alpes (17%) and Provence-Alpes-Côte-d’Azur (11%).

FRANCE AS A DESTINATION IN EUROPE

American investment projects worldwide declined by 8% compared with 2008, while Europe-bound projects were down 20%. Nevertheless, the United States remained the leading investor in Europe in 2009. France was the second largest recipient of American projects after the United Kingdom. It received 13% of Europe-bound job-creating investment from American companies (35% going to the United Kingdom, 10% to Germany).

KEY FIGURES 2009

FLOW

106
Number of projects

5,580
Number of jobs

STOCK

4,203
Number of investment sites in France

768,695
Number of employees

€82.08 billion
Stock of FDI in France as of Dec 31, 2008 (Banque de France)

SELECTED AMERICAN INVESTMENT PROJECTS IN FRANCE IN 2009

- **FIRST SOLAR:** announced in December 2009 that it would build France’s largest solar panel manufacturing plant in Blanquefort (Aquitaine) in partnership with EDF Energies Nouvelles. This €75 million investment, excluding property costs, will initially create 375 to 400 jobs.
- **INTERNATIONAL BUSINESS MACHINES CORPORATION:** decided to create a data center for its clients Crédit du Nord and Société Générale in the Nord-Pas-de-Calais region, which will lead to the creation of 10 jobs.
- **RESEARCH PHARMA SERVICES:** expansion through takeover of Therapharm Recherches by the American company *Research Pharma Services*, in the Ile-de-France region, which will become its European head offices for business development in the rest of Europe, Northern Africa, the Middle East and South Africa. After investing some €20 million in this buyout operation, *Research Pharma Services* estimates it will need to invest an additional €10 million to expand its French subsidiary. The project will create 100 jobs.



3

THE CONTRIBUTION OF FOREIGN INVESTMENT TO THE FRENCH ECONOMY

56 THE CONTRIBUTION OF JOB-CREATING FOREIGN INVESTMENT IN FRANCE

60 INCREASING NUMBERS OF FOREIGN BUSINESSES IN INNOVATION CLUSTERS

62 THE CONTRIBUTION OF FOREIGN GROUPS TO REGIONAL ECONOMIC DEVELOPMENT

The contribution of job-creating foreign investment in France

France is a country that has largely embraced globalization. As a crossroads destination for foreign direct investment, France is one of the world's leading countries in terms of inward and outward direct investment flows. Nearly 30,000 French companies have a presence abroad, and more than 20,000 foreign companies have already invested in France. According to an annual study conducted by Ernst & Young, France was also Europe's second largest recipient of job-creating foreign investment projects in 2008.

THE INTERNATIONALIZATION OF THE FRENCH ECONOMY: KEY FIGURES

France is one of Europe's leading recipients of foreign direct investment as a share of gross domestic product.

Inward FDI stock as a percentage of GDP (OECD data, 2009):

- Spain: 40%
- United Kingdom: 37%
- **France: 35%**
- Germany: 25%
- United States: 18%
- Italy: 15%
- Japan: 14%

■ **France is a crossroads destination for international investment (OECD, 2009):**

→ In 2008, France was the world's second leading recipient of inward FDI flows (US \$97 billion) and the second largest outward investor (US \$199 billion).

■ **The French economy welcomes foreign investment.**

According to data from the French National Institute for Statistics and Economic Studies (INSEE), **foreign industrial subsidiaries:**

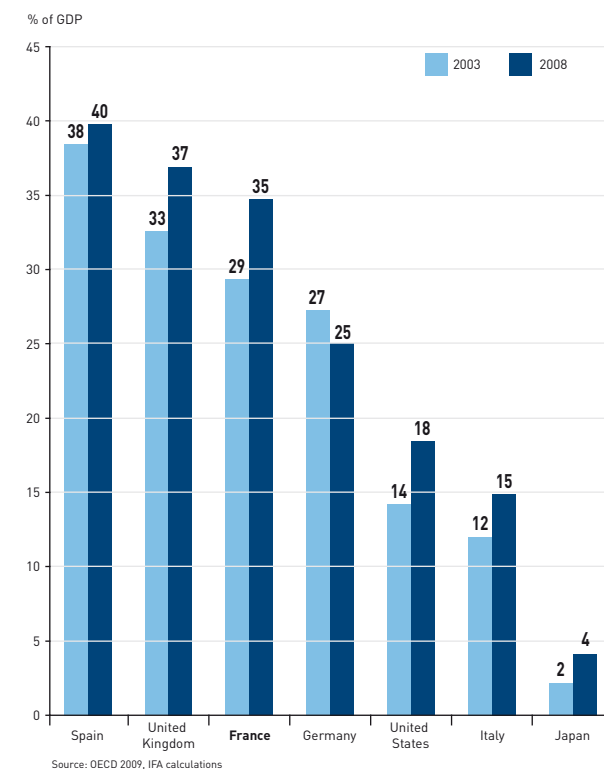
- provide jobs for **25%** of the industrial workforce in France;
- generate **30%** of the turnover of all French industry;
- generate **38%** of all French manufacturing exports;
- account for **17%** of investment in tangible assets in French industry.

■ **39.2% of the equity of French CAC 40 companies is owned by foreign investors** (Banque de France, April 2009).

■ **R&D at foreign subsidiaries in France accounts for 20% of all R&D spending in France** (French Ministry for Higher Education and Research - MENESR, 2009).

An analysis of FDI stock provides a more reliable indication of the extent of France's internationalization. Foreign direct investment in France accounts for more than one-third of the country's national wealth (35% of GDP), which is in line with the United Kingdom (37%), higher than in Germany (25%) and around double that in the United States (18%) and Italy (15%).

INWARD FDI STOCK



FOREIGN COMPANIES MAKE AN IMPORTANT CONTRIBUTION TO EMPLOYMENT IN FRANCE

At the end of 2007, the French National Institute for Statistics and Economic Studies (INSEE) recorded 20,111 foreign subsidiaries in France, employing 2.04 million people, or 13.4% of the workforce outside the financial and government sectors (approximately one in seven employees), which is lower than the rate in the United Kingdom (16%) but higher than in Germany (9%).

AMERICAN AND EUROPEAN COMPANIES ARE KEY CONTRIBUTORS

By late 2007, French subsidiaries of European and American companies employed more than 90% of all people working for foreign groups in France. The United States is France's biggest investor in terms of job numbers: 480,000 people work for American groups, which corresponds to nearly 25% of all jobs at foreign-owned subsidiaries.

