



2007 Report on Foreign Direct Investment in France

THE NEW FRANCE. WHERE THE SMART MONEY GOES.



2007

2007 Report on
Foreign Direct Investment
in France

“France
is on the move.”

International Monetary Fund, November 2007

Introduction



Philippe Favre

French Ambassador for International Investment,

**Chairman and CEO
of Invest in France Agency**

“

In terms of foreign investment in France, 2007 was a year of changes.

First of all, there was change in the international macroeconomic climate. Following several years of rapid world economic growth, the financial crisis in the subprime housing market led to a slowing down of the US economy in the second half of 2007, resulting in the threat of recession which intensified at the beginning of 2008. The risk was compounded by factors affecting stability – high rate of exchange of the euro, weakness of the dollar, worsening of the deficit in the US balance of payments, increase in the price of petrol and raw materials, inflationary tension – which can lead to possibly severe readjustments at any time.

There was also change in terms of the global flows of foreign direct investment (FDI). Although the global flows of FDI increased significantly in 2007, led once again by an increase in the level of international mergers and acquisitions, there was, however, a distinct slowing down in the growth of international greenfield projects, particularly those from North America – almost as if companies, anticipating a possible reduction in their business opportunities, had become extremely cautious in 2007 in terms of physical investments abroad.

The third change concerns France in particular. The French elections in the middle of the year may have led to a certain level of caution among investors during the first half. However, investors welcomed the very strong messages of reform sent out by the new French Government at the start of the second half of the year. The relaxation of legislation concerning the legal working week and the possibility of overtime, and the new tax measures in favor of research and development, were welcomed as clear signs of the new President's commitment to creating a favorable business and investment environment

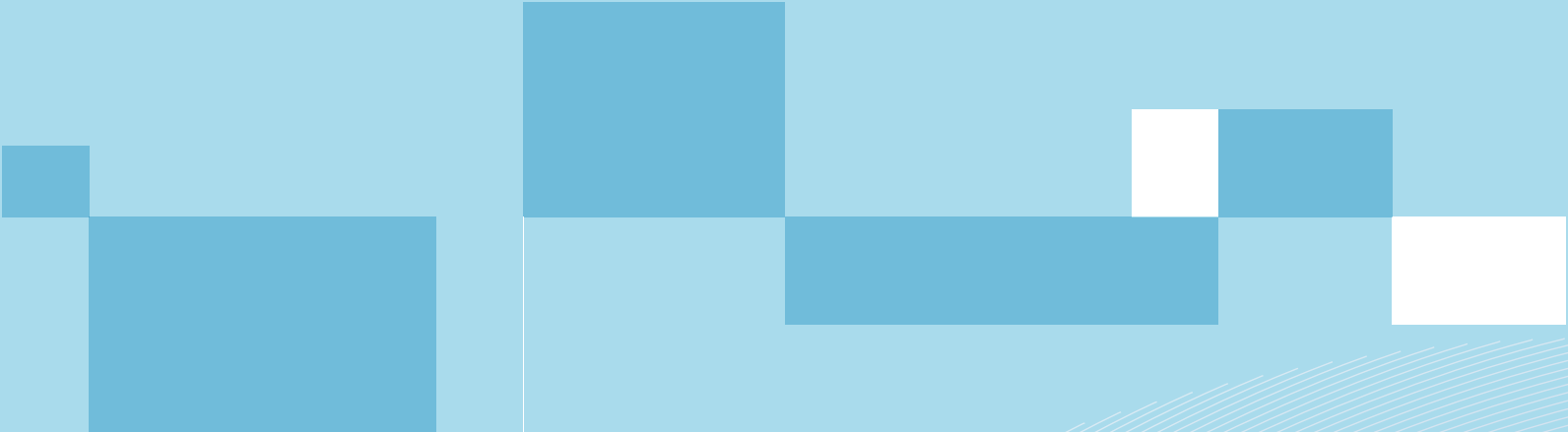
in our country. France's economic image improved dramatically in the United States.

France's performances, in terms of attracting international investment in 2007, appear to have been influenced by both this international context and by specifically domestic factors. First of all, the global flows of inward FDI into France were up by 50% compared to 2006 – due to the high increase in the level of international mergers and acquisitions both in France and in the rest of the world. And, as in the rest of Europe, 2007 was also marked by a slight fall in the number of greenfield investment projects.

It appears that the number of jobs created in our country – 34,500 this year – shows a decline compared to the peak levels observed in 2006 (40,000 jobs created, an all-time record that had not been observed since the Review was established in 1993). However, this number follows in the globally positive trend observed over the past four years: it is, for example, 51% higher than in 2002.

In addition, we are starting to see in our Review, the favorable consequences of a certain number of measures that have been specifically introduced in favor of the economic attractiveness of France for innovation activities. The organization of clusters has raised the profile of French technological potential among investors. The success of an investment project such as the Tate & Lyle research center for nutrition, in the Lille area, is a direct result of the existence of the “Nutrition-Longevity-Health” cluster and also the new research tax credit.

It is this France, geared towards innovation and wanting to attract talent and expertise, that we invite you to discover in the following pages.”



2007

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34,517 jobs created or maintained in 2007

Following four years of consistent growth, the number of jobs created through foreign investment reached an all time high in 2006: 40,000 jobs. Although slightly lower than these record levels, 2007 proved to be a good year for job creation and followed in the positive trend observed since 2002:

– The number of jobs created reached 34,517 which is a reduction of 13.7% compared to 2006, but still higher than the levels recorded in 2002 (+51%). This is in fact the 3rd highest level ever recorded, after 2006 and 2000, since the annual review was first established.

– Regarding the number of projects (624), although this dropped slightly compared to last year (-6.2%), it is still the 3rd best ever result, after 2006 and 2005, since the annual review was first established.

This evolution reflects the general trend in Western Europe where, according to figures published by independent consultants, the total number of international investment projects may have dropped slightly in 2007 (see appendix “International environment”).

Slight decrease in the average size of projects

The average size of investment projects in 2007 was roughly 55 jobs per project, which shows a slight decrease compared to 2006. In 2007, levels returned to those observed during the period 2000-2005 (around 50 jobs per project, which is significantly lower than during the period 1993-1999: 67 jobs per project).

The number of jobs created by foreign investment in 2007 remained high, albeit slightly lower than the record levels observed in 2006.

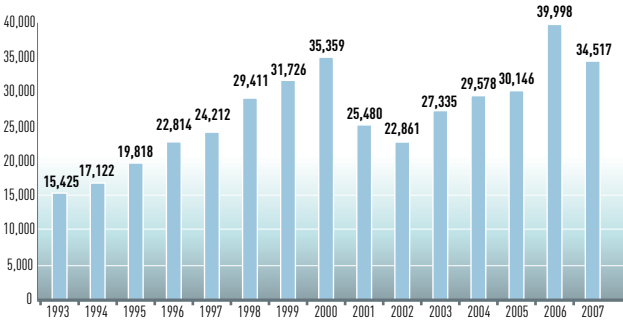
This downward trend in the average size of investment projects is largely due to an increase in the number of service sector projects, which are generally smaller than manufacturing production projects.

The distribution of jobs created per size of investment project is quite similar to that observed in 2006. In particular, medium-scale investment projects (100-499 jobs) represent approximately half of the total number of job creations in 2007. One of the main differences lies in the increase in the number of investment projects creating over 1,000 jobs, which represented 8% of total jobs created in 2007 compared with only 4.1% in 2006. This upward trend is largely due to two major takeover transactions (takeover of Protection Services by Securitas and Nexia Froid by Ebrex), accounting for a total of over 2,700 jobs maintained. However, the number of investment projects creating between 500 and 999 jobs, dropped sharply compared to last year.

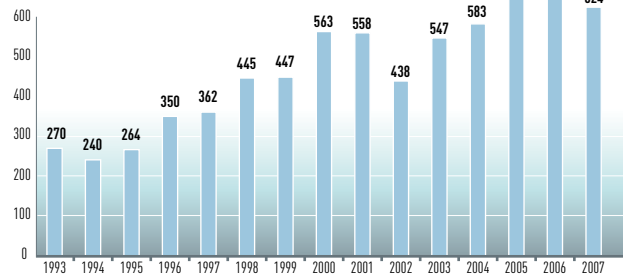
DISTRIBUTION OF JOBS CREATED OR MAINTAINED PER SIZE OF INVESTMENT PROJECT BY YEAR

Size of investment project	2006	2007	Total
Less than 20	9.0%	8.7%	7.1%
20 to 49	14.3%	14.3%	16.4%
50 to 99	15.8%	15.3%	18.0%
100 to 199	17.7%	22.9%	21.7%
200 to 499	29.5%	27.0%	23.6%
500 to 999	9.6%	3.9%	9.6%
1,000 and over	4.1%	8.0%	3.5%
Total	100%	100%	100%

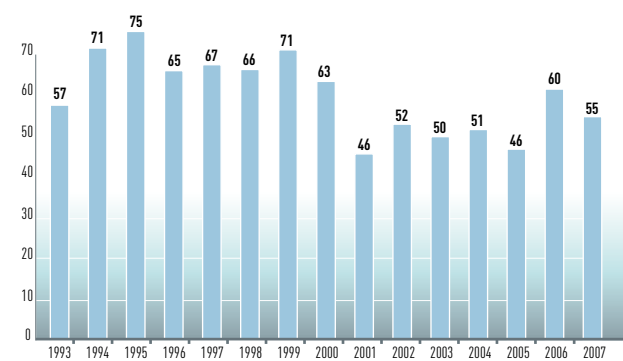
EVOLUTION IN THE NUMBER OF JOBS CREATED OR MAINTAINED IN FRANCE (1993-2007)



EVOLUTION IN THE NUMBER OF FOREIGN INVESTMENT PROJECTS IN FRANCE (1993-2007)



AVERAGE SIZE OF INWARD INVESTMENT PROJECTS IN FRANCE (1993-2007)



The Danish group, Danisco, has announced plans to set up a European research and development center for its fermentation media division, at the Dangé Saint-Romain (Vienne region) site, that produces fermentation products for the agro-food industry.

“We have announced plans to set up a European center for research and development based at Dangé Saint-Romain, in north Vienne. This decision was carefully considered, having evaluated all the possible location criteria. For us, the decision to set up a research center in one country rather than another was the result of a combination of factors: the existence of leading-edge technological expertise; current and future availability of research scientists and their desire to work in industry; the quality of the infrastructures; market access; the existence of a network of subcontractors and suppliers that are likely to actively participate in an innovative project. The decision-making process is therefore relatively complex.

We already had a site at Dangé-Saint-Romain, with which we were entirely satisfied in terms of research activities. Moreover, the Dangé site has a strong capacity to attract international research scientists for several reasons: proximity to a number of universities; ease of integration of expatriate families (educational system, particularly at Tours); quality of the transport system (TGV). We had the support of the national and regional communities for a long period of time, and they showed their support when we said “You are competing against another site. Do you want to be part of this project?”. Several national, regional and local organizations became highly active at this point; this helped a lot, particularly in terms of the financial aspects of this project.”

Fabienne Saadane-Oaks,
President of Danisco Fermentation Media Division

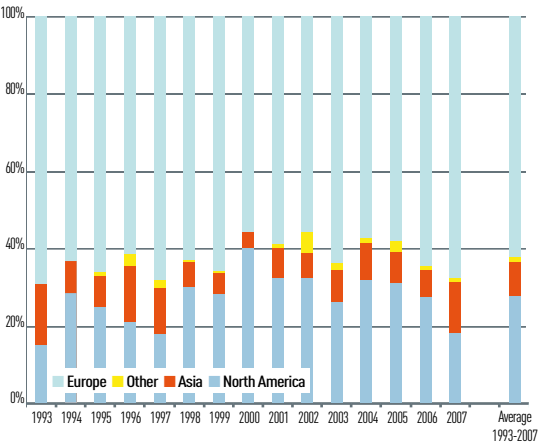
Europe is the main source of investment

European investments continued

The majority of international investment in European countries comes from European businesses. This is a reflection of the global importance of European companies in the world economy, but also their policy of giving priority to their local economic region in terms of international development strategies.

This predominance of European investors can also be seen in France: from 1993 to 2007, European investors accounted for 62.3% of total job creation from foreign investment in France, compared to 27.6% from investment by USA businesses, and 8.8% by Asian businesses.

NUMBER OF JOBS CREATED PER SOURCE REGION [% 1993-2007]



European companies maintain their leading position in terms of job creation from foreign investment in 2007, whereas figures for America show a decline and those for Asia show an increase.

American retreat, Asian advance

In 2007, the number of jobs created as a result of investment by North American businesses dropped (-4,400), the number of jobs created from investment by European businesses fell slightly (-2,500) and those created by investment by Asian businesses increased (+1,800). Consequently, the contribution made by USA companies to job creation decreased sharply compared to last year, falling from 27.2% to 18.8%, whereas for Asian companies this increased to 13.5%. European companies accounted for 67.4% of total job creation from foreign investment in 2007, compared to 64.5% in 2006.

