

FRANCE ATTRACTIVENESS SCOREBOARD

+78.9800
-06.4257

MARKET SIZE AND STRENGTH

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The size of a country's market, measured notably by GDP and the number of inhabitants, its strength and its location are often decisive criteria for multinational firms deciding where to set up.

In 2022, France was the world's seventh largest economy after the United States, China, Japan, Germany, India and the United Kingdom.

France's strategic location at the heart of Europe – the world's second largest market – make it a potential hub for a number of European and African countries.

France benefits from strong population growth, with an increase recorded in 2022 and projections that confirm this growing trend for 2023.

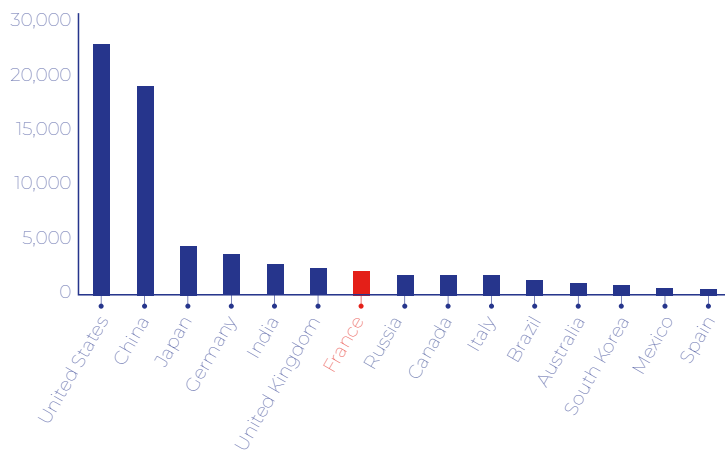
For businesses, the strength of investment in France in recent years is an encouraging sign of France's attractiveness.

In 2022, France was the world's seventh largest economy (US\$2,784 billion), after the United States (US\$25,464 billion), China (US\$18,100 billion), Japan (US\$4,234 billion), Germany (US\$4,075 billion), India (US\$3,386 billion) and the United Kingdom (US\$3,071 billion).

In addition, France occupies a central position within Europe, which is the second largest market in the world after North America, with a current GDP of US\$19,713 billion in 2022.

FIG. 1

DISTRIBUTION OF WEALTH IN THE 15 LARGEST GLOBAL ECONOMIES (2022)
CURRENT GDP, US\$ BILLION



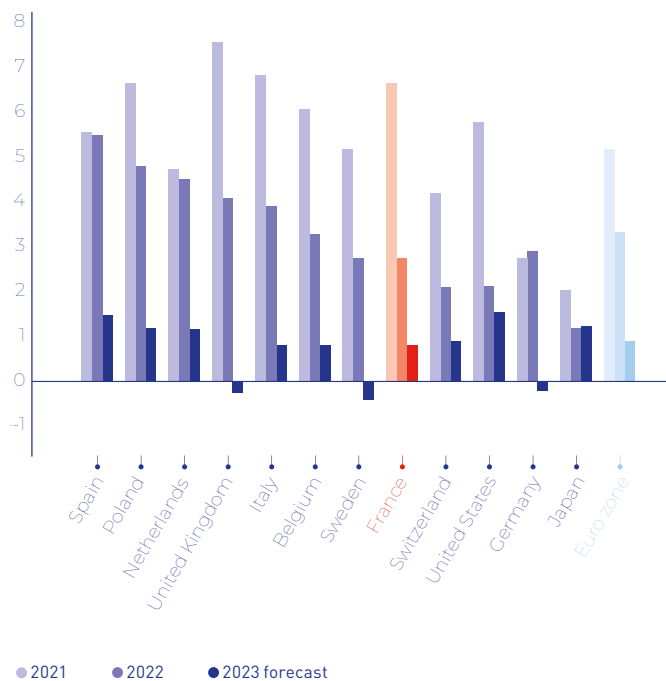
Source: IMF, World Economic Outlook, April 2023

After a sharp decline in 2020 due to the Covid-19 pandemic, global GDP grew by 6.3% in 2021 and 3.4% in 2022. **The resilience of the French economy to the shocks from the health and energy crises has made it possible to post growth of 6.8% in 2021 and 2.6% in 2022**, more than in the United States (2.1% in 2022) and in Germany (1.8%), but less than in the United Kingdom (4%).