The United Kingdom tops the list of European employers in France, with Germany following close behind. British and German groups employ 333,500 and 332,280 people respectively, which when combined corresponds to nearly one-third of all jobs at foreign-owned subsidiaries. Japan is the leading Asian employer in France, with Japanese groups providing employment for 54,160 people (or 2.7% of all jobs at foreign-owned subsidiaries). The contribution to employment made by major emerging countries (Brazil, Russia, India, China) remains limited (approximately 1% of all jobs at foreign-owned companies), with China ranking sixteenth.

FOREIGN GROUPS IN FRANCE ARE LARGER THAN THE AVERAGE FRENCH COMPANY

On average, French companies have five employees, whereas foreign subsidiaries employ 101 people. Fifty-five percent of jobs with foreign subsidiaries are at organizations with 500 or more employees.

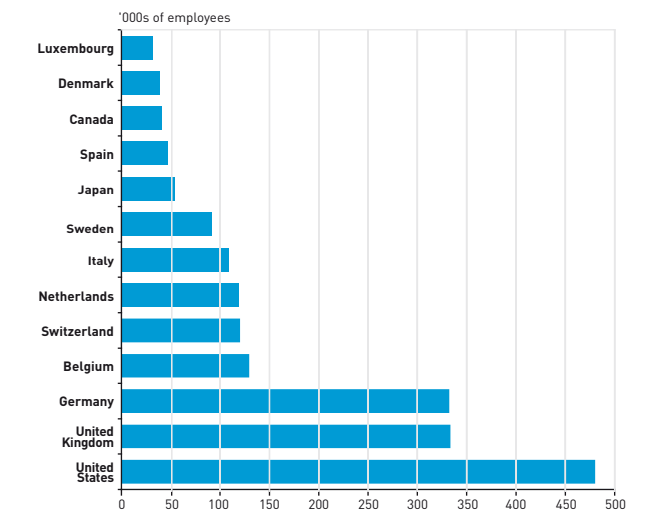
FOREIGN SUBSIDIARIES ARE HEAVILY CONCENTRATED IN THE ILE-DE-FRANCE (PARIS) REGION

The Ile-de-France, Rhône-Alpes and Nord-Pas-de-Calais regions combined account for more than two-thirds of all jobs at foreign-owned companies in France. Forty-nine percent of foreign subsidiaries in France are located in the Ile-de-France, where they provide 52.5% of jobs at foreign-owned subsidiaries.

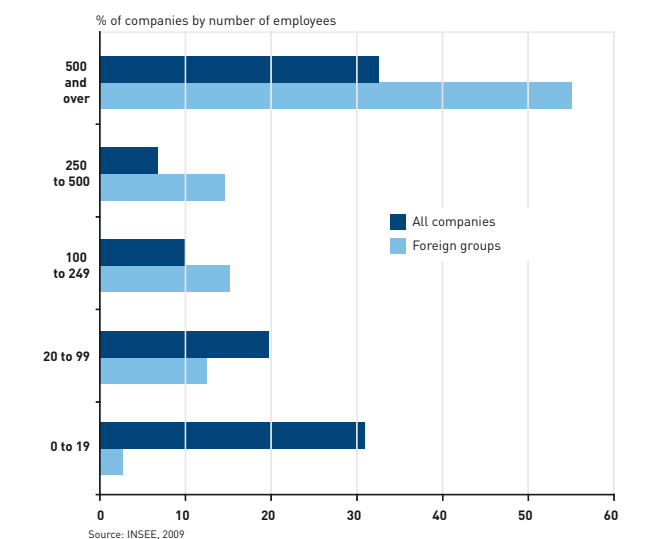
METHODOLOGY

The contribution made by foreign subsidiaries to the French economy has been measured using INSEE data on foreign-owned resident company employment, turnover, investment in tangible assets and foreign trade for the year 2007 (last year available). Data are drawn from the Financial Links Between Companies Survey (LIFI, INSEE⁽¹⁾) and the Unified Business Statistics System (SUSE)

LEADING SOURCE COUNTRIES OF FOREIGN GROUPS IN 2007



SIZE OF COMPANIES



BREAKDOWN OF FOREIGN SUBSIDIARIES BY REGION ⁽²⁾ (% OF TOTAL FOREIGN BUSINESS PRESENCE IN THE FRENCH ECONOMY)

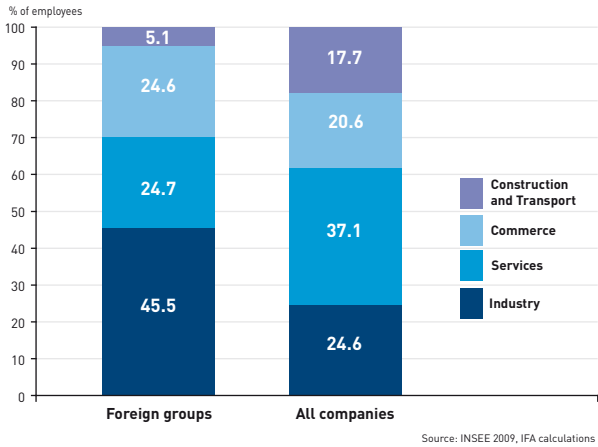
	Number of legal entities	Number of employees	Turnover	Export turnover	Investment in tangible assets
Ile-de-France (Paris region)	49.0	52.5	60.6	52.3	57.0
Rhône-Alpes	10.0	9.8	8.7	10.3	6.8
Nord-Pas-de-Calais	5.7	5.4	4.4	4.5	3.4
Provence-Alpes-Côte-d'Azur	4.7	3.3	2.8	3.6	4.6
Alsace	4.1	4.6	3.6	4.1	1.7
Lorraine	2.6	2.5	1.8	2.8	1.5
Pays-de-la-Loire	2.6	2.8	1.9	2.3	2.7
Aquitaine	2.5	1.5	1.2	1.4	2.6
Centre	2.5	2.7	2.0	1.9	1.6
Picardie	2.1	1.9	2.3	1.9	1.5
Midi-Pyrénées	1.9	2.0	2.7	6.2	2.0
Haute-Normandie	1.7	1.9	1.7	1.5	1.8
Bourgogne (Burgundy)	1.6	1.7	1.2	1.6	1.3
Languedoc-Roussillon	1.5	0.9	1.1	0.8	1.6
Bretagne (Brittany)	1.5	1.4	0.9	1.1	2.3
Champagne-Ardenne	1.5	1.2	0.8	0.8	1.0
Poitou-Charentes	1.0	0.9	0.6	0.7	1.3
Franche-Comté	0.9	0.8	0.6	1.2	0.8
Réunion	0.8	0.3	0.3	0.0	0.6
Auvergne	0.7	0.5	0.3	0.2	0.9
Basse-Normandie	0.7	0.8	0.4	0.7	1.3
Limousin	0.4	0.5	0.3	0.3	0.4
Total	100	100	100	100	100

Source: INSEE 2009, IFA calculations. Key: The Rhône-Alpes region is the source of 10.3% of the export turnover generated by foreign companies in France.