Main source countries

Four countries (USA, Sweden, Germany, United Kingdom) together accounted for more than 50% of total job creation resulting from foreign investment in France, in 2007.

NUMBER OF JOBS CREATED PER SOURCE REGION [2006-2007]

	2006	2007	Difference	2006%	2007%
North America	10,880	6,473	-4,407	27.2%	18.8%
Asia	2,880	4,665	1,785	7.2%	13.5%
Other	450	107	-343	1.1%	0.3%
Europe	25,788	23,272	-2,516	64.5%	67.4%
Total	39,998	34,517	-5,481	100%	100%

The USA maintains its position as leading investor in France, despite drop in figures compared to 2006. This was due to the slowing down of the US economy following the financial crisis in the sub-prime housing market that hit the US in the second half of 2007. This reduction in job creation mainly concerned the manufacturing industry (automotive production in particular), which now only accounts for 33% of total job creation from North American companies, compared to 67% for the service sectors. The biggest US investment operations this year were, in fact, in the service sectors: for example, extension of EDS, specialized in IT maintenance, at Nanterre (485 jobs).

With more than 4,000 jobs created in 2007, Sweden moved up to second position this year in terms of source countries of foreign investment in France. This progression is due to three major transactions: the acquisition of Protection Service by Securitas (1,245 jobs maintained), a new Ikea site near Fosse-sur-Mer (500 jobs created), and the extension of the Renault Trucks site at Bourg-en-Bresse (363 jobs created).

Job creation from investment by German companies fell for the second year running. With only 11.1% of total job creation, compared to 16.4% in 2006, German investment dropped to third position behind the USA and Sweden. The fall in the number of jobs created by German businesses was particularly evident in the aerospace and business services sectors (-1,900 jobs). Major operations in 2007 included the extension of Bertrandt (automotive engineering) at Bièvres (150 jobs created); the takeover of Ascoforge Sage (automotive forging) by Johann Hay GmbH und Co. KG Automobiltechniken Lorraine at Hagondange (300 jobs maintained).

Despite a slight drop compared to last year (-550), job creation from investment by British businesses remained relatively high: 10.7% of total job creation, which puts the United Kingdom in 4th position in terms of source countries. Major investment operations this year included the extension of the Unilog site at Toulouse Blagnac (250 jobs created)

and the acquisition of the SCA site at Roanne by the paper company LPC (244 jobs created).

The significant increase in the number of jobs created from investment by Dutch businesses (+1,500) is due to a single investment operation: the acquisition of the logistics company Nexia Froid by Ebrex (1,500 jobs maintained). The Netherlands accounted for a total of 9.8% of job creations from foreign investment in 2007.

Japanese and Italian job creation increased significantly in 2007, reversing the downward trend observed in 2006. Chinese, Spanish and Belgian investment remained stable in 2007. Finally, job creation from Swiss and Canadian investment dropped significantly compared to last year.

THE FIFTEEN LEADING SOURCE COUNTRIES FOR INVESTMENT 2006-2007 (Number of jobs created)

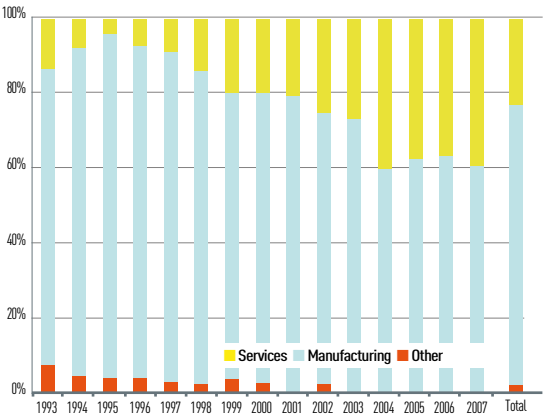
	2006	2007	2007-2006	2006 (%)	2007 (%)
USA	9,511	5,768	-3,743	23.8%	16.7%
Sweden	3,543	4,131	588	8.9%	12.0%
Germany	6,570	3,848	-2,722	16.4%	11.1%
United Kingdom	4,225	3,699	-526	10.6%	10.7%
Netherlands	1,862	3,368	1,506	4.7%	9.8%
Italy	806	1,919	1,113	2.0%	5.6%
Japan	794	1,899	1,105	2.0%	5.5%
China	1,572	1,459	-113	3.9%	4.2%
Spain	1,495	1,336	-159	3.7%	3.9%
Belgium	1,263	1,223	-40	3.2%	3.5%
Switzerland	2,021	934	-1,087	5.1%	2.7%
Iceland	460	733	273	1.2%	2.1%
Canada	1,359	690	-669	3.4%	2.0%
India	155	528	373	0.4%	1.5%
Austria	657	502	-155	1.6%	1.5%
Others	3,705	2,469	-1,236	9.3%	7.2%
Total	39,998	34,517	-5,481	100%	100%

Positive trend in the services sector

Downward trend in the manufacturing industry

2007 was marked by a decline in the number of jobs created in the manufacturing industry (-4,500), whereas this was much more limited in the services sector (-1,000). In this respect, the percentage of jobs created in the manufacturing industry, which had showed a slight increase in 2005-2006, continued its previous downward trend, accounting for 60.5% in 2007 compared with 63.5% in 2006. Job creation in the aerospace materials and chemicals-plastics sectors showed the biggest decline, but there was a major increase in the agro-food sector.

DISTRIBUTION OF JOBS CREATED PER SECTOR 1993-2007



The decline of job creation in the manufacturing industry has led to an upward trend in the services sectors.

Major investment transactions this year included: the extension of Renault Trucks at Bourgen-Bresse (363 jobs created); the takeover of the Florence & Peillon Foundry, located at Vaulx en Velin in the Rhône Alpes region, by the Italian group Garro Spa (420 jobs saved); takeover-extension of the frozen foods company Pickenpack-Gelmer by the Icelandic company Iceland Group (290 jobs maintained and 100 jobs created).

Positive trend in the services sectors

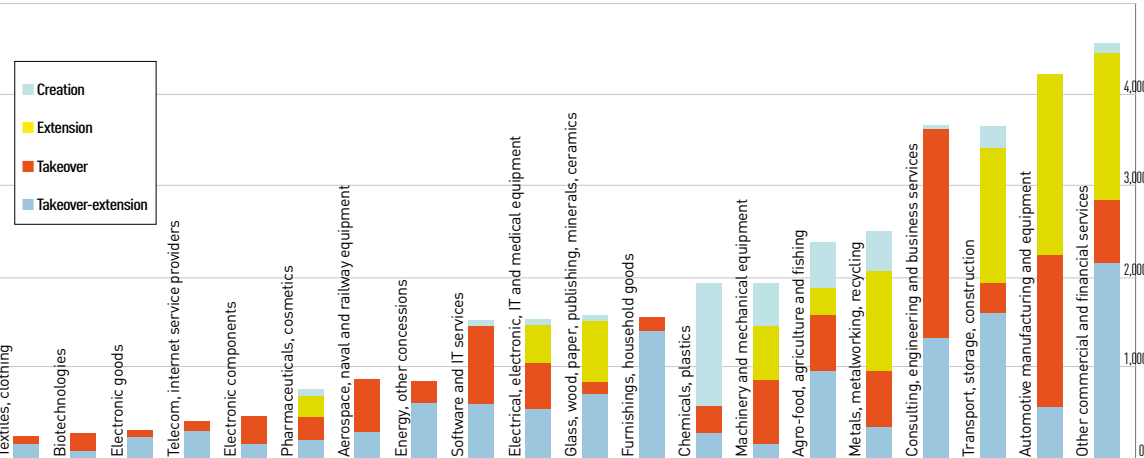
Despite a slight reduction in the total number of jobs created (-966), the percentage of jobs created by the services sectors increased by 3 points reaching 39.5% in 2007. This upward trend is mainly due to the transport and other commercial and financial services sectors, whereas the business services and software sectors showed a significant fall in the numbers of jobs being created. Major investment operations this year included: the recruitment of 850 consultants by KPMG for its site at La Défense; creation of a luxury hotel in Paris by the Chinese group Mandarin Oriental Hotel (350 jobs); and the creation of a logistics park in the Aveyron region by the US company Prologis.

In total, out of the five leading sectors in terms of job creation, three are in the service industry: other commercial and financial services, transport and consulting, engineering and business services. Regarding the manufacturing sectors, the automotive and metal working sectors ranked 2nd and 5th respectively.

NUMBER OF JOBS CREATED PER SECTOR (2006-2007)

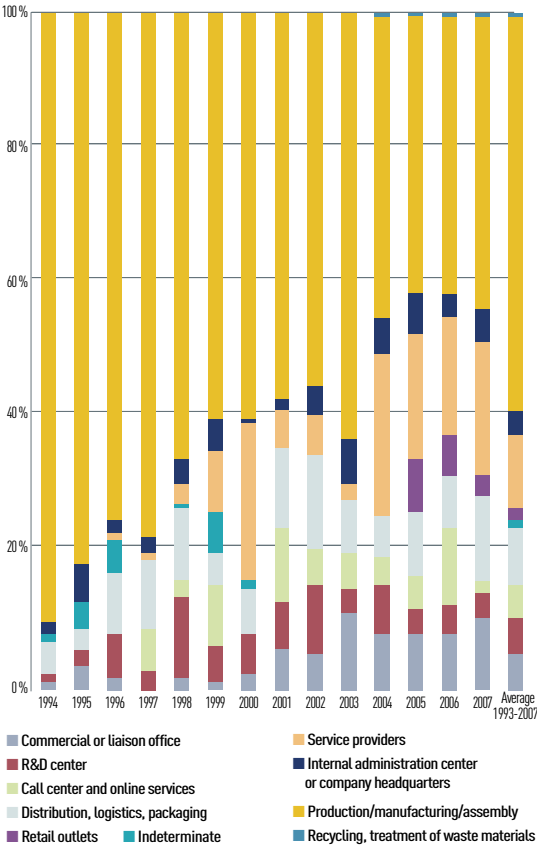
	2006	2007	2007-2006	2006%	2007%
Agro-food, agriculture and fishing	1,506	2,326	820	3.8%	6.7%
Furnishings, household goods	1,955	1,525	-430	4.9%	4.4%
Biotechnologies	133	254	121	0.3%	0.7%
Chemicals, plastics	2,582	1,880	-702	6.5%	5.4%
Electronic components	547	435	-112	1.4%	1.3%
Automotive manufacturing and equipment	4,344	4,215	-129	10.9%	12.2%
Electronic goods	475	276	-199	1.2%	0.8%
Energy, other concessions	1,223	853	-370	3.1%	2.5%
Electrical, electronic, IT and medical equipment	1,176	1,469	293	2.9%	4.3%
Machinery and mechanical equipment	2,343	1,885	-458	5.9%	5.5%
Aerospace, naval and railway equipment	2,868	838	-2,030	7.2%	2.4%
Pharmaceuticals, cosmetics	1,435	744	-691	3.6%	2.2%
Metals, metalworking, recycling	2,315	2,458	143	5.8%	7.1%
Textiles, clothing	774	233	-541	1.9%	0.7%
Glass, wood, paper, publishing, minerals, ceramics	1,733	1,503	-230	4.3%	4.4%
Total manufacturing	25,409	20,894	-4,515	63.5%	60.5%
Other commercial and financial services	3,695	4,509	814	9.3%	13.1%
Consulting, engineering and business services	5,209	3,609	-1,600	13.0%	10.5%
Software and IT services	2,672	1,469	-1,203	6.7%	4.3%
Telecom, internet service providers	1,070	415	-655	2.7%	1.2%
Transport, storage, construction	2,003	3,621	1,618	5.0%	10.5%
Total services	14,589	13,623	-966	36.7%	39.5%
TOTAL	39,998	34,517	-5,481	100%	100%

NUMBER OF JOBS CREATED OR MAINTAINED PER SECTOR AND TYPE OF INVESTMENT PROJECT 2007



Analysis per type of business activity

DISTRIBUTION OF JOBS CREATED PER TYPE OF BUSINESS ACTIVITY (1993-2007)



In 2007, the number of jobs created in the production sector remains stable.

The advantage of an analysis per type of business activity

In order to carry out their business, companies rely on various types of activity: production, of course, but also R&D, administrative services and company headquarters, logistics and distribution, call centers and tele-services, etc. This is particularly true in the manufacturing sectors where the development of “support services” is outstripping “production” activities. As the organization of these activities becomes progressively globalized, they engender specific international investment projects. It is important to review these activities in a specific index, insofar as their location decision criteria differ significantly from those concerning production activities.

Upward trend in the support services sector

The positive trend in the “support services” sectors, and the corresponding adverse effect on the “production” sectors, has been one of the most prominent developments in inward investment in France during recent years. Whereas support services accounted for only 10% of total job creation in 1994, this has increased consistently, reaching 58.5% in 2005. Similarly, whereas production represented roughly 90% of total job creation in 1994, this has progressively declined and accounted for only 40.4% in 2005.