For 2023, the International Monetary Fund’s growth forecasts place France at 0.7%, in line with the euro zone average of 0.8%. The United Kingdom is expected to escape recession with a 0.4% growth forecast, but Germany could see its GDP contract by 0.1%.

FIG. 2

COMPOUND ANNUAL RATE OF REAL GDP GROWTH
%



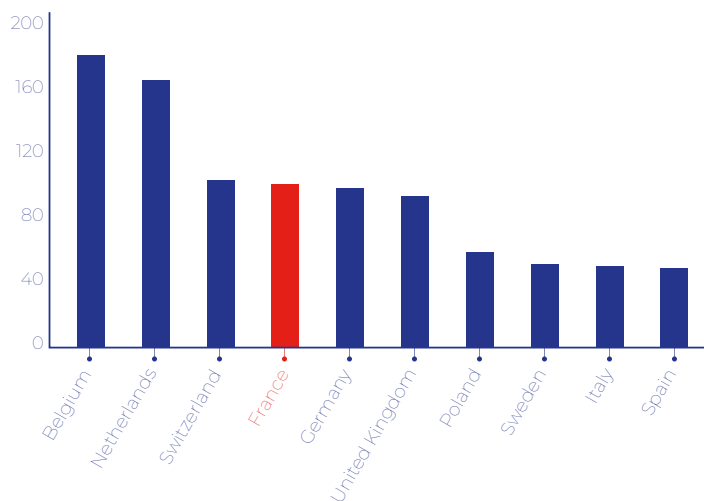
Source: IMF, World Economic Outlook, April 2023

France benefits from a high market potential thanks to its geographical position at the heart of Europe and the size of its domestic market. It borders the largest European economies: Germany, the United Kingdom, Italy and Spain, three of which are part of the European Union. **Setting up in France therefore allows direct access to these markets, i.e. to more than 325 million inhabitants, for a GDP exceeding US\$13,000 billion.**

One way to quantify this centrality is to look at market potential (see box). According to this proximity criterion applied to the EU-27 markets, the United Kingdom and Switzerland, France was in fourth position in 2022, ahead of Germany and the United Kingdom. Consequently, businesses are interested in setting up in France, a country which simultaneously benefits from high national demand and geographical proximity to major European markets, combined with easy access.

FIG. 3

ACCESS TO EUROPEAN MARKETS (2022)
IN COMPARISON WITH FRANCE
INDEX FRANCE = 100



Source: IMF, World Economic Outlook, April 2023; Mayer, T. and Zignago, S. (2011), Notes on CEPII's Distances Measures: The GeoDist Database, CEPII Working Paper 2011-25; Business France calculations