SOLID CONTRIBUTION TO MANUFACTURING AND R&D STRONGLY INTERNATIONALIZED MANUFACTURING INDUSTRY

The proportion of industry sector jobs at foreign companies in France is distinctly higher than the proportion of such jobs in the French economy as a whole. In 2007, 45.5% of jobs at foreign-owned subsidiaries were in the industry sector, compared with 24.6% of total jobs in France. Similarly, while foreign subsidiaries in France generated 22% of all business turnover in France in 2007, they accounted for 29.3% of turnover in the French industry sector. Moreover, the contribution of foreign companies to the service sector (observed by INSEE since 2003) is also continuing to grow. At the end of 2007, nearly a quarter of all jobs at foreign-owned subsidiaries were concentrated in the service sector, up from 20% at the end of 2003. This growth has spurred the development of France’s tertiary sector, where more than half of all jobs are linked to services and trade. Finally, foreign subsidiaries also contribute strongly to exports, generating more than one-third (37%) of total French export turnover, and nearly half (44.8%) of export turnover in the trade sector (2007).

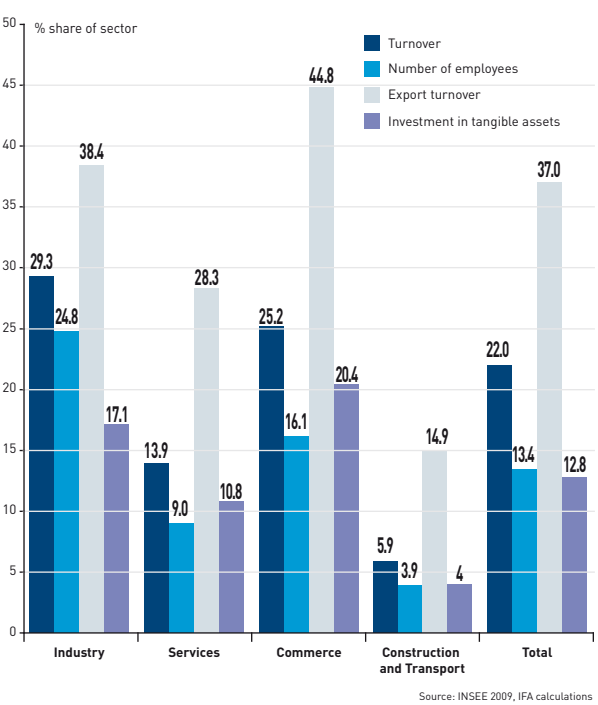
INDUSTRY, THE LEADING SECTOR FOR FOREIGN GROUPS IN FRANCE



FOREIGN SUBSIDIARIES ARE VERY ACTIVE IN R&D

Foreign subsidiaries play an important role in research and development in the French economy. In 2007, they accounted for 20% ⁽³⁾ of R&D spending in the country, a contribution towards R&D which is estimated to be higher in France than in the United States (14%), Japan (6%) or Finland (13.5%).

THE STRENGTH OF FOREIGN SUBSIDIARIES BY SECTOR



Microsoft and Huawei’s recent plans to set up research centers reflect France’s attractiveness in this area (see *insert, right*). France’s research tax credit supports strategies like these and has been the driving force behind several companies’ decisions to set up R&D centers in France.

⁽²⁾ http://www.webcommerce.insee.fr/FichesComm/PSMLIFI/PSM_presentation.htm

⁽³⁾ It has not been possible in this Report to estimate the contribution of foreign subsidiaries located in Corsica or in the French overseas territories (“DOM-TOM”), with the sole exception of Réunion.

⁽⁴⁾ R&D data from the OECD FATS database.

RESEARCH TAX CREDIT REFORM PUTS FRANCE TOP AMONG OECD COUNTRIES FOR R&D SUPPORT

As globalization accelerates, international competition between countries is intensifying. In this context, several European countries have announced major public investment programs and tax measures seeking to improve companies’ cash flows and to stimulate investment and innovation.

Tax relief varies from one country to the next, but it can take the form of an immediate write-off of in-process R&D, tax credits, or corporate tax relief such as in the United Kingdom.

The research tax credit is France’s flagship tax measure to encourage companies to expand their R&D operations. All companies with R&D operations, regardless of their size or business sector, are eligible for this measure.

The 2008 *Loi de Finances* (French government budget law) enhanced the research tax credit, transforming it into a very generous incentive and simplifying its administration.

→ The research tax credit is calculated solely on the basis of total R&D spending (the “increase-based” component, determined on the basis of the increase in a company’s R&D spending, has been abolished).

→ The research tax credit is applied at a rate of 30% on the first €100 million of R&D spending (compared with the previous rate of 10% for the volume-based component and 40% for the increase-based component). This rate is double-counted (60%) when R&D is carried out with public-sector bodies.

→ The previous cap of €16 million has been abolished and replaced by a new, much less restrictive ceiling: once R&D expenditure exceeds €100 million, a rate of 5% applies to further spending.

→ An “entry bonus” is granted to all businesses claiming the research tax credit for the first time or those which have not received it in the last five years. These companies are entitled to a 50% tax credit in the first year and a 40% tax credit in the second year.

→ The waiting period for an advanced tax ruling or *rescrit fiscal* (request for preliminary advice on the eligibility of a research project for the research tax credit) has been reduced from six months to three months.