This positive trend in the services sector is due to two specific factors:

- The natural development of the market: whereas several years ago, company R&D and management activities were still very much located in their country of origin, they have since become part of an accelerated trend towards globalization, which has led to a sharp increase in the number of international investment projects.
- A movement towards specialization in these activities by Western European countries, including France, whereas major manufacturing sites that are labor-intensive were being located in emerging countries offering low labor costs.

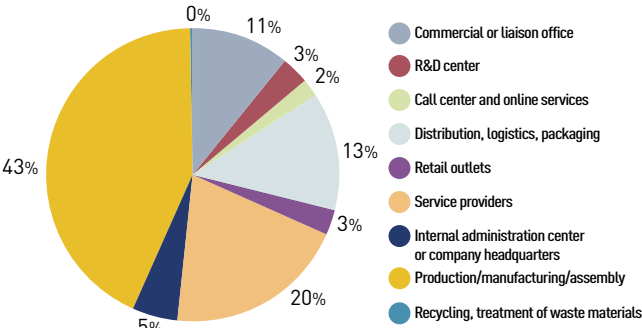
Positive performance of the production sector since 2005

For the past two years, however, this downward trend in the number of jobs created by production activities has undergone a reversal. In 2006, this was essentially due to a sharp increase in the number of jobs created in the production sectors. In 2007, it is the sharp decrease in the number of jobs created in the support services sector that explains the positive trend in the production sector, which was up by 2 points, reaching 43%. This decrease is particularly evident in the call center sector, where the high performances registered in 2006 were not consolidated (-3,900 jobs) and in the retail outlet sector (-1,100 jobs).

DISTRIBUTION OF JOBS CREATED PER TYPE OF BUSINESS ACTIVITY (2006-2007)

	2006	2007	2007-2006	2006(%)	2007(%)
Commercial or liaison office	3,221	3,770	549	8.1%	10.9%
R&D center	1,789	1,167	-622	4.5%	3.4%
Call center and online services	4,441	555	-3,886	11.1%	1.6%
Distribution, logistics, packaging	3,319	4,360	1,041	8.3%	12.6%
Retail outlets	2,199	1,095	-1,104	5.5%	3.2%
Service providers	6,981	6,827	-154	17.5%	19.8%
Internal administration center or company headquarters	1,499	1,758	270	3.7%	5.1%
Production/manufacturing/assembly	16,461	14,834	-1,627	41.2%	43.0%
Recycling, treatment of waste materials	88	140	52	0.2%	0.4%
Total	39,998	34,517	-5,481	100%	100%

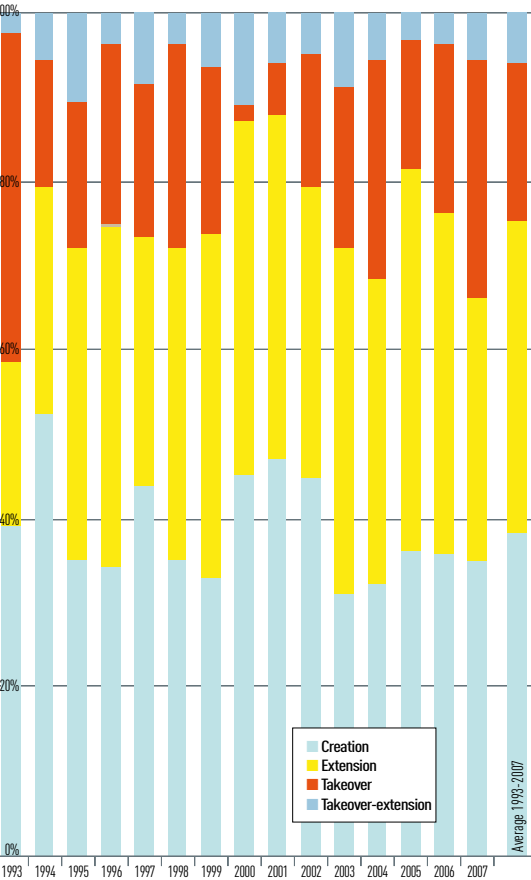
DISTRIBUTION OF JOBS CREATED PER TYPE OF BUSINESS ACTIVITY (% 2007)



Major investment projects in the production sector announced in 2007 included: creation of a pre-packed salad facility by 5^e Saison at Châlons-en-Champagne (300 jobs); extension of Fuji Autotech France at Madeure (230 jobs created) the takeover-extension of Fumel Automotive Aquitaine by the Ukraine company Motordetal (300 jobs maintained, 64 jobs created). Regarding support services, there was a major contribution from investment in the logistics and distribution sector by IKEA (more than 1,200 jobs created) as well as from consulting companies and service providers such as KPMG, EDS, Manpower, Bearing and Accenture (a total of approximately 2,500 jobs created by these 5 companies).

Major role of takeovers

JOB'S CREATED OR MAINTAINED PER MODE OF INVESTMENT (% 1993-2007)



2007 was marked by an increase in the number of takeovers, which achieved the same level as business extensions in the Report on Foreign Direct Investment in France.

Growth in the level of foreign investment in a country can take several forms: creation of new sites, extensions of existing sites, acquisitions, partnerships, etc. However, only some of these investment operations lead to jobs being created or maintained. It is these investment projects that IFA takes into account. Our Review takes into consideration all foreign investment projects leading to the creation of new sites and the extension of existing sites. However, the Review only takes into consideration a certain number of acquisitions, providing that they concern ailing companies and enable jobs to be maintained. (see appendix "Statistical methods").

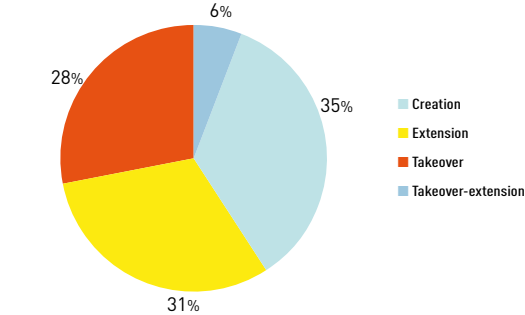
Decline in business extensions

These had increased quite steadily to reach record levels in 2005: 45.4% of the total number of jobs created or maintained. Following a slight downward turn in 2006, numbers dropped significantly in 2007, accounting for only 30.9% of the total number of jobs created, compared to 40.2% in 2006. Major investment operations in 2007 included: in the services sectors, investments announced by various consulting and business service companies (KPMG, Bearing Point, EDS, Unilog...); and in industry, the extension of the Bombardier site in the Nord-Pas-de-Calais region (187 jobs), ATR International in the Midi-Pyrénées region (163 jobs), Renault Trucks at Bourg-en-Bresse (363 jobs), Fuji Autotech in the Doubs region (230 jobs), and SKF Aerospace in the Drôme (161 jobs).

Stability in business creations

Accounting for 35.3% of the Review total, business creations remained stable compared to last year. The biggest investment operations in 2007 included: in the services sectors, setting up of new sites in the Paris area by business services companies (Manpower, Accenture); setting up of several major distribution and logistics sites by IKEA, Amazon and Prologis; two new EasyJet bases at Lyon-Saint-Exupéry airport (80 jobs) and Roissy-Charles-de-Gaulle (130 jobs)

JOB'S CREATED OR MAINTAINED PER MODE OF INVESTMENT (% 2007)



Sharp increase in takeovers

These accounted for 28% of the Review total in 2007 (33.8% including takeover-extensions) compared with only 20% (23.8% including takeover-extensions) in 2006.

As well as setting up a new base at Lyon-Saint-Exupéry airport, EasyJet has announced plans to open a new base at Roissy-Charles-de-Gaulle airport, during the first half of 2008. Investment for the two bases amounts to approximately 200 million euros and will lead to the creation of 120 direct jobs.

“EasyJet is investing highly in France because it is a good thing for France and a good thing for EasyJet. For France, located right at the geographical, political and economic heart of Europe, our investment will be beneficial. EasyJet will also benefit. We are already the fourth leading airline company in Europe, and the second in France, which is why we have decided to invest heavily in Paris, but also in other French regions with for example our new base in Lyon.

We came to France, and more specifically to the Ile-de-France region, because the country offers many opportunities on a political, geographical and cultural level. It is situated right at the heart of Europe and that is precisely where we want to be. The population in the country and region is dense, and all those people can benefit from our excellent service and our very low prices.

EasyJet will be very, very busy in France over the next 12 months. We are going to open bases at Paris Charles-de-Gaulle and Lyon. The number of passengers transported by our airline is estimated at 6 million for 2007, and 8 million for 2008. This represents a huge amount of people and a very large investment – in the region, around 600 million euros of investment and several hundred jobs in France.”

François Bacchetta, CEO, EasyJet

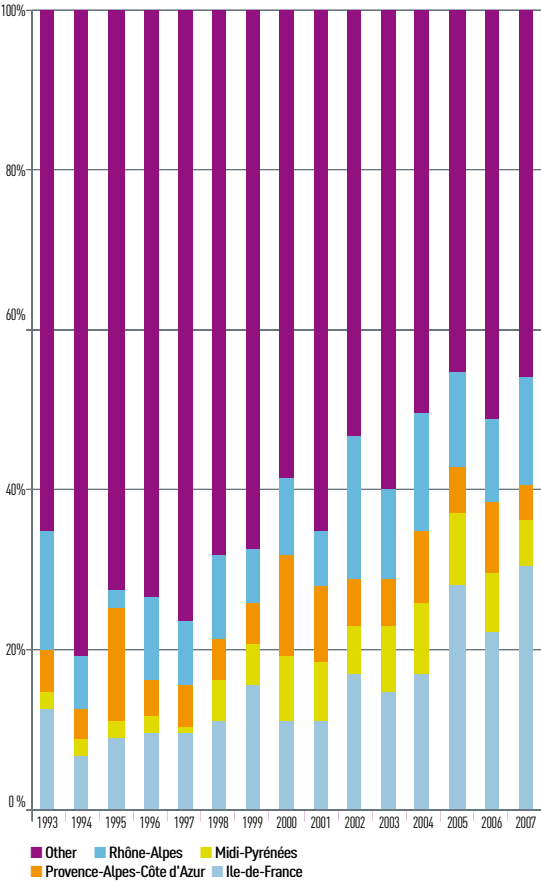
JOB'S CREATED OR MAINTAINED PER MODE OF INVESTMENT (2006-2007)

	2006	2007	2007-2006	% 2006	% 2007
Creation	14,433	12,177	-2,256	36.1%	35.3%
Extension	16,074	10,681	-5,393	40.2%	30.9%
Takeover	7,989	9,667	1,678	20.0%	28.0%
Takeover-extension	1,502	1,992	490	3.8%	5.8%
Total	39,998	34,517	-5,481	100%	100%

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Analysis per host region

PERCENTAGE OF IFA REVIEW TOTAL
PER REGION 1993-2007



In 2007, five regions in France accounted for more than 60% of total job creation.

The Ile-de-France region is in the lead, with 10,400 new jobs created, which is 30.1% of total job creation. The sharp increase in the number of jobs being created compared to 2006 (+1,400), given the significant fall in numbers for the country as a whole, demonstrates the resilience of a region that is highly specialized in high growth service activities (sectors and functions). In the period from 1993 to 2007, the Ile-de-France alone attracted one third of total job creation from foreign investment in France in the services sectors (commercial offices, R&D centers, company headquarters and administration centers, call centers, service providers, logistics, etc.). The region has fully benefited from the vibrancy of these activities, and its percentage of the report foreign direct investment total shows positive growth between 1993 and 2007.