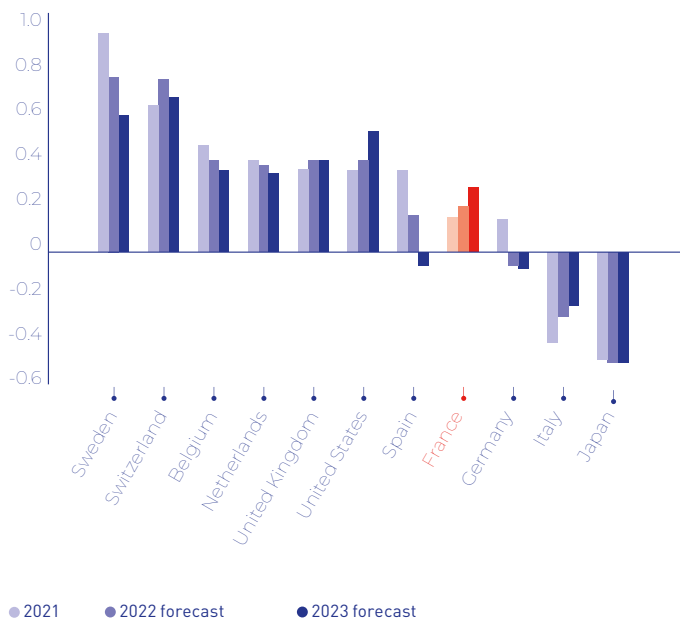
METHODOLOGY: MARKET POTENTIAL

Market potential takes into account not only the market of a given country, but also the ease with which it can serve important neighboring markets. It is calculated as the sum of the GDPs of neighboring countries weighted by the geographical distance between them. It is calculated here for the EU-27 and UK markets.

France also benefits from dynamic demography: **the population growth rate increased in 2022 and the projections for 2023 reaffirm this growing trend.** Among the countries in our sample, only the United States and Switzerland also followed this trend. Germany and Italy saw their populations decline in 2022 and projections for 2023 confirm this population decrease.

FIG. 4

RATE OF POPULATION GROWTH
% OF TOTAL POPULATION IN EACH COUNTRY



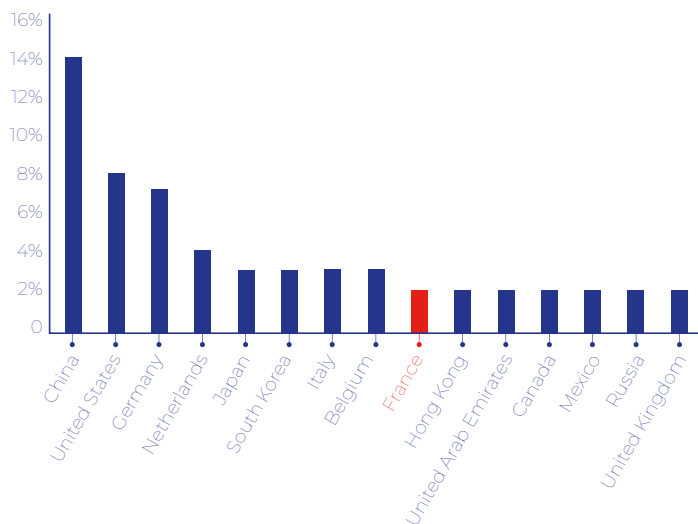
Source: UNCTAD, 2022

In 2022, France's merchandise exports saw a growth rate of 6% compared with 2021. This result is part of the marked increase in French exports that began ten years ago (excluding the 2020 interruption during the Covid-19 health crisis). On the other hand, the increase in energy and raw material prices in 2022 was reflected in export prices. As a result, exports increased more strongly in overall sales revenues than in unit sales.

France is ranked ninth in the world and fifth in Europe for exports of goods by sales revenues, ahead of the United Kingdom and Spain, but after Germany, Italy and Belgium. While all sectors of activity saw their exports increase, the increase was more marked for aerospace, textiles and agricultural and agri-food products. (French Customs Authorities, 2023)

FIG. 5

GOODS EXPORTS (2022)
MARKET SHARE OF 15 LEADING ECONOMIES
% OF GLOBAL EXPORTS



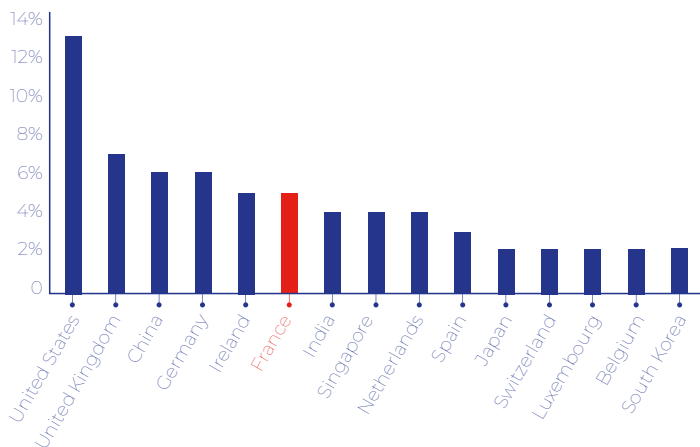
Source: WTO, 2023; Business France calculations

France is the world’s sixth largest economy for services exports, with a market share of 5%.