THEY CHOSE FRANCE

MICROSOFT, the world leader in personal computer operating systems and software, chose Issy-les-Moulineaux, just outside Paris, as the site for its European Technology Center in July 2009. Microsoft has been doing business in France since 1983, with operations throughout the country. In July 2009, the company moved several offices to Issy-les-Moulineaux (Paris region), including the headquarters of Microsoft France (previously located in Les Ulis), the headquarters of Microsoft Europe (previously in La Défense), the head office of Microsoft R&D and the French branch of the European Development Center for Internet Research. 1700 people now work at Microsoft’s European Technology Center.

HUAWEI, China’s leading manufacturer of telecommunications equipment, announced its plans to set up a research center in Ile-de-France in September 2009. The new center will enable Huawei to step up its basic research on wireless technologies, which focuses on three main areas: algorithms for mobile networks, developing new standards and assessing end-to-end mobile services. Huawei will thereby be able to strengthen its relationships with French universities and grandes écoles (graduate schools) and to create a center of excellence for mobile telecommunications in the Paris region. The company has also announced its partnership with ParisTech (an institute comprising 12 grandes écoles) to support a “Doctorate for Business” program.

Increasing numbers of foreign businesses in innovation clusters

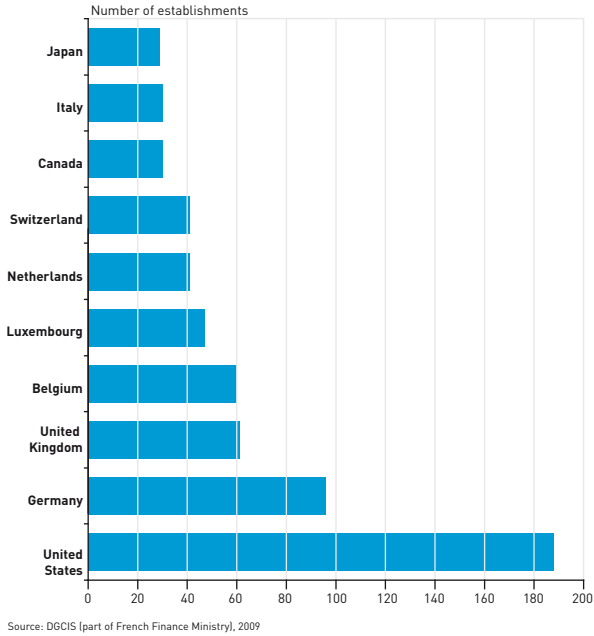
INNOVATION CLUSTERS, DRIVING PROGRESS AND BOOSTING ATTRACTIVENESS

France’s 71 innovation clusters, including 17 world-class clusters, are attractive ‘business ecosystems’ for international investors. By setting up business within innovation clusters, foreign companies can gain access not only to first-rate research institutes but also to partner, supplier, subcontractor and customer networks.

In 2008, 5,330 companies were members of France’s innovation clusters, owning a total of 6,820 establishments employing 813,000 people. **Among them were 528 foreign companies (10% of cluster members)**, owning a total of 754 establishments within innovation clusters.

Foreign groups that have set up business within innovation clusters include *Xerox Corporation* (at the world-class cluster “i-Trans” in the Nord-Pas-de-Calais region), *Arcelor Mittal* (at the “S2E2 – Sciences and Systems of Electrical Energy” cluster in the Centre region), *Canon Inc.* (at the “Brittany Marine” world-class cluster in Bretagne), *General Electric* (at the “Cancer-Bio-Health” cluster in Ile-de-France), *Siemens* (at the “Viameca” cluster in Rhône-Alpes), *Bluestar Silicones* (at the “Axelera” world-class cluster in Rhône-Alpes), *Tata* and *Bombardier* (both at the “i-Trans” world-class cluster in Nord-Pas-de-Calais), *Mitsubishi* (at the “Images et Réseaux” world-class cluster in Bretagne), and *Motorola* (at the System@tic Paris Region world-class cluster in Ile-de-France).