The Rhône-Alpes region remains in second position, accounting for 13.5% of total jobs created, which is significantly higher than in 2006. The region offers a wide variety of business activities, from traditional manufacturing to leading-edge sectors and services. However, the main investment operations observed this year are concentrated in the manufacturing industry: takeover of Florence & Peillon (metal working) by Garro Spa (420 jobs saved); extension of the Renault Trucks site at Bourg-en-Bresse; setting up of a new site by the British paper company LPC at the SCA Hygiene Products site at Roanne; extension of the SKF Aerospace France site at

JOB'S CREATED OR MAINTAINED PER REGION
(2006-2007)

	2006	2007	2007-2006	2006%	2007%
Ile-de-France	9,001	10,398	1,397	22.5%	30.1%
Rhône-Alpes	4,179	4,660	481	10.4%	13.5%
Nord-Pas-de-Calais	2,853	2,810	-43	7.1%	8.1%
Midi-Pyrénées	2,759	2,054	-705	6.9%	6.0%
Provence-Alpes-Côte d'Azur	3,742	1,604	-2,138	9.4%	4.6%
Aquitaine	1,647	1,497	-150	4.1%	4.3%
Champagne-Ardenne	1,143	1,450	307	2.9%	4.2%
Upper Normandy	1,227	1,288	61	3.1%	3.7%
Center	442	1,062	620	1.1%	3.1%
Picardy	1,340	984	-356	3.4%	2.9%
Lorraine	1,710	982	-728	4.3%	2.8%
Pays-de-la-Loire	904	938	34	2.3%	2.7%
Burgundy	650	890	240	1.6%	2.6%
Franche-Comté	446	851	405	1.1%	2.5%
Alsace	1,708	791	-917	4.3%	2.3%
Brittany	2,171	730	-1,441	5.4%	2.1%
Poitou-Charentes	573	519	-54	1.4%	1.5%
Lower Normandy	632	485	-147	1.6%	1.4%
Languedoc-Roussillon	1,261	382	-879	3.2%	1.1%
Auvergne	1,305	72	-1,233	3.3%	0.2%
Limousin	24	70	46	0.1%	0.2%
Dom-Tom overseas territories	270	0	-270	0.7%	0%
Corsica	11	0	-11	0%	0%
TOTAL	39,998	34,517	-5,481	100%	100%

Saint-Vallier-sur-Rhone in the Drôme (161 jobs). The number of jobs created in this region as a percentage of total jobs created from foreign investment in France, has increased steadily from 1993 to 2007, though at a lesser rate and less consistently than in the Ile-de-France region.

The Nord-Pas-de-Calais region is ranked in 3rd position, with 8.1% of total jobs created, which is a slight increase compared to 2006. The region is traditionally specialized in production activities (between 1993 and 2007, 12.3% of total jobs created from foreign investment in France in this sector were located in the Nord-Pas-de-Calais region), as well as logistics. The main investment operations in 2007

confirm the region's specialized profile: extension of the Bombardier site at Crespin in northern France (187 jobs); creation of a computer repair unit at Lesquin (130 jobs); extension of TIM SA (manufacture of cabins for construction and agricultural machinery) at Quaedypre (100 jobs); takeover of Entreprise Générale de Transports du Nord (transport) by the Belgian company Cap Holding (130 jobs maintained and 50 jobs created).

The Midi-Pyrénées region is ranked in 2007 in 4th position, with 6% of total jobs created in France, which is a slight drop compared to 2006. The region is specialized in innovation-intensive activities (e.g. aerospace), and its percentage of the total in

France has progressed quite consistently between 1993 and 2007. Major investment operations this year included the setting up of a logistics site in the Aveyron by the American company Prologis (260 jobs created); the extension of the Unilog (management consultants) site at Toulouse-Blagnac (250 jobs created); and the creation of a glass wool production site at Lannemezan, by the German company Knauf (135 jobs created).

The Provence-Alpes-Côte d'Azur (PACA) region is ranked in 5th position, with

4.6% of the national total. The region did not repeat the excellent results it achieved in 2006, which were specifically due to major investments in the aerospace sector (Eurocopter) and in R&D centers. As well as two new major distribution sites set up by IKEA at Fos-sur-Mer and Vitrolles (650 jobs created), major operations in 2007 included the creation of a Darty remote assistance center for its multimedia clients (150 jobs created), the extension of Accenture activities at its Sophia-Antipolis site (100 jobs created), and the extension of the Iter R&D center at Cadarache (92 jobs created).

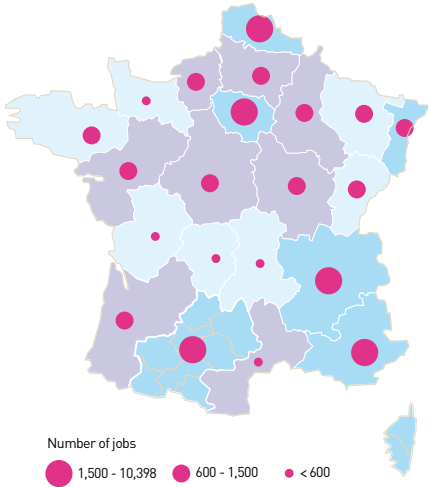
DISTRIBUTION OF JOBS CREATED OR MAINTAINED PER REGION ACCORDING TO TYPE OF BUSINESS ACTIVITY (1993-2007)

	Total Production	Total Services	Total
Alsace	7.7%	3.7%	6.1%
Aquitaine	3.4%	2.1%	2.9%
Auvergne	1.5%	0.8%	1.2%
Lower Normandy	2.7%	0.7%	1.9%
Burgundy	4.1%	1.6%	3.1%
Brittany	4.1%	1.6%	3.1%
Center	4.9%	3.2%	4.2%
Champagne-Ardenne	3.6%	1.7%	2.8%
Corsica	0.0%	0.0%	0.0%
Dom-Tom overseas territories	0.7%	0.2%	0.5%
Franche-Comté	2.8%	0.5%	1.8%
Upper Normandy	2.9%	2.0%	2.5%
Ile-de-France	4.2%	33.2%	16.0%
Languedoc-Roussillon	1.9%	2.6%	2.2%
Limousin	0.6%	0.6%	0.6%
Lorraine	10.5%	4.3%	8.0%
Midi-Pyrénées	6.0%	5.8%	5.9%
Nord-Pas-de-Calais	12.3%	7.3%	10.3%
Pays-de-la-Loire	4.3%	2.9%	3.7%
Picardie	5.2%	2.0%	3.9%
Poitou-Charentes	2.3%	1.2%	1.9%
Provence-Alpes-Côte d'Azur	3.9%	11.6%	7.0%
Rhône-Alpes	10.5%	10.5%	10.5%
TOTAL	100%	100%	100%

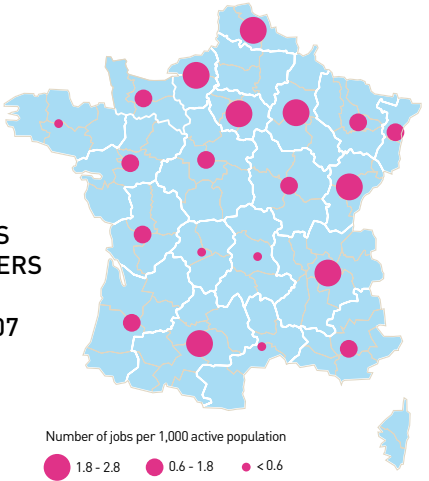
NUMBER OF JOBS CREATED OR MAINTAINED PER 1,000 ACTIVE MEMBERS OF THE POPULATION IN 2007

	Jobs created or maintained	100%
Champagne-Ardenne	1,450	2.8
Nord-Pas-de-Calais	2,810	2.0
Ile-de-France	10,398	1.9
Franche-Comté	851	1.9
Midi-Pyrénées	2,054	1.9
Upper Normandy	1,288	1.8
Rhône-Alpes	4,480	1.8
Picardy	984	1.5
Burgundy	890	1.4
Aquitaine	1,486	1.2
Lorraine	982	1.2
Alsace	791	1.1
Center	1,062	1.1
Provence-Alpes-Côte d'Azur	1,604	0.9
Lower Normandy	485	0.9
Poitou-Charentes	519	0.8
Pays-de-la-Loire	938	0.7
Languedoc-Roussillon	562	0.6
Brittany	730	0.6
Limousin	70	0.3
Auvergne	72	0.1
Corsica	0	0
Dom-Tom overseas territories	0	0
TOTAL	34,517	1.4

NUMBER OF PROJECTS AND JOBS PER REGION, 2007



NUMBER OF JOBS PER 1,000 MEMBERS OF THE ACTIVE POPULATION, 2007



The Franco-Canadian company, MT Verbom, specialized in the manufacture of metal bodywork parts for the automotive industry, plans to recruit a further 35 employees for its site at Saint-Lô in the Manche region.

“Several years ago, in an effort to diversify its markets, Verbom began prospecting for business in France and won several contracts. In order to provide client services that would increase European turnover, it was necessary to enter into a partnership agreement with a French toolmaker. There were several visits. Then the legal process followed its course and culminated in the signature of the articles of association of the new SAS MT Verbom company, in March 2007. Factors that favourably influenced our decision to locate in France included: access to the European market, the advanced level of technology, the expertise of staff and management personnel, the presence of major manufacturers in the area, and the efficiency of the transport system.”

Yvon Laplante, President, Verbom Inc.

1 The importance of business consolidation investments

In an economic context that is defined by increasing delocalization and restructuring of production networks, business consolidation investments are extremely important. They are not however included in the Review and are therefore presented in a separate category. It is no longer sufficient to attract foreign businesses to France; it is just as important for business to be persuaded to stay. The IFA and its regional partners play a key role in this respect.

During their lifetime, existing business sites may be faced with three different development strategy decisions: closure or a reduction of their business activity; extension of their business activity; and finally, consolidation of their business site by means of investment (modernization, change of business activity).

Business consolidation investments are in fact industrial development projects that consolidate an existing site and save jobs that would otherwise have been lost. These are not taken into consideration in the Review. This type of investment does not immediately result in the creation of new jobs, but shows the company's intention to continue its business activity at that particular site in the medium term. This type of investment often follows a decision process that involves competition among other existing sites, either in Europe or around the world.

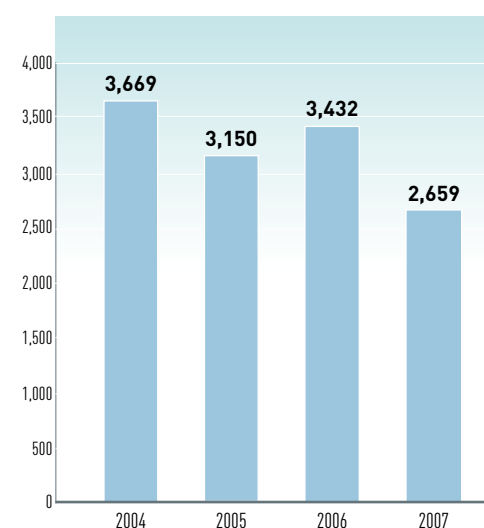
Global efforts and interventions by national public organizations can influence the decision to reinvest at the site under threat. This type of investment project is therefore a key element of the economic attractiveness issue and, as such, represents an

To allow a site that is threatened with closure due to specific competition from another site in a different country, to be maintained in the medium term.

important field of activity for the IFA and its regional partners.

In 2007, this type of investment operation enabled 2,659 jobs and 8 sites to be maintained. In line with global results, there has been a fall of 29% in the number of jobs consolidated by business consolidation investments compared to 2006. 1,700 of these 2,659 jobs concerned the Robert Bosch site in the Aveyron region.

EVOLUTION IN THE NUMBER OF CONSOLIDATED JOBS (NOT INCLUDED IN THE REVIEW) (2004-2007)



The IFA and its regional partners have been involved in several consolidation projects this year, including:

Robert Bosch is an automotive equipment supplier that designs, develops and produces its own automotive parts. The company offers a wide range of products in the following technical fields: energy systems, chassis systems, car multimedia, components for injection systems, automotive electronics. The German company invested 65 million euros in its Onet-le-Château site in the Aveyron region to replace production of injectors for Volkswagen diesel motors with a new generation of common rail injectors.

This business consolidation investment formed part of plans to restructure European activities and involved an agreement signed by three trade unions. It enabled the site to be maintained and ensured that 1,700 jobs were saved.

The glass company, EU-AGC Automotive, subsidiary of the Japanese company Asahi Glass Co. Ltd, decided to carry out repair works on one of its glazing ovens at the Boussois site in the Nord-Pas-de-Calais. The new oven will be used to produce glass for the construction industry. Using the latest technological developments in the industry, the glazing oven represents a key move towards innovation and sustainable development.

The 30 million euro investment, which received considerable support from the IFA and regional and local authorities, enabled 150 jobs to be maintained.

The **Ratier Figeac** aerospace division of the US company **United Technologies Corporation**, is particularly specialized in power generation and distribution equipment, and control systems. As part of plans to restructure its activities, the company decided to transfer its propeller hub manufacturing activity to the Figeac site in the Midi-Pyrénées. This 9 million euro investment enabled the renovation of existing buildings, the modification of production processes, and the acquisition of new machinery. The group's decision to locate high power propeller production activity at a single site has enabled 350 jobs to be maintained a Figeac.

These consolidated jobs are included in a separate category from other types of investment projects (business creation, extension, takeover, and takeover-extension). For the sake of consistency, these figures are not included in the statistics used for the national review.

An agreement has been signed between the head of the **Toyo Aluminium** group and the relative public authorities, concerning the development of the Toyal factory at the Accous site, providing the transfer of some of its activity to a new industrial platform situated in the area.

The installation of a new grinding line and an aluminum paste laboratory at Accous, represents an investment of around 6.5 million euros. The development of the new industrial estate close to the current site, costing an estimated 1.9 million euros, will be paid for by the local authorities, the regional authorities and the French state. The group, that had previously stated it had not excluded the possibility of developing its business outside of France, finally decided to remain in the country. This consolidation investment project therefore benefited from strong local, regional and national support. It enabled 143 jobs to be maintained.