After a sharp slowdown in trade in services in 2020, the recovery in exports that began in 2021 accelerated in 2022, reaching a record level of €310.1 billion. Exports of professional travel and tourism services are particularly contributing to this rebound, with a 68.1% increase in exports of services in sales revenue terms compared with 2021. Transport services also saw their exports increase by 37.6% over the same period. (French Customs Authorities, 2023)

FIG. 6

SERVICES EXPORTS (2022)
MARKET SHARE OF 15 LEADING GLOBAL ECONOMIES
% OF GLOBAL EXPORTS

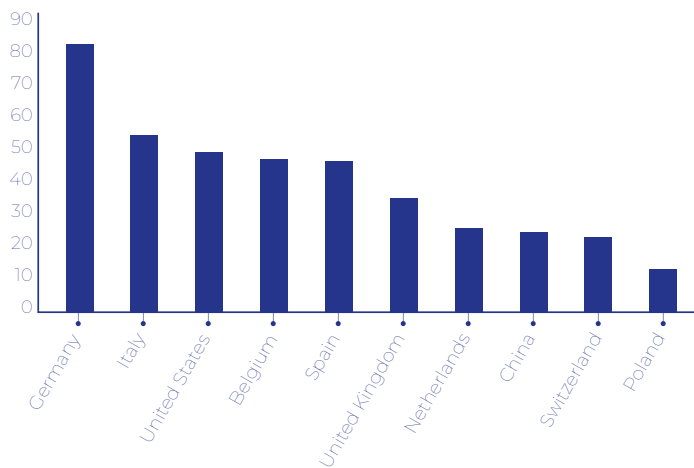


Source: WTO, 2023; Business France calculations

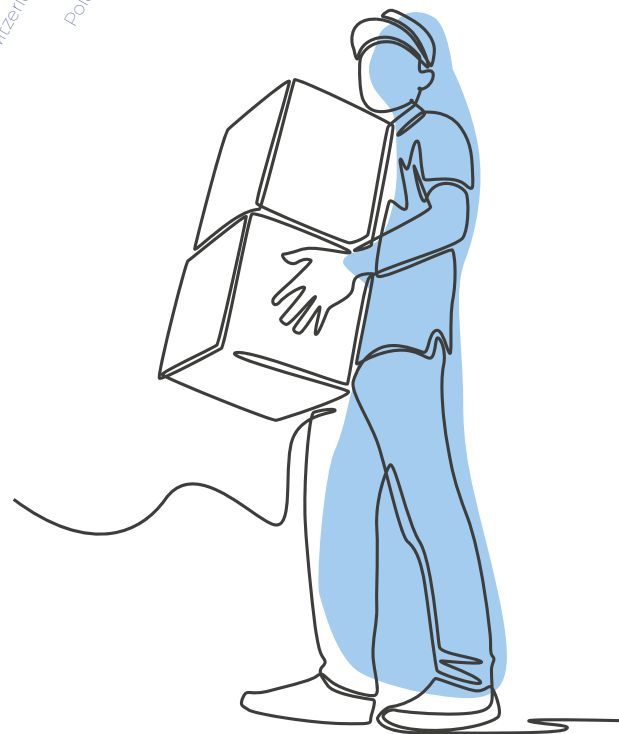
Germany is France's leading partner country in terms of goods exports, with more than €80 billion generated in 2022. Germany was followed by Italy (€54.2 billion), the United States (€46.6 billion), Belgium (€45.5 billion), Spain (€44.4 billion) and the United Kingdom (€33.3 billion).