LEADING SOURCE COUNTRIES OF FOREIGN GROUPS WITH INNOVATION CLUSTER MEMBERS IN 2008



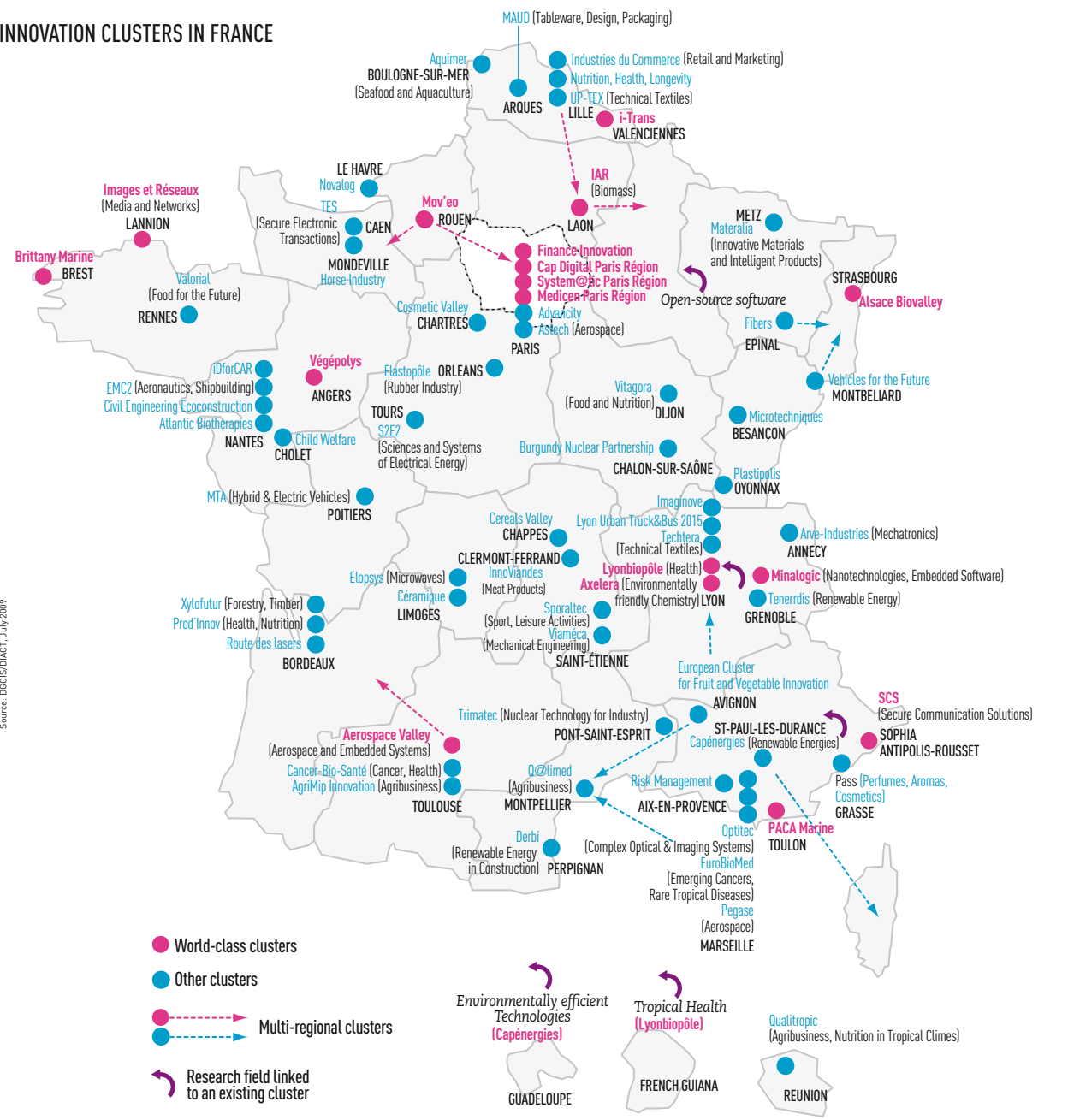
STRONG AMERICAN AND EUROPEAN BUSINESS PRESENCE IN INNOVATION CLUSTERS

A quarter of foreign-owned establishments belonging to innovation clusters are American (188 establishments). German companies hold the next strongest position (96 establishments), followed by the United Kingdom (61 establishments), equivalent to 13% and 8% of foreign-owned cluster establishments, respectively.

	Number of establishments	Number of employees
Independent company establishments	3,399	58,721
Establishments controlled by a group	3,427	754,331
French groups	2,673	574,774
European groups	431	97,781
Foreign groups (non-European)	323	81,776
Total	6,826	813,052

Source: DGCIIS (part of French Finance Ministry), 2009

INNOVATION CLUSTERS IN FRANCE



On December 1, 2009, the French Minister for Industry announced a series of measures intended to strengthen France’s innovation clusters:

- A new “intercluster” label of approval will make it possible to “merge and pool the expertise of like-minded clusters focusing on similar or complementary research interests in a particular region”.
- Associating certain clusters with others that have closely related or similar research interests.
- Five clusters will be selected as world-class “super champions”.

On December 14, 2009 the French President Nicolas Sarkozy announced that innovation clusters will receive an extra €500 million in government funding (from the funds raised through the €35 billion ‘national loan’ bond issue).

The contribution of foreign groups to regional economic development

Although foreign groups account for only 1% of all companies in France, **foreign groups play a significant role in French regional development**. For example, foreign subsidiaries account for nearly a quarter of all jobs in the Alsace region and 21% in Pays-de-la-Loire. Similarly, foreign subsidiaries generate 76.6% of export turnover in the Picardie region. Foreign groups in France are also responsible for 33.6% of investment in tangible assets in Picardie and 24.7% in Alsace.

CONTRIBUTION OF FOREIGN SUBSIDIARIES BY REGION (% OF TOTAL FOREIGN BUSINESS CONTRIBUTION TO EACH FRENCH REGION)

	Number of employees	Turnover	Export turnover	Investment in tangible assets
Alsace	23.0	30.3	58.4	24.7
Pays-de-la-Loire	21.3	24.6	61.9	11.1
Ile-de-France (Paris region)	18.9	28.2	33.3	14.2
Nord-Pas-de-Calais	14.0	20.6	41.6	17.1
Picardie	13.8	34.5	76.6	33.6
Centre	13.4	21.4	57.4	12.4
Lorraine	13.4	19.4	57.2	16.2
Rhône-Alpes	12.6	23.6	51.2	16.1
Haute-Normandie	12.5	22.0	38.8	8.4
Champagne-Ardenne	11.2	12.4	23.5	8.1
Bourgogne (Burgundy)	10.2	17.2	51.3	11.6
Provence-Alpes-Côte-d’Azur	9.8	15.7	60.0	9.9
Limousin	9.1	11.5	32.6	6.8
Franche-Comté	8.9	12.9	49.7	9.3
Midi-Pyrénées	8.4	18.8	46.5	10.1
Basse-Normandie	6.2	5.3	44.0	15.1
Réunion	6.2	11.4	8.9	6.4
Aquitaine	5.9	9.4	28.3	7.2
Languedoc-Roussillon	5.2	12.6	37.0	3.8
Bretagne (Brittany)	5.2	6.2	23.4	4.4
Auvergne	5.0	5.2	4.6	3.4
Poitou-Charentes	2.1	2.7	6.2	1.2
France	13.4	22.0	37.0	12.8

Source: INSEE 2009, IFA calculations
Key: Foreign companies in the Rhône-Alpes region are the source of 51.2% of the region's export turnover

Foreign subsidiaries established in France have the capacity to drive and sustain economic growth in their local region.

For over a decade, FedEx's European hub at the Paris-Charles-de-Gaulle airport has brought new economic activity to the region (subcontractors, suppliers, related services, etc.), and has helped consolidate Paris's main airport as Europe's leading hub for cargo operations and second leading hub for passenger traffic.

Another example can be found in Lyon. At the initiative of the city's Chamber of Commerce and Industry, the Dutch company Philips, Comptoir Lyonnais d'Electricité (Sonepar group), the French National School for Public Works (ENTPE) and CDO Organisation (which organizes the LumiVille trade show) decided to establish a cluster to pool and develop lighting expertise in the Rhône-Alpes region. The aim is to support progress in innovative lighting techniques (including LED technology), to increase business and competitiveness among companies in the sector and to promote the lighting industry along with Rhône-Alpes companies abroad. The cluster is expected to help safeguard approximately 10,000 jobs at the 300 lighting companies in the region.

By setting up new businesses or taking over ailing French businesses, foreign investors can play a full role in industrial restructuring. Since 2000, takeovers have increased, accounting for 10% of all job-creating foreign investment projects recorded in 2009.