Belgium

Flows of investment between France and Belgium have developed in conjunction with the high levels of commercial and industrial exchanges between the two countries.

Belgian investment between 2000 and 2006 led to the creation of 10,000 jobs in France. In addition, 30,000 French “border” residents work in Belgium.

In 2006, over 9 million Belgian and Luxemburg tourists spent 4 billion euros during their visits to France.

43,000 Belgian citizens have second homes in France, and the number of expatriate Belgians in France is estimated at between 150,000 and 200,000.

Within the European ERASMUS academic program, 740 Belgian students studied in French universities and educational establishments during the 2004/2005 academic year.

Belgian companies create a high number of jobs in the manufacturing industry

There are an estimated 2,000 subsidiaries of Belgian companies based in France. These include subsidiaries of major Belgian groups such as Solvay, Barco, Katoen Natie, Recticel, Lotus Bakeries, Bekaert, Roularta, as well as family run companies such as Vandemoortele and Qualiphar.

These companies employ approximately 120,000 people, including more than 90,000 employed in the manufacturing industry.

N.B.

– The Albert Frère Group is a major shareholder in several French groups, including: Suez, Total, Lafarge, Imeris and Pernod Ricard.

– The holding company Sofina is also one of the main shareholders of Suez and Danone.

– The Ackermans van Haaren group is one of the main shareholders of the Flo group and the Euro Media group.

THE MOST SIGNIFICANT BELGIAN INVESTMENT OPERATIONS IN 2007 INCLUDED:

- **November 2007:** Vandemoortele – agro-food – business creation - 70 jobs – Arras, Nord-Pas-de-Calais
- **September 2007:** Reynaers Aluminium – metalworking – business creation - 25 jobs – Castres, Tarn
- **March 2007:** Fruytier – wood – business creation - 100 jobs – Roche-en-Brenil, Côte d’Or
- **April 2007:** Dujardin Foods-Unifrost – agro-food – business extension – 20 jobs – La Garde Adhemar, Drôme

Sectors

Belgian companies in France are particularly present in the following sectors: chemicals, plastics, healthcare, agro-food, logistics, traditional manufacturing industries, services, media and ITC.

Type of investment

– Large manufacturing sites such as the Solvay (chemicals) factory at Tavaux in the Jura region (the group’s biggest manufacturing plant worldwide).

– Large logistics platforms such as the Katoen Natie site (St Martin de Crau, Le Havre, Marseille, Farebersviller) and the Sea Invest docks platform at Dunkirk.

– Distribution platforms, particularly for the Colruyt discount company brand names, Codisfrais and Pro à Pro.

– Offices and commercial services (call centers, IT services, secretarial...).

Regional investment locations

33% of total investment projects are concentrated in the 3 border regions between France and Belgium (Nord-Pas-de-Calais, Champagne-Ardenne, Lorraine), 30% of total investment projects lie on the Paris/Lyon/Marseille axis

Belgian investment has led to the creation of 10,000 jobs since 2000

On average, Belgian companies create between 1,000 and 2,000 jobs and 30 projects per year in France. A large percentage of Belgian investment is traditionally concentrated in the Nord-Pas-de-Calais region and other regions of Northern France. In 2006, Belgian companies set up 39 investment projects enabling a total of 1,300 jobs to be created, maintained or consolidated.

In 2007, Belgian companies created 1,223 jobs.

Canada

Over the past few years, economic links between Canada and France have intensified and the rate of Canadian investment in France has increased: around 3% of total inward FDI in 2006/2007.

Canada is the 11th leading investor in France in 2007

Approximately 180 Canadian companies are represented in France by around 300 subsidiaries, accounting for roughly 30,000 jobs. With 14 successful investment projects in 2007, and around 700 new jobs, Canada ranked 12th in terms of source countries of international investment in France; in 2006, Canada was ranked in 9th position in terms of job creation (1,359 jobs).

Therefore, whereas investment from the US dropped significantly in 2007, Canada remained very active in terms of foreign investment in France.

Sectors

Over the 2000-2006 period, four sectors in particular have generated employment: the “metals, metalworking and recycling” sector, the “consulting, engineering and financial services” sector, the “electrical, electronic, IT and medical equipment” sector and “other commercial or financial service activities”, which together account for 15% of the number of jobs created as a result of Canadian investment.

Type of investment

Canadian investment is concentrated in business creations and extensions.

Over the 2000-2006 period, jobs creation by Canadian investment were mainly concentrated in production/manufacturing/assembly (58%) and call centers and on-line services (17%).

An analysis of investment projects in 2007 confirms that a significant proportion of investment projects were in the industrial sector (55% of jobs), ahead of commercial development projects.

Regional investment locations

Over the period 2000-2006, four French regions and the DOM-TOM (French overseas departments) attracted approximately 65% of total jobs created by Canadian investment projects: DOM-TOM (14.5%), Champagne-Ardenne (14%), Lorraine (13%), Poitou-Charente (12.2%), Ile-de-France (11.4%) and Nord-Pas-de-Calais (9.7%). In 2007, the Nord-Pas-de-Calais, Upper Normandy and Champagne-Ardenne together accounted for 74% of the total number of jobs created.

Canadian investment has increased consistently for the past several years

From 2000 to 2007

Since 2000 there were 101 Canadian investment projects, leading to the creation of 6,914 jobs.

Canadian investment stabilized in 2007

The number of Canadian investment projects stabilized in 2007. They generated 700 jobs for 14 projects.

MAJOR CANADIAN INVESTMENT PROJECTS IN FRANCE IN 2007 INCLUDED:

- **February 2007:** Verbom – automotive press tools – production – 35 jobs – Saint Lô, Manche
- **March 2007:** bombardier – railway equipment – production – 187 jobs – Crespin – Northern France
- **April 2007:** odotech – agro-food – R&D center – 10 jobs – Grasse, Alpes Maritimes
- **August 2007:** magna – automotive equipment – R&D – 58 jobs – Le Mans, Sarthe
- **December 2007:** SMART Technologies – electronic goods – european HQ – 40 jobs – Villepinte, Seine Saint Denis

China

Although China is not yet a major player in terms of international investment projects, these have increased consistently; a trend which greatly benefits France.

Upward trend in the number of Chinese companies based in France

Until very recently, the number of jobs created in France by Chinese investment projects was extremely low, and mainly made up of company representatives or regional offices. This is no longer the case. Chinese companies generated 1,459 jobs in France in 2007, compared with 1,572 in 2006 and 582 in 2005. The 20 or so Chinese investments each year currently represent approximately 500 million euros.

The type of investment made by Chinese companies has also changed, and Chinese firms are now developing in France via external growth, business acquisitions, or the creation of research centers, with more jobs created per euro invested. The number of employees working for Chinese firms in France is estimated at 8,000 in 2007.

Sectors

Chinese companies are present in several sectors: chemicals, textiles, home wares, electronics, electronic goods, air and freight transport, small electrical goods.

Type of investment

Chinese investment has matured significantly over the past several years, and the numerous small sales offices have been replaced by a large number of takeovers of ailing companies or production sites in France. France remains the preferred region for the location of European headquarters of major Chinese firms.

Regional investment locations

Chinese companies tend to concentrate their investment in the Ile-de-France and Rhône-Alpes regions. Numerous Chinese companies are represented by their strategic decision centers that are mainly concentrated

in the Paris region: the Chinese public organization that is responsible for the aerospace sector, CATIC, has concentrated its European activities in Paris. In the past few years, several major Chinese investment projects have been located in the Lyon region.

Chinese investment: leading-edge electronics sector

From 2000 to 2006

Since 2000, Chinese investment has particularly developed in the electronics (mainly the setting up of sales offices) and the telecommunications equipment sectors: ZTE, Huawei. Chinese aerospace companies are also developing (Air China, China Eastern, China Southern) as are logistics providers at Paris airports, particularly COSCO which aims to progressively cover all air, port and river platforms. China Shipping, the second leading Chinese shipping company, set up business in Le Havre and Marseille in 2006. The influx of electronics companies continued: Watchdata (electronic data security), as well as a significant number of acquisitions, for example the acquisition of Adisseo and the acquisition of Rhodia by Bluestar.

MAJOR CHINESE INVESTMENTS IN FRANCE IN 2007 INCLUDED:

- **January 2007:** Bluestar – chemicals – 800 jobs – Lyon, Rhône-Alpes
- **August 2007:** NFM Technologies – machines and mechanical equipment – 240 jobs – Lyon, Rhône-Alpes

Denmark

Around 180 Danish companies are currently represented in France by 750 different establishments. A total of 58,000 people are employed by Danish owned companies.

Danish companies based in France

Major Danish companies operating in France include: ISS with over 42,000 employees in France – leading foreign employer in France; Danfoss with 1,100 employees and Velux with 1,000 employees.

Sectors

All the major Danish economic sectors are represented in France. The three leading sectors are: machinery and equipment accounting for 18% of total subsidiaries, agro-food accounting for 13%, and electronics accounting for 11%.

Type of investment

The tendency is firmly towards business extensions, which account for 55% of total investment projects. Business creations account for 42% of total projects and takeovers for 3%.

A study of accumulated job creations since 1993 clearly shows that Danish companies give priority to business extensions over business creations and takeovers. The total number of jobs generated by business extensions is 3,127, which is 50% more than the total number of jobs from business creations (1,345 jobs) and takeovers (204 jobs).

Regional investment locations

All the French regions attract Danish investment. However, there is clearly a preference for the Lille, Amiens, Paris, Orléans, Lyon, Marseille axis. There is also a significant concentration of Danish investment in urban areas such as the Ile-de-France, which attracts 43% of total establishments, and the Rhône-Alpes which attracts 11.5% of the total.

Danish investment flows

Since 2000

This was the second worst year for Denmark, with the number of jobs created or maintained hardly reaching 100. Figures have not been so low since 1993 and 1997. In this respect, the number of Danish investment projects also declined from 11 projects in 2005, to 7 projects in 2006, and 6 projects in 2007.

There are two main reasons for this decline: several investment decisions have been put off (Rockwool); and the low level of investment by companies that regularly invest in France (Novo Nordisk, Grundfoss, ISS).

Danish investment in 2007

In 2007, Danish companies invested in 6 projects including 4 business creations (64 jobs) and 2 business extensions (70 jobs). In addition, an important new Danish company arrived in France in 2007. Jysk, the Danish bedding and furnishings company, has just started business in the Lorraine region. The company plans to open 60 shops in France by 2010, which will lead to the creation of approximately 1,000 jobs in France. There are currently 5 shops.

THE MAIN DANISH INVESTORS IN FRANCE IN 2007 INCLUDED:

- **May 2007:** Jysk – furnishings – creation of a France headquarters – 10 jobs – Metz, Moselle
- **April 2007:** Rockwool – extension – 40 jobs – Puy-de-Dôme
- **May 2007:** Hardi – extension – 30 jobs – Marseille, Bouches-du-Rhône

Finland

Finland has a population of 5.2 million. Its GDP is estimated at 153 billion euros, which is 29,423 euros per capita, and its presence in France is far from negligible.

Finnish companies based in France

There are an estimated 100 Finnish companies represented in France by approximately 300 establishments. A total of 13,000 employees work for Finnish owned companies. Major Finnish companies in France include: Kone with 3,250 employees, UPM Kymmene with approximately 1,600 employees, and Ahlström with 1,550 employees.

Sectors

The range of sectors is quite broad: however, the leaders are the wood and paper industry and the machines and equipment industry, both accounting for 15% of the total number of subsidiaries, and the chemicals and plastics industry with 14%.

Type of investment

In 2007, Finnish companies invested in 9 projects including 7 business extensions (and takeover-extensions) and 2 takeovers extensions. This year is largely atypical since no business creations were observed. A review of the past 15 years' of Finnish investment shows a preference for business creations and extensions compared to acquisitions. Regarding job creations, 43% result from business creations, 42% from business extensions and only 20% from takeovers.

Regional investment locations

Two regions attract the majority of Finnish investment: Paris, which accounts for 37% of total projects, and Lyon which accounts for 14.1%. These are followed by the Alsace region with 7.3%, the Nord-Pas-de-Calais and the PACA regions with 6.3%. Finnish establishments are not evenly distributed over the French territory: 80% are concentrated in only 40% of total French regions.

2007 continued in this trend, since the five leading regions attracted two thirds of total Finnish investment projects.

Finnish investment flows

Since 2000

Following a sharp increase in 2006, Finnish investment regained its average level in terms of jobs created or maintained in 2007 (235 jobs). This level is slightly lower than the average of the 14 previous years (250 jobs), with the exception of 2006, which remains unequalled. However, it is important to underline that the number of projects remains relatively high (9 projects in 2007), which is the third best performance since 1993.

Finnish investment in 2007

Although the results are not poor, the level of Finnish investment dropped significantly compared to 2006. This is relative however, since 1,100 of the 1,310 jobs created in 2006 were generated by only two companies, Kone and Fonnecta (via its French subsidiary Intracall Center).