FIG. 7

LEADING DESTINATION COUNTRIES OF FRENCH EXPORTS (2022)
€ BILLION



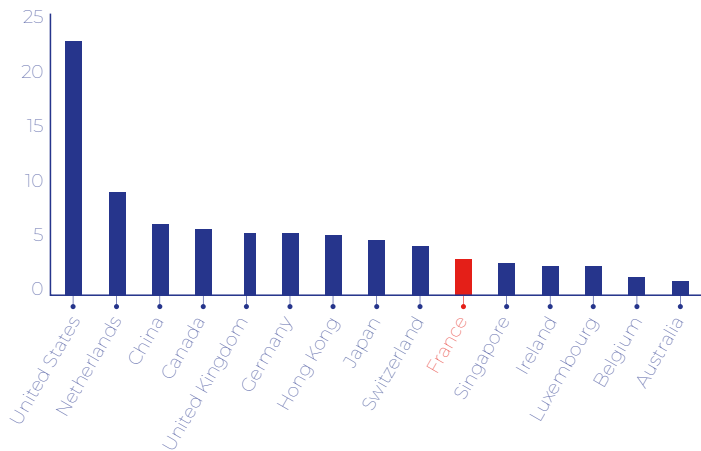
Source: French Customs Authorities, 2023



France is one of the world’s main source countries for foreign investments. In 2021, France was among the top 15 global economies in terms of outward foreign direct investment (FDI) stocks. It was responsible for 3.7% of global stocks, after the United States (23.5%), the Netherlands (8%), China (6.2%), Canada (5.5%), the United Kingdom (5.2%), Germany (5.1%), Hong Kong (5%), Japan (4.7%) and Switzerland (3.8%). France’s outward FDI stocks were mainly located in Belgium, Italy, Spain, Germany and the United Kingdom. (OECD, 2023)

FIG. 8

MARKET SHARE OF FDI OUTFLOWS (2021)
15 LEADING GLOBAL ECONOMIES
% OF GLOBAL FDI OUTFLOW STOCK

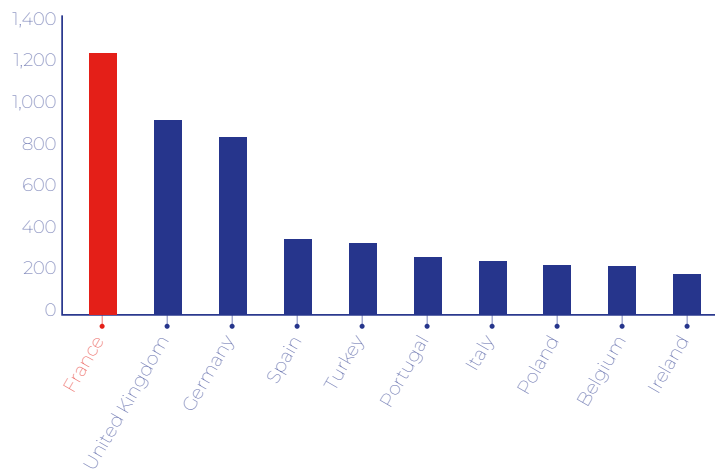


Source: UNCTAD, Business France calculations, 2023

France's attractiveness is particularly reflected in its ability to attract job-creating projects. **In 2022, for the fourth consecutive year, France was the European country having welcomed the most job-creating foreign investments, ahead of the United Kingdom (second) and Germany (third).** France was also the most attractive European nation for manufacturing and R&D projects.

FIG. 9

THE 10 LEADING RECIPIENTS OF FOREIGN INVESTMENT ANNOUNCED IN EUROPE (2022)
NUMBER OF PROJECTS



Source: EY European Investment Monitor, 2023

Methodology

Economic attractiveness can be defined as the ability to attract new business and mobile factors of production (capital, skilled labor, etc.) to a specific destination. This ability is related to a wide range of macroeconomic criteria.

This booklet takes its place in a set of themes that address different determinants of attractiveness in the form of a comparison of the main European economies competing with France: Belgium, Finland, Germany, Italy, the Netherlands, Poland, Spain, Sweden, Switzerland and the United Kingdom, as well as Japan and the United States.