THEY CHOSE FRANCE

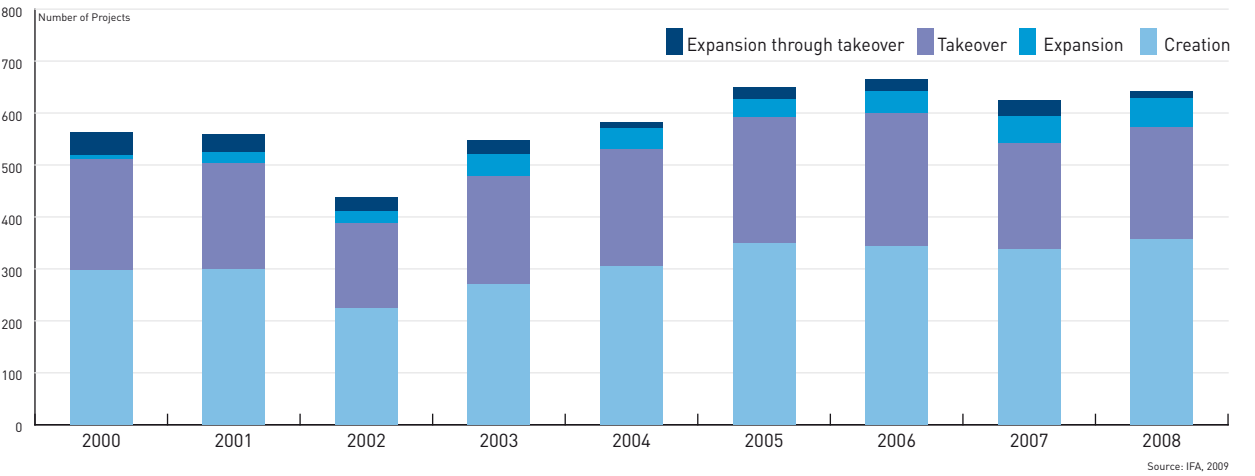
FEDEX, the world's leading international express transport company, has made Paris-Charles-de-Gaulle airport one of its three global hubs. FedEx, the world's leading express transport company, has been doing business in France since 1993. Inaugurated in 1999, its hub at the Paris-Charles-de-Gaulle airport currently employs some 1,900 people. Headquartered in Gennevilliers, on the outskirts of Paris, the company manages 13 distribution centers throughout France. The expansion of the main sorting center and the construction of a new structure for heavy consignments, vehicles loaded with bulk cargo and dangerous goods was announced in late 2007 and completed in September 2009. The FedEx group employs 2,600 people in France. Between 2005 and 2009, the group created more than 1,000 jobs, mostly at the Paris-Charles-de-Gaulle hub.

THEY CHOSE FRANCE

CHEMCHINA, one of China's top chemical groups, invested in France by taking over several French companies. China National Bluestar, a specialist subsidiary of ChemChina, has made the following acquisitions:

- In January 2006, Adisseo, a world leader in animal-feed supplements, based in the Rhône-Alpes and Centre regions (more than 1,000 employees in France).
- In January 2007, the Rhodia group's silicone business, subsequently restructured and renamed Bluestar Silicones (BSI), including nine organic silicone plants in France and abroad (employing 780 people among others in Roussillon and Saint-Fons, in the Rhône-Alpes region).

JOB-CREATING INWARD INVESTMENT PROJECTS



4

APPENDICES

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Project selection criteria

The Annual Report on Foreign Direct Investment in France: a specific method for analyzing foreign investment projects and their contribution to employment.

Established in 1993, the IFA Annual Report provides a summary of all foreign direct investment projects creating sustainable employment, listing confirmed projects and detailing the number of jobs that each project generates. It provides detailed statistical analysis by business sector, investment type, business activity, source country and host region. It does not provide financial data on the amounts involved in specific investment projects, however, as this information is not always available.

FOUR TYPES OF FOREIGN DIRECT INVESTMENT EXAMINED IN THE REPORT

→ **Creations** refer to jobs created at a new site (“greenfield investment”);
For example, a foreign manufacturer creates a wire drawing plant in France, recruiting 30 people to work there.

→ **Expansions** refer to jobs created when a site already set up in France recruits additional employees;
For example, a foreign company set up in France for some years wishes to expand. It invests €100 million and recruits 30 additional employees.

→ **Takeovers** refer to jobs maintained when an ailing business is taken over by a foreign investor. To be included in this category, a business must have either filed for bankruptcy or be in receivership. If a business has already changed hands in the previous three years, the investment project is not included in the report, to avoid a duplication of figures for each successive acquisition;
For example, a business already set up in France has been ailing for several months and is obliged to file for bankruptcy. A foreign investor acquires the ailing business, maintaining at least part of the existing workforce. It invests €100 million and maintains 30 jobs.

→ **Expansions through takeovers** refer to jobs created following the takeover of a French company with no financial difficulties by a foreign investor. Only jobs

created as a result of any subsequent expansion are included in the Annual Report.
For example, a foreign company acquires a company already set up in France. It invests €100 million and recruits 30 additional employees.

DEFINITION OF FOREIGN DIRECT INVESTMENT

The investment source country is defined by the nationality of the parent company. Direct investment is classified as being foreign if at least 50% of the investing company’s equity is foreign-owned.

If the company is a joint venture owned by shareholders of different nationalities, the jobs created as a result of investment are attributed to each country according to the level of investment. Where ownership of equity is dispersed between shareholders of different nationalities:

→ If more than 50% of the equity is owned by shareholders of the same nationality, the jobs are attributed to that country;

→ If not, the jobs are attributed to the nationality of the major shareholder in the company, the board members, and the location of the company’s decision-making center. In exceptional cases involving joint ventures between French and foreign companies, the jobs created are attributed to France and the other countries concerned according to the level of investment by each company.

DATA GATHERING AND VALIDATION

Projects are listed and the number of associated jobs counted through coordinated efforts between the IFA’s Paris office, its offices abroad, and France’s regional development agencies.

Data compiled by the IFA to form the basis of the Annual Report is cross-validated with the regional development agencies and other regional partners.