MAJOR FINNISH INVESTORS IN FRANCE IN 2007 INCLUDED:

- **January 2007:** Kone – mechanical (lifts) – business extension – 50 jobs created – Nice
- **September 2007:** Finnforest – wood-paper – takeover of Gillet – 55 jobs saved – Lot-et-Garonne
- **November 2007:** Wärtsilä – marine industry – business extension – 20 jobs created – Marseille, Bouches-du-Rhône

Germany

Germany is France's leading economic partner. It is France's leading client but also its leading supplier with commercial transactions totaling 125 billion euros. Over 13 million German tourists regularly visit France and roughly 150,000 Germans reside in France.

Germany, leading European investor in France

Germany is the leading European investor in France and the second leading investor in France worldwide after the U.S, accounting for a global market share of 20%.

It is estimated that there are currently over 2,700 German companies based in France, which represents over 300,000 jobs and a total investment of approximately 40 billion euros. This German presence mainly developed during the 1960's with investment in the industrial sector; it continues today in the business and personal services sectors.

The major German groups are all operating and expanding their business activities in France, and the "Mittelstand" (family run groups) are increasingly active.

Sectors

The three sectors that attract the highest levels of German investment are the automotive sector (20% of jobs), the electronic and medical equipment sectors (15% of jobs), and consulting and business services (10% of jobs).

Type of investment

German investment is mainly concentrated in industrial activities (production sites) in 60% of cases. This is followed by distribution/logistics/packaging (10% of projects) and then service providers (8% of projects).

Regional investment locations

Although there is a downward trend in the proportion of cross-border investments, the Alsace and Lorraine regions still account for 40% of the total jobs created by German investment. This is followed by the Midi-Pyrénées, Nord-Pas-de-Calais, Rhône-Alpes and the Ile-de-France regions.

German investment has grown consistently for the past several years

From 2000 to 2006

Over a period of 6 years, from 2000 to 2006, there were approximately 700 German investment projects in France, leading to the creation of 33,000 jobs. Projects currently tend to favor the Ile-de-France, Rhône-Alpes and Midi-Pyrénées regions. Investments are made in the service sectors rather than the industrial sectors. As well as business creations and site extensions, the number of business takeovers (of either healthy or ailing companies) is on the increase.

Today, it is SME's that are investing in France because the major groups are already present. This is one of the effects of the single European market dynamic, particularly in the Euro zone.

MAJOR GERMAN INVESTMENTS IN FRANCE IN 2007 INCLUDED:

- **January 2007:** Fritzmeier Systems GmbH – agricultural machinery – 100 jobs – Quaedypre, Northern France
- **April 2007:** ThyssenKrupp AG – metalworking – 140 jobs – Florange, Moselle
- **September 2007:** Robert Bosch GmbH – automotive – 1,700 jobs – Onet-le-Château, Aveyron
- **October 2007:** Johann Hay GmbH – automotive – 300 jobs – Hagondange, Moselle
- **November 2007:** Bertrandt AG – automotive engineering – 150 jobs – Bièvres, Essonne
- **December 2007:** Rewe AG – agro-food – 80 jobs – Saint Omer, Pas-de-Calais

India

In addition to its historical links with India, France now also represents a tourist and a commercial destination that is increasingly attractive to Indians.

India, 13th leading investor in France

France is becoming increasingly attractive to Indian companies and investors: with more than 50 companies employing over 3,000 people in the country. In 2007, Indian investments generated 528 jobs (+70% compared to 2006). India is the 14th leading source country for international investment in France, behind the USA, Germany, the United Kingdom, ...

Sectors

The majority of Indian investment is targeted at the manufacturing industry (55% - mainly pharmaceutical products and automotive components), and non-financial services and new technologies (25% - software and IT services).

Type of investment

Indian investment over the past few years has shown a marked increase in the number of takeovers. Indeed, the takeover of healthy companies and market leaders is becoming the preferred mode of investment for Indian companies.

France is also given priority in terms of representative offices in the new technologies sector and R&D centers, as can be seen by recent investments by Wipro Ltd, Ranbaxy and Span Diagnostics.

Regional investment locations

The majority of Indian companies are based in Paris or in the Ile-de-France region; the fact that Paris is a major capital city with a large Indian community can favorably influence the investment decisions of certain Indian investors.

However, Indian investment is now tending to relocate to the South of France and specifically the Rhône-Alpes region, and Sophia-Antipolis which offers a scientific and technology park.

Growth in Indian investment

Between 2002 and 2006, France attracted 27 Indian "greenfield" investment projects, which resulted in 1,636 jobs being created or maintained. In 2006, for the second year running, India's outward FDI flows were higher than its inward FDI flows. Indian companies invested a total of 4.2 billion US dollars in European mergers and acquisitions, 10% of which was invested in France.

In 2007, Indian companies acquired 243 foreign businesses, for a total of 32.76 billion US dollars, compared to 9.9 billion US dollars in 2006, and 4.2 billion US dollars in 2005.

Globalization in India, which is the 10th leading economy worldwide, has become vital in terms of improving turnover figures for Indian companies and accessing various technologies (production, IT, communications, and expertise).

In terms of value, the majority of acquisitions took place in Europe (52%) followed by the USA (38%).

In 2007, the key sector in terms of Indian takeovers was the telecommunications sector.

INDIAN INVESTMENT PROJECTS IN 2007 INCLUDED:

- VSNL, the telecommunications subsidiary of Tata acquired the French company Cipris
- Wockhardt acquired the French pharmaceutical company Negma Laboratories for a total of 265 million US dollars – 500 employees
- Jyoti CNC Rajkot (machinery) acquired Huron Graffenstaden SAS – 140 employees

Italy

The geographical and cultural proximity between France and Italy, as well as the extent of commercial exchanges between the two countries, make France a favored destination for Italian investors.

France is favored by Italian investors

France is the second leading host country for Italian outward FDI flows (behind the Netherlands), ahead of the United States and the United Kingdom, with stocks of 22.4 billion euros in 2006 (source: Bank of Italy). There are many Italian companies based in France: 630 Italian companies with 850 sites employing more than 100,000 people. Acquisition investment operations by Italian groups, which were notably absent in France over the past several years, have resumed: Mondadori - with the acquisition of Emap France in the publishing sector; the Boreletti group - with the acquisition of Printemps.

Main sectors:

- automotive: FIAT
- building materials: Italcementi, MAPEI, Marazzi
- aerospace: Finmeccanica
- financial sector: Generali
- energy: ENI
- metalworking: (ZEN group, Riva Acciaio)
- consumer goods: Benetton, Prada, Armani...
- retail: Borletti (Printemps)

Type of investment

The most significant investments were made by major Italian groups, some of which are national companies, that have entered into industrial partnerships with, or taken over, French companies. There were also various investment operations by SME's from the North of Italy, leading to the creation of production sites in France: SIAC (tractor cabins), FLO (plastic homeware), OMG (automotive parts), Cartiera Lucchese (paper). 2007 saw two major takeovers of ailing companies (Zen).

Regional investment locations

Italian companies are relatively evenly distributed over the whole of France, but there is a concentration of investment in the Ile-de-France region (retail, financial services) and the Rhône-Alpes (chemicals, automotive, IT). Also, NICOX was set up at the Sophia-Antipolis cluster, to develop innovative pharmaceutical molecules.

Since 2000, Italian companies have created an average of 1,700 jobs per year in France

From 2000 to 2006, Italy was ranked on average in 6th position in terms of international investors in France

Between 2000 and 2006, Italian companies generated 237 projects and created 11,600 jobs, which is 6.9% of total projects and 5.7% of total jobs created by foreign investment in France over the same period (source: IFA Monitor). The vast majority of jobs were created in the traditional sectors of the economy (mechanical, building materials, chemicals, automotive sectors), however, there was also an increase in investments in new sectors over the same period (biotechnologies, ITC, aerospace, eco-industries).

Significant increase in Italian investment in 2007

Following a decline in 2006 (806 jobs and 26 projects), 2007 saw an increase in the number of jobs being created (1,919 jobs and 25 projects) which was slightly above the average for the years 2000 to 2006. This performance is partly due to the acquisition by Zen (foundry) of two ailing French companies, which enabled 800 jobs to be maintained.

MAJOR ITALIAN INVESTMENT OPERATIONS IN FRANCE IN 2007 INCLUDED:

- July 2007: Almeco SpA – metalworking – production – 132 jobs – Goncelin, Isère
- July 2007: Bracco France SpA – medical imaging – commercialization and R&D – 40 jobs – Courcouronnes, Essonne
- September 2007: Fiat Powertrain Technologies Sa – automotive manufacturing – 150 jobs – Bourbon Lancy, Saône et Loire
- October 2007: Zen – metalworking – production – 380 jobs – Châtelleraut, Vienne
- October 2007: Zen – metalworking – production – 420 jobs – Vaulx en Velin, Rhône

Japan

France is the leading host country for Japanese FDI in the Euro zone and Japanese business activity is high, with an estimated 450 companies employing roughly 57,000 people.

Japan, 7th leading investor in France in 2007

With 34 investment projects in 2007 and the creation of approximately 1,500 jobs, Japan returns to its rank of 7th leading source country in terms of international investment flows in France, following 2006 which saw the country drop to 13th position (800 jobs and 38 projects), particularly due to a fall in investment in the automotive sector, and lose its position as leading Asian investor to China.

Sectors

Investment projects in France are a reflection of the major sectors in the Japanese economy, with the automotive sector (63%) making a comeback in 2007, and the electrical, electronic and medical equipment sector (11%) largely in the lead. These are followed by the chemicals, pharmaceutical and mechanical sectors, which generate several new investment projects each year.

Type of investment

An analysis of investment projects per type of business activity shows the sustained predominance of the production sector, which still represents 50% of total projects and 71% of total jobs, ahead of sales offices.

R&D activities (around 40 establishments with approximately 1,500 employees at the end of 2007), logistics and company headquarters remain significant in terms of both stocks and flows.

Regional investment locations

Both in terms of the number of projects and the number of jobs, Japanese investment is concentrated in certain regions: Nord-Pas-de-Calais, Ile-de-France, Northern France, Brittany, Champagne-Ardenne.

The Nord-Pas-de-Calais regained 1st position in terms of jobs.

Growth in Japanese investments over the past several years

From 2000 to 2007

Between 2000 and 2007, Japanese companies generated more than 200 investment projects and created 11,000 jobs, which is an increase of 28% over the period.

2006 showed mixed performances due to the crisis in the automotive sector, and gave way to a marked increase in Japanese investment in France in 2007, which should continue into 2008 if fears of a recession in the US do not cause companies to put their investments on hold (which has been the case in the past).

Japanese investment rises in 2007

Japanese investments generated roughly 1,900 jobs, compared to 800 jobs in 2006.

MAJOR JAPANESE INVESTMENTS IN FRANCE IN 2007 INCLUDED:

- **Maruyasu** – takeover – automotive equipment – 487 jobs – Nord-Pas-de-Calais and Champagne-Ardenne
- **Asahi Glass/Glavervel** – extension – automotive glass – 150 jobs maintained – Nord-Pas-de-Calais
- **Fuji Kiko** – extension – automotive equipment – 155 jobs – Franche-Comté
- **Renesas** – R&D – microelectronics – 100 jobs – Brittany
- **Ibiden** – extension – automotive equipment – 80 jobs – Centre
- **Fast Retailing** – business creation – retail – 75 jobs – Ile-de-France
- **Toray** – extension – carbon fiber – 50 jobs – Aquitaine
- **DNP** – business creation – printing – 50 jobs – Ile-de-France
- **Horiba ABX** – extension – medical reactive products (haematology) – 50 jobs – Languedoc-Roussillon
- **Nippon Suisan** – takeover – agro-food – 30 jobs – Brittany

Korea

Korea is a fairly recent investor in France, the first real investment projects dating from the end of the 1980's. There are around 30 Korean companies based in France, with approximately 1,400 employees.

Korean companies in France

In this respect, the total flow of direct investment from Korea into France (584 million dollars of inward FDI in September 2007 according to Korea Export-Import Bank figures) remains quite marginal, and France is ranked 25th among host countries for Korean investment (6th European host country behind the Netherlands, Great Britain, Germany, Poland, Slovakia).

However, an increase the number of Korean companies in France since 2002 has been observed, particularly with investment projects from Amorepacific (cosmetics) and LG Electronics (mobile phone equipment). This development is supported by the 13,000 strong Korean community, which includes 8,500 students. 530,000 Korean tourists visited France in 2005, which was 10% more than the previous year.

Korea is a partner in the ITER project, which is a key factor in the development of economic relations between the two countries.

Sectors

Korean companies in the electronics sector generate the most jobs (53%), followed by those in the cosmetics sector (17%) and the automotive sector (12%).

Type of investment

Over 60% of jobs are based in sales & marketing; production and R&D activities account for 18% and 13% respectively of jobs created by Korean investment in France. Several mid-sized Korean companies have started to open headquarters in France (Gravity Europe, Komelon Europe, Amorepacific Europe).

Regional investment locations

Over 90% of companies are concentrated in the Paris area. The main production unit is located in Chartres (Amorepacific in the cosmetics sector).

Recent investment flows

France was particularly affected by the general decline in the levels of Korean investment in Europe following the Asian economic crisis. However, since 2002, in all sectors of activity, Korean SME's with an international development strategy have chosen to locate their business activity in France.

2000 to 2006

From 2000 to 2006, 22 investment projects have created more than 850 jobs.

Main projects include:

- in 2002: acquisition of the French Corail company by the Korean YG-1 company specialized in machine tools
- in 2004: creation of a perfume production unit (Amorepacific) and creation of a mobile telephone equipment R&D center by LG Electronics at Villepinte
- in 2005: investment projects from Pantech, Medison, VK and Samsung Electronics in the electronics/IT sectors
- in 2006, five investment projects generated a total of 160 jobs.

MAJOR KOREAN INVESTMENT IN FRANCE IN 2007 INCLUDED:

- **Sanji Construction** – luxury residence construction – 15 jobs created – Beaulieu, Alpes-Maritimes
- The subsidiary of the Korean **LG Electronics** group opened its first site outside of Paris, at Saint-Priest, dedicated to its residential and service sector air-conditioning solutions – 12 jobs created

Netherlands

In 2007, the Netherlands were the 5th leading investor in France in terms of the number of jobs created or maintained. 30 Dutch investment projects enabled 3,368 jobs to be created or maintained.

The Netherlands are the 5th leading investor in France

The Dutch economy has come out of the longest period of recession that the country has known in the past 50 years, with an average annual growth rate of 1% between 2001 and 2005. Unlike its neighboring countries, the Dutch economy achieved high economic growth in 2006 (+3%). Unemployment levels recently dipped below the 5% level, and certain sectors are now beginning to experience manpower shortages.

Figures for the 3rd quarter of 2007 published recently (+4.1% compared to the same period in 2006) are higher than estimated, and the Dutch government is estimating 3% economic growth for 2007.

In terms of measures to promote economic growth, there is a commitment to improving the international profile of the Amsterdam financial markets, and the launch of major development projects at the port of Rotterdam, which is a key factor of the Dutch economy.

The Netherlands are the 5th leading international investor in France in terms of the number of jobs. In 2007, 30 Dutch projects enabled 3,368 jobs to be created or maintained.

France remains the leading destination for Dutch tourists, with an average of 3 million visitors each year and approximately 100,000 Dutch people also own second homes in France.

Dutch companies in France

Dutch companies in France employ approximately 54,000 people. (SESSI – 2004).

10% of foreign companies based in France are of Dutch origin. The creation of the EADS group in 2000, whose headquarters are based in the Netherlands, contributed to the increase in “Dutch” activity in French industry.

These figures are however relative, given that EADS, like many other companies, set up a legal headquarters in the Netherlands that does not have decision-making powers.

Regional investment locations

Host regions (jobs and number of projects) in order of importance:

1. Nord-Pas-de-Calais
2. Midi-Pyrénées
3. Lower Normandy
4. Loire

Consistent growth in Dutch investment over the past several years

Evolution in the number of investment projects between 2000 and 2006

Since 2000, 164 Dutch investment projects have enabled 8,338 jobs to be created or maintained in France. On average, investment by Dutch companies enables 1,191 jobs to be created, consolidated or maintained per year, via 20-25 projects.

DUTCH INVESTMENT FLOWS IN 2007 INCLUDED:

- **January 2007:** Farinia – foundry – production – 40 jobs – Hautes-Rivières, Ardennes
- **January 2007:** Provimi – animal foods – 57 jobs – Sens, Yonne
- **May 2007:** Binck Bank – online trading – 25 jobs – Paris, Ile-de-France
- **May 2007:** Ebrex – logistics – 1,500 jobs saved
- **September 2007:** PSR group- clinical trials – 25 jobs created – Paris, Ile-de-France
- **October 2007:** Farinia – foundry – production – 158 jobs saved – Gandry, Sarthe
- **December 2007:** Transavia – low cost air travel company – 300 jobs – extension of subsidiary – Paray Vieille Poste, Ile-de-France
- **December 2007:** SHV – group developing in the sustainable energy sector – 50 jobs – creation – La Roche-en-Brenil, Côte d’Or (Burgundy)

Norway

More than 1,000 jobs created by Norwegian companies between 2004 and 2007.

Norwegian companies based in France

There are 70 Norwegian companies based in France, with 120 different establishments. A total of 10,000 people are employed by Norwegian owned companies in France. The main Norwegian companies based in France include: Aker Yards with 3,000 employees, Norsk Hydro with 2,200 employees, and Marine Harvest with slightly more than 1,000 employees.

Sectors

The range of sectors is broad and all the sectors are quite well represented. However, Norwegian investment tends to show a preference for the following sectors, in order: software and IT services which account for 16% of total subsidiaries; chemicals and plastics with 13% of the total, and the agro-food sector with 10%. However, it is the traditional sectors of activity that employ the most people in France.

Type of investment

In 2007, Norwegian companies generated four business creations (80 jobs) and one business rescue (122 jobs). Norwegian companies showed a preference for business takeovers, following in an established trend.

On the basis of the average for the past 15 financial years (1993-2007), it appears that 50% of total jobs created by Norwegian investment in France are the result of takeovers, compared with 18.5% for business creations and with 31.5% for extensions (and takeover-extensions). Over the past 15 years, Norwegian takeovers have enabled 2,083 jobs to be maintained.

Regional investment locations

Approximately half of all Norwegian companies based in France are located in two regions: the Ile-de-France with 43% and the Nord-Pas-de-Calais with 10%. In general, Norwegian investment is based in northern and coastal regions. 2007 followed in this trend with 2

investment projects at coastal sites and 1 project in the Ile-de-France region. The two other investment projects were located in the Rhône-Alpes region.

Norwegian investment flows

Since 2000

Norwegian investment is quite erratic, since it based on opportunities (takeovers). It is difficult to determine specific trends since 2000, although a slight increase is observed in the number of projects per year since 2003. Between 2003 and 2007, the average number of projects is 7.6 compared to 3.7 for the preceding period (1993-2002).

Takeovers remain the preferred method of investment of Norwegian companies. However, these figures remain relative, since each year there are a number of takeovers of financially healthy companies by Norwegian industrials that are not taken into consideration for the purposes of the Review. Polimoon, Aker Yards, Hexagon Composites are all examples of this.

Norwegian investment flows in 2007

The number of Norwegian investment projects dropped slightly compared to 2006, from 8 to 5 projects; the average over the past fifteen years being 5 projects per year. In terms of the number of jobs, this also fell to 202 jobs, compared with 526 in 2006. This is slightly lower than the average over the past 15 years (276 jobs), but is far from being disastrous considering the vibrancy of Norwegian takeover operations.

MAJOR NORWEGIAN INVESTORS IN FRANCE IN 2007 INCLUDED:

- **May 2007:** Aker Yards – shipbuilding yard – 50 jobs – Montoir-de-Bretagne, Loire-Atlantique
- **June 2007:** Polimoon – plastics – takeover of Decoplast – 122 jobs saved – La Roche-sur-Foron, Haute Savoie
- **August 2007:** Q-Free – software and services – 10 jobs – Neuilly-sur-Seine – Ile-de-France

Spain

Spain, which is quickly becoming internationalized, is France's third leading economic partner and is one of the most vibrant economies in the European Union, with actual GDP growth that is significantly higher than the European average.

Spanish companies based in France

Since 2004, there has been a significant increase in the levels of Spanish investment in France, making France the leading destination for Spanish outward FDI in 2005. For the past three years, Spain has ranked among the 9 leading foreign investors in France, and among the 6 leading European investors in France, ahead of Italy.

Today, Spanish companies in France account for approximately 35,000 jobs distributed over 430 different sites. These figures show a twofold increase in the number of jobs and sites in France resulting from Spanish investment in the past 5 years.

Sectors

The agro-food sector is the leading sector for Spanish investment in France. Altadis (tobacco) accounts for 22 of the total 52 sites in this sector.

Type of investment

Spanish companies in France are mainly the result of acquisitions. Business creations are much less significant in terms of job creation. Finally, shareholding only represents a very marginal percentage.

Regional investment locations

The Ile-de-France and the Rhône-Alpes regions are clearly ahead of the other French regions in terms of the number of jobs (23% and 12% of the total respectively), and the number of sites (26% and 13% respectively). The Aquitaine region is also among the leaders, accounting for an estimated 25 Spanish sites.

Recent investment flows

Since 2000

Since 2000, there have been 140 Spanish investment projects, accounting for 7,200 jobs. The leading sector in terms of jobs is the glass, ceramics, minerals, wood, paper, printing sector (28.4%), followed by the metals and metal working sector (12%) and the automobile subcontracting sector (10%).

The main regions that attract Spanish investment are the Lorraine (14% of total jobs), the Aquitaine (13.6% of total jobs), the Ile-de-France (13% of total jobs) and the Rhône-Alpes (11% of total jobs).

In 2007

The number of investment projects from Spanish companies dropped considerably in 2007 compared to 2006: in 2007, 29 Spanish projects enabled 1,350 jobs to be created or maintained.

However, these figures do not take into consideration jobs created by retail activities, particularly large Spanish retail chains such as Zara or Mango, which alone would double the number of jobs.

Over the past two years, the Provence-Alpes-Côte d'Azur region (which previously attracted very low levels of Spanish investment) has become a new host region for Spanish investment projects, and now accounts for 5% of total jobs and projects.

MAJOR SPANISH INVESTMENT OPERATIONS IN 2007 INCLUDED:

- **VUELING** opened a base at the Roissy-Charles-de-Gaulle airport. This investment project accounts for 150 jobs over 3 years.
- Acquisition of **Cidou** by GRUPO CORPORATIVO TEYPE S.L. as part of liquidation procedures. Cidou is the fruit juice division of the Toury group, which is also specialized in milk and dairy products. This investment project enabled 78 jobs to be maintained in the Alsace region.
- A business consolidation investment in a factory owned by the **SAICA** paper company in the Picardy region prevented delocalization of the activity to Great Britain. This investment of more than 30 million euros enabled 170 jobs to be saved.

Sweden

Sweden is the second leading foreign investor in France since 2007. Around 300 Swedish companies are currently represented in France, employing 90,000 people.

Swedish companies based in France

Since 2004, Sweden has been the fourth leading foreign investor in France. 2007 is a record year for Sweden in terms of the number of jobs created or maintained, because this reached a peak of over 4,000, for the very first time.

Sectors

These are, in order: machinery and mechanical equipment accounting for 19.4% of total projects, wood and furniture accounting for 19.4% of total projects, equipment accounting for 16.1%, and finally metals accounting for 12.9%. These four sectors together accounted for more than 90% of the total number of Swedish investment operations in France. There was a marked decline in the level of investment in the IT sector, which is traditionally a strong economic sector in Sweden.

Type of investment

2007 was marked by the lack of Swedish takeover operations compared with previous years, since these represented only 6% of the total number of projects. However, business extensions were up slightly, reaching 47% of the total number of Swedish investment projects. The number of business creations remained stable: 41%.

On the basis of a cumulated average of the past 15 financial years (1993 to 2007), it appears that 45.3% of successful projects were business creations, 41.3% were business extensions and 13% were acquisitions. The same analysis in terms of job creation shows a more balanced breakdown. Indeed, 40% of total jobs were generated by business creations, 35% by acquisitions, and 22.5% by business extensions.

Regional investment locations

Generally, Swedish companies can be found all over France, but there is a slight tendency to locate in the northern regions. Further analysis shows an equal tendency to locate in dense urban areas. Logically, therefore, the Ile-de-France region attracts 26% of Swedish investment, ahead of the Provence-Alpes-Côte d'Azur region with 16.1%, and the Rhône-Alpes region with 13%, in joint fourth position with Normandy.

Swedish investment flows

Since 2000

The level of Swedish investment projects has increased significantly since 2003, reaching a peak of 42 projects on 2006. This record remains intact despite a strong performance last year, totaling 32 successful projects. However, in terms of jobs, 2007 was a record year for Sweden, since the number of jobs created or maintained was well above 4,000 (4,131 jobs). This exceptional performance is due to three specific factors: the extensive expansion of IKEA, the ongoing development of Volvo Trucks and an excellent year for SKF in the aerospace sector.

Increase in the size of Swedish investment projects in 2007

Despite a significant drop in the number of Swedish investment projects, the total number of jobs created or maintained again increased to reach a new record of 4,131 jobs.

In 2007, the average number of jobs per project reached 130 compared with only 29 five years ago.