COMPARISON OF FOREIGN DIRECT INVESTMENT PROJECT SELECTION CRITERIA

	IFA	UKTI	Ernst & Young	fDi Markets
INVESTMENT TYPE				
Creation	X	X	X	X
Expansion	X	X	X	X
Expansion through takeover	X	X		
Takeover of an ailing site	X	X		
Acquisitions, joint ventures and mergers		X		
Type of jobs created	Projects and jobs forecast for three years	Projects completed and jobs forecast for three years	Projects in initial implementation period and jobs forecast	Projects in initial implementation period and jobs forecast
Job threshold	General rule: 10 jobs Exceptions: - from the first job for high value-added projects (research) and/or first-time presence in Europe; - from 50 jobs on a national level, with at least 10 jobs per site for retail outlets	From the first job	From the first job	From the first job
Survey conducted			Survey on the perceived attractiveness of France conducted with 200 foreign investors	
Selection of retail outlets	Minimum threshold of 50 jobs at national level, with at least 10 jobs per site	As soon as a significant number of jobs or sites are created		X
Financial flows and outstanding liabilities				
Transfers of funds and disinvestments				

THE FOLLOWING ARE NOT INCLUDED IN THE REPORT:

- Temporary or seasonal jobs;
- Jobs transferred to another location when a company relocates within France as a result of reorganizing, regrouping or restructuring its business activities, resulting in job losses at its original sites;
- Purely financial investment, share trading, and franchises involving French franchisees;
- Economic missions at embassies, unless they are internationally mobile (an international organization’s head office, for example).

Classifications used in the Report

The classifications used are designed to reflect the characteristics of the international investment market.

The classification by business sector is based on a 22-item classification compatible with that used by the French Institute for Statistics INSEE (NAF 700 and economic summary classification), but which has been adapted to the specificities of the international investment market. Projects are classed according to the type of goods or services that they directly contribute to designing, producing or distributing. These classifications evolve over time to take new market trends into account.

CLASSIFICATION BY BUSINESS SECTOR

1	Agri-food, agriculture and fishing
2	Textiles, clothing
3	Medications and applied biotechnologies
4	Perfumes, cosmetics
5	Furnishings, household goods
6	Electronic goods
7	Automotive industry
8	Aerospace, naval and railway materials
9	Machinery and mechanical equipment
10	Electronic components
11	Electrical, electronic, IT equipment
12	Medical/Surgical equipment & devices
13	Glass, ceramics, minerals, wood, paper, publishing
14	Chemicals, plastics
15	Metals, metalworking, recycling
16	Transport, storage, construction
17	Telecoms, internet service providers
18	Software and IT services
19	Consulting, engineering and business services
20	Other commercial and financial services
21	Energy, other concessions
22	Hotels and Tourism

INVESTMENT TYPES

An investment project can be categorized in a variety of ways (creation, expansion, takeover of an ailing French business, or an expansion following an acquisition (expansion through takeover). Industrial development projects that “secure” a site, saving (safeguarding) jobs that would otherwise have eventually been lost are not taken into consideration in the overall statistics of job-creating projects used in the Report.

1	Creation
2	Expansion
3	Takeover of an ailing French business
4	Expansion through takeover
5	Safeguarding

TYPES OF BUSINESS ACTIVITY

In order to fulfill their functions, companies rely on various types of business activity. Aside from Production/Manufacture all activities are in the services sector: business-to-business and business-to-consumer commerce and services, logistics, decision-making centers, R&D engineering and design. A specific index has been included in the Report to categorize projects by the business activity towards which they contribute.

MAIN SITE ACTIVITY

1	R&D, engineering, design
2	Decision-making center
3	Production/Manufacture
4	Business-to-business commerce and services
5	Business-to-consumer commerce and services
6	Logistics

Main Site Activity	Definition
R&D, engineering, design	Site whose main purpose is to advance scientific knowledge, perfect or adapt new technologies or products.
Decision-making center	A company’s worldwide or regional decision center. An autonomous site that is responsible for ensuring administration support activities within the company (accounting, financial services, etc.).
Production/Manufacture	Site which is dedicated to the physical manufacture of goods (or in some cases, services).
Business-to-business commerce and services	Site whose main purpose is to represent the company and provide commercial services to businesses.
Business-to-consumer commerce and services	Site whose main purpose is to represent the company and sell products and services to consumers.
Logistics	Site which contributes to the delivery and storage of goods.

Statistical disparities surrounding foreign investment in France

Disparities in foreign investment data can sometimes be a source of confusion.

Analyzing foreign investment is a relatively new discipline and as such is subject to a number of very different competing approaches. There are four principal types of data sources: statistics concerning foreign direct investment (flows and stocks); data concerning physical investments from foreign sources; data concerning international mergers and acquisitions; and finally, data concerning the presence of foreign businesses in a country’s economy.

STATISTICS CONCERNING FOREIGN DIRECT INVESTMENT

The statistic which is most commonly used to measure foreign investment flows is a financial statistic from the balance of payments, known as “foreign direct investment” (FDI).

According to the OECD definition, “*FDI is an activity in which an investor resident in one country obtains a lasting interest in, and significant influence on the management of, an entity resident in another country. This may involve either creating an entirely new enterprise (so-called “greenfield” investment) or, more typically, changing the ownership of existing enterprises (via mergers and acquisitions). Other types of financial transactions between associated enterprises, like reinvesting the earnings of the FDI enterprise or other capital transfers, are also defined as foreign direct investment.*”

These figures also include financial transactions between the parent company and its subsidiary, as well as property acquired by non-resident companies and individuals. In contrast to portfolio investments, FDI involves acquiring an equity stake in the foreign company. The threshold above which this equity stake confers any right to control or influence the management of the foreign company is fixed arbitrarily by the IMF at 10%.

In France, these figures are compiled by the Banque de France, and are produced in two different formats:

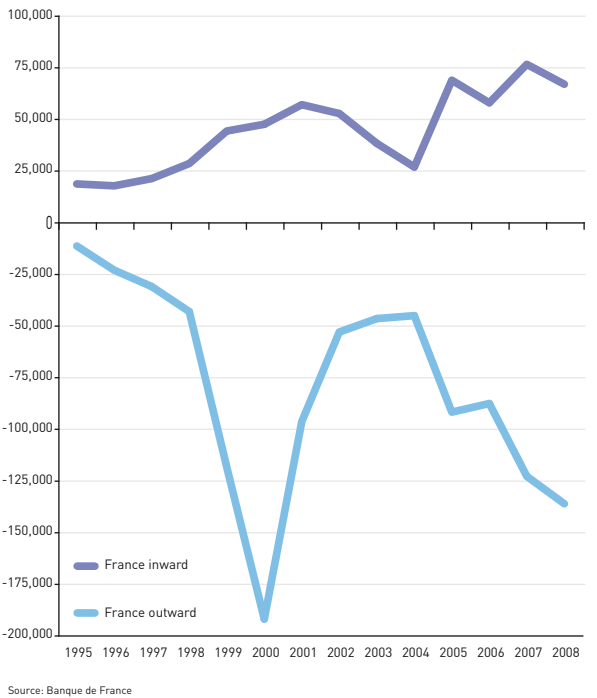
→ “flows” data, which illustrate the transfer of equity from the parent company to the French subsidiary;

→ “stocks” data, which illustrate the cumulated amount of assets held by foreign companies in France.

The adjusted data produced by various international organizations (Eurostat, OECD, UNCTAD, IMF, World Bank in particular) enable comparisons to be made with other FDI recipients.

However, these statistics are not appropriate for measuring flows of physical investment that lead directly to the creation of jobs and productive capacity, for three major reasons:

BILATERAL FDI FLOWS BETWEEN FRANCE AND OTHER COUNTRIES (€m)



→ They include purely financial transactions (acquisitions, retained earnings, cashflow operations);

→ They do not take into account certain physical investments that are financed not by FDI flows, but by other sources (particularly a rights issue on local stock markets);

→ The data are exclusively financial and so do not provide the means to calculate the number of jobs or productive capacity created by the investments in question.

DATA CONCERNING PHYSICAL INVESTMENTS FROM FOREIGN SOURCES

In order to create a method better suited to their requirements, investment promotion agencies and major consulting firms, such as IBM/PLI and FDI Market, have devised an alternative measuring system. This method uses economic monitoring systems to collect information concerning all the international investment projects that have been announced.

Similar data is produced in other countries by counterpart investment promotion agencies of the IFA, such as UK Trade & Investment in Great Britain and CzechInvest in the Czech Republic. However, differences in scope and calculation methods mean that this data cannot be directly compared.

DATA CONCERNING INTERNATIONAL MERGERS AND ACQUISITIONS

These statistics are mainly compiled by private consulting firms (e.g. Thomson Financial), indicating the number of French companies which have been acquired by foreign companies, and the financial sums involved.

DATA CONCERNING THE PRESENCE OF FOREIGN BUSINESSES IN FRANCE

The French National Institute for Statistics and Economic Studies (INSEE) draws on the “Financial Links Between Companies Survey” (“LiFi”) conducted

among businesses in France to compile its statistics on the economic activity of foreign subsidiaries in the country. A threshold of 50% of the voting rights or share capital is fixed to establish whether or not a business is foreign-owned.

The “SUSE” system (Unified System of Company Statistics) draws on an analysis of the declarations submitted to the French tax authorities (DGI), as well as the responses to annual business surveys (“EAE”). These databases contain data on foreign-owned resident company employment, turnover, investment in tangible assets and foreign trade.

FATS data (Foreign Affiliates Trade Statistics) compiled by INSEE, in accordance with OECD and Eurostat methodologies, clarify the position of resident companies with regard to foreign ownership and their economic activity. The OECD and Eurostat harmonize these nationally compiled data in order to produce international comparisons.

The OECD and the International Monetary Fund (IMF) are guardians of international definitions for foreign direct investment. They gather and produce statistics on international investment patterns. The OECD publishes reports on these trends and recent changes in foreign direct investment on the basis of these statistics.

Close cooperation with regional partners

Strong partnerships between all stakeholders promoting business in France.

The IFA, in conjunction with France's regional economic development agencies, forms a purpose-built network dedicated to bringing foreign business to France. The network brings together urban councils and other stakeholders, like innovation clusters.

Among other things, this cooperation involves:

- An information-sharing process for foreign investment projects ("COSPE" Project Steering Committee);
- Collaboration to define prospecting strategies and programs, including identifying 'priority prospection sectors' each year;
- Combined prospection efforts, in the form of targeted missions and long-term partnerships;
- Pooling of market analysis and business intelligence tools;
- Strengthening regional training programs.

The IFA has signed 5-year cooperation contracts with all regional economic development agencies in France and its overseas territories. These regional partners help to compile the Annual Report on Foreign Direct Investment. The information in this report is the fruit of a data-gathering exercise, combined with data verification carried out by all parties at the end of the year.

NETWORK COORDINATION TOOL: THE PROJECT STEERING COMMITTEE (COSPE)

The COSPE acts as a point of liaison between the IFA and all of its regional partners, forwarding all information to regional economic development agencies so that they can submit a proposal as soon as a project is detected that could be hosted by their local business community.

The COSPE Project Steering Committee studies a list of new projects each week and forwards a summary of these projects to all eligible regions.

The COSPE is a process which enables the IFA to offer investors a tailor-made proposal for their investment project.

COMMERCIAL PARTNERS

The IFA Partners Network brings together a number of French businesses keen to assist foreign investors setting up in France. IFA Partners Network members all play a role at different stages of the investment process: consulting firms, banks and insurance companies, engineering and design firms, real estate developers and agencies, reconversion companies, recruitment and human resources agencies, outsourcing service providers, etc. They also contribute to prospection and promotional operations with the IFA.

GOVERNMENTAL PARTNERS

Several of France's governmental bodies, including the French Interministerial Delegation for Regional Development and Economic Attractiveness (DATAR), The French Ministry for the Economy, Industry and Employment (MEIE) and the economic missions of French embassies abroad, are actively involved in formulating policy to attract foreign investment.

In the context of increased cooperation with Ubifrance (the French agency for international business development), the IFA has signed a contract covering the issuing of press releases, exchanging data and organizing trade press visits.

The IFA is open to international collaboration with similar organizations in other countries: participating in activities organized by WAIPA (World Association of Investment Promotion Agencies) and publishing a "European Attractiveness Scoreboard" guide with the "Germany Trade and Invest" agency.

REGIONAL ECONOMIC DEVELOPMENT AGENCIES



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For further information, please visit: www.investinfrance.org

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The Invest in France Agency (IFA) is the national agency responsible for promoting, prospecting and facilitating international investment in France. It also coordinates initiatives to promote the economic attractiveness of France. The IFA network operates worldwide, with offices in France as well as in North America, Asia and Europe. In France, the IFA works in partnership with regional development agencies to offer international investors outstanding business opportunities and customized services.

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