MAJOR SWEDISH INVESTORS IN FRANCE IN 2007 INCLUDED:

- **April 2007:** Securitas – service activities – 1,245 jobs – Ile-de-France
- **October 2007:** IKEA – furnishings – logistics center – 500 jobs – Fos-sur-Mer
- **May 2007:** Renault Trucks (AB Volvo group) – automotive sector – 483 jobs – Bourg-en-Bresse and Blainville-sur-Orne
- **September 2007:** SKF group – mechanical – extension – 539 jobs – France

United Kingdom

With more than 500 companies employing around 250,000 people in France (12.5% of the jobs created by foreign companies), the UK is the third leading investor in France.

The United Kingdom is the third leading investor in France

France is also the leading host country for British investment in continental Europe, accounting for 22% of the total number of jobs generated by UK investment in Europe.

Sectors

All the major British companies are represented in France. The main sectors include:

- services: Compass, Rentokil Initial, Group4...
- distribution: Kingfisher, Kesa, Wolseley...
- pharmaceuticals: GSK, AstraZeneca...
- consumer goods: Unilever, Cadbury, Bakkavör...
- petrochemicals: BP, Ineos, ICI, Unichem...

In terms of the banking and insurance sector, which is a leading sector of the British economy, the French market still appears relatively closed, and the HSBC penetration into the French market (via the acquisition of CCF) appears exceptional. All the major British financial groups are nevertheless expanding their business in France (RBS, Barclays, Aviva...).

Type of investment

The majority of the major British groups have been present in France for a considerable length of time: for example BP, GSK, Unilever. Investment over the past few years has shown an increase in the number of acquisitions: Unilog by LogicaCMG, CCF by HSBC, Castorama by Kingfisher...

France is also a priority destination for R&D centers, as can be seen from recent investments by GSK, Unilever, AstraZeneca, Tate & Lyle, CSR, Icera...

Regional investment locations

British companies are quite evenly distributed across France, with points of concentration in and around the major French cities along two main axes: the North/West axis (Nord-Pas-de-Calais, Upper Normandy, Ile-de-France, Center, Loire, Brittany) and the Rhine-Rhône axis (Alsace, Burgundy, Rhône-Alpes, Provence-Alpes-Côte d'Azur).

90% of total jobs created in France by British companies are concentrated in ten regions, mainly in large cities: Paris, Lille, Marseille, Nantes, Strasbourg...

Consistent increase in British investment flows in 2006-2007

2000 to 2006

British companies created 365 investment projects in France between 2000 and 2006, generating 17,023 jobs, which is 42.5% of the total number of jobs created by foreign investment in France (source: IFA Monitor).

54.5% of jobs are created in the service industry (business and personal services, transport, software and IT services), which showed a significant increase during this period (39% in 2000). However, industrial activities also attract British investment projects, accounting for 45.5% of the total number of jobs created: chemicals, plastics (22.2%), pharmaceutical drugs and cosmetics (22.2%), transport sector (9.5%), electronics (7.5%), pharmaceuticals (6.5%), agro-food (5%).

MAJOR INVESTMENTS BY BRITISH COMPANIES IN FRANCE IN 2007 INCLUDED:

- **January 2007:** LPC Group Plc – paper – production – 244 jobs – Roanne, Loire
- **February 2007:** Tate & Lyle – agro-food – R&D – 62 jobs – Villeneuve d'Ascq, Northern France
- **June 2007:** Claimtracker – BtoB services – maintenance – 130 jobs – Lesquin, Northern France
- **August 2007:** Bakkavör – agro-food – production – 300 jobs – Récy-Saint-Martin, Marne
- **October 2007:** EasyJet – air transport – services – 210 jobs – Paris-Lyon

United States of America

The United States remain the leading investor in France, both in terms of the quantity of jobs created or maintained and the number of projects.

North America is the leading investor in France in 2007

Since 1993, over 100,000 jobs have been created in France by American owned companies, which is 25% of the total number of jobs created by inward FDI in France. American companies in France employ approximately 600,000 people, 46% of whom work in the manufacturing industry: chemicals, IT and electronic equipment, automotive and other equipment. 63,000 employees work in sales, 21,000 in R&D centers.

Sectors

The traditional industrial sectors (mechanical, chemicals, automotive, metalworking...) create consistently fewer jobs, which benefits the high tech sectors (aerospace, pharmaceutical industry, telecommunications, software) and service activities (transport/logistics, consulting...).

Investment in 2007 by North American companies reflects the strong sectors of the US economy, with 30.6% of investment projects in the services sector, and 28.3% of investment projects in the ITC sector. There was however a sharp decline in the automotive sector (4 investment projects and 188 jobs in 2007 compared with 10 projects and 2,684 jobs in 2006), which is indicative of the difficulties being experienced by US automotive companies and their suppliers, both in their domestic market and internationally.

Type of investment

American investment is concentrated in business creations and extensions. The majority of investment projects are business creations (54%); however, in terms of job creation, business extensions are in the lead with 50% of total jobs generated by American investment in France between 1993 and 2007.

Regional investment locations

Between 1993 and 2007, the United States invested in all the regions of France. The leading regions in terms of American investment are: Ile-de-France (50% of jobs), Midi-Pyrénées (13.6% of jobs), followed by the Rhône-Alpes (9% of jobs), Centre (6% of jobs) and the Pays-de-la-Loire (5.8% of jobs).

The level of American investment fell in 2007, but the US remains the leading foreign investor in France

From 2000 to 2006

Over the period 2000-2006, there were 1,000 American investment projects that resulted in 60,000 jobs being created or maintained.

American investment flows in 2007

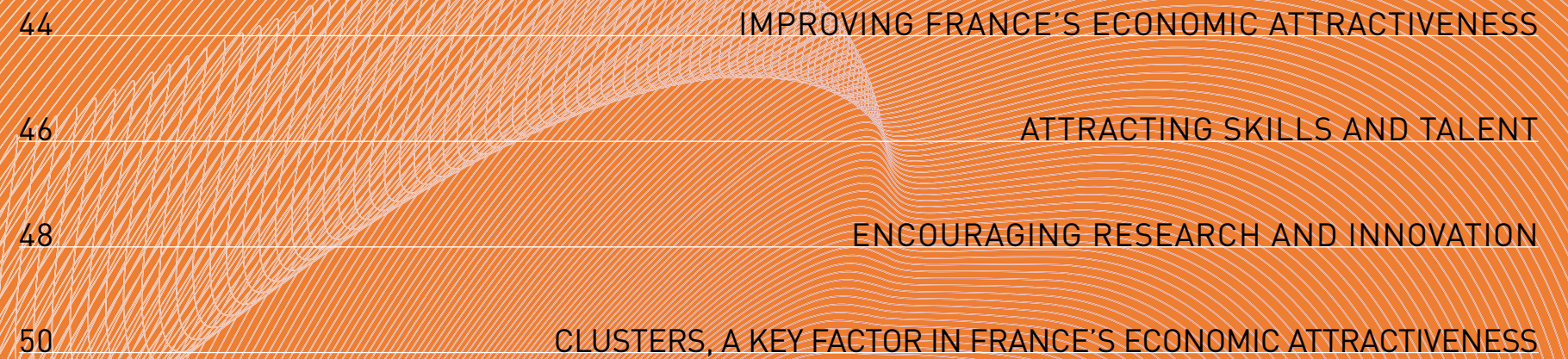
With 133 successful investment projects in 2007, and the creation of 5,800 jobs, the United States is once again the leading source country for inward FDI in France.

MAJOR US INVESTMENTS IN FRANCE IN 2007 INCLUDED:

- February 2007: Accenture – IT services – service provider – extension – Ile-de-France, Loire, Provence-Alpes-Côte d'Azur – 400 jobs
- April 2007: Amazon – e-sales – distribution, logistics – 200 jobs – Saran, Loiret
- June 2007: Genzyme – biotechnologies – production – 110 jobs – Lyon, Rhône
- June 2007: Grant Thornton – consulting – service provider – 105 jobs – Paris
- June 2007: Carlson Wagonlit Travel – tourism – call center – 70 jobs – Saint Etienne, Loire
- June 2007: United Parcel Services (UPS) – air freight transport – distribution, logistics – 30 jobs – Marignane, Bouches du Rhône
- July 2007: Terex – electrical equipment – production – 60 jobs – Montceau les Mines, Saône et Loire
- August 2007: Hamilton Sunstrand – aerospace – production – 350 jobs – Figeac, Lot

2

Improvement in the business environment



Improving France's economic attractiveness

A hundred and thirty specific measures have already been introduced by the French government over the past four years. Since May 2007, the commitment to reform has been applauded by the business circles and by major international organizations, such as the World Bank and the IMF.

A new type of competitiveness between economic regions

One of the consequences of globalization is the availability of multiple choices to multinational firms in terms of their business locations. Potential host regions are consequently facing increasing competition in their efforts to attract international investment, and this is becoming an important factor in local economic development.

In order to be competitive, and attract productive development projects that provide employment opportunities, countries must offer companies the most favorable conditions in terms of administrative and regulatory environment, costs and quality of resources, and market access.

A policy of economic attractiveness

In this respect, the government is making efforts to improve the attractiveness of France. A "Strategic council for Attractiveness", which brings together a number of CEO's of international companies and the French Prime Minister, gathers once a year to guide policy-making in this respect. The IFA acts as Secretary General, and adds to the discussion by proposing legal and tax initiatives

"France is on the move."
(Report of the International Monetary Fund, November 2007)

IMPROVING ADMISSION CONDITIONS FOR EXECUTIVE AND MANAGEMENT STAFF

Setting up a foreign business activity in France often requires the expatriation of executive personnel. Measures have been introduced in order to facilitate their arrival in France: simplification of visa formalities for qualified personnel (introduction of the "skills and talent" residence permit and the "salaried expatriate employee" residence permit for inter-group transfers); accelerated administrative procedures for executive personnel; streamlined administrative procedures for spouses and children; easier access to the labor market; phasing out of "trade cards" for foreign directors of companies based in France.

The tax burden for expatriate management personnel has been lightened: partial tax exemption for business activity carried out abroad; income tax exemption for expatriation bonuses for a period of five years; contributions paid into social security systems in the home country are tax deductible, in the event of a bilateral agreement with France. The double-taxing of stock-options acquired before arrival in France has been eliminated. Finally, the tax administration for individuals is currently being updated with a one-stop remote office specifically dedicated to foreign taxpayers.

that are a reflection of its ongoing discussions with international investors in France.

Since the first government program in favor of attractiveness started in December 2003, 130 specific measures have been introduced in areas such as tax, legal security for investors, support for foreign companies locating in France, and attracting foreign skills and talent. At the same time, there is an ongoing drive to restructure administrative organizations, streamline procedures, and improve public services. The Prime Minister met with the heads of foreign companies based in France in January, and will announce a new series of measures during the first half of 2008.

A global policy to improve the business environment

These measures are part of a global economic policy to improve the business environment in France (changes in work contracts, structural reform of pensions and social security systems, measures in favor of research and innovation). These reforms have received a very warm welcome abroad, and the economic image of France is clearly improving.

A STREAMLINED REGULATORY ENVIRONMENT

- Reform of legislation concerning the 35 hour week: employee overtime hours, over and above the 35 hour legal working week, paid at an increased rate of 25% and exempt from employee social security contributions and income tax, and reduced rates of contributions for the employer; possibility for employees to accept payment for rest days that are worked; negotiated increase in workweek flexibility...
- Reform of collective procedures: introduction of security procedures to tackle company difficulties upstream; restructuring and simplification of conciliation and liquidation procedures; reinforcement of legal security for investors by a reform of regulations concerning the so-called "abusive" support of companies in difficulty.
- Modernization of the work contract (e.g. CNE...).
- Acceleration of import and export procedures (currently being introduced).
- Acceleration of property registration procedures.

A MORE FAVORABLE TAX SYSTEM

Several tax measures have been introduced that have effectively reduced withholding tax for foreign economic players in France, both individuals and companies.

General tax breaks for companies: capping of the French business tax at 3.5% of added value; tax breaks for new investments; capping of transfer tax at 3.5%; phasing out in 2008 of tax on financial market transactions and of the standard annual tax on companies by 2009; progressive introduction of advance ruling "rescrit" procedures for all withholding tax and

social security contributions (reform already introduced for transfer costs, social security contributions and customs duties).

Tax breaks for individuals: reduction of maximum marginal income tax rate to 40%; tax shield limiting the total amount of direct tax (now including CSG and CRDS) to 50% of income; progressive phasing out of capital gains tax; reduction of ISF (wealth tax) and the possibility of investing up to 75% of this tax in SME's or public research foundations; partial deduction

of interest on the purchase of the individual's main residence for a period of 5 years; 18% tax on dividends under certain conditions.

These efforts have been acknowledged internationally: in its 2007 "Doing business" report, the World Bank ranked France as one of the most progressive countries in terms of reform in many legal and administrative areas, such as procedures for registering a company or obtaining credit.

(1) Procedure that enables the taxpayer to obtain advance rulings from the tax authorities concerning the application of existing regulations to complex or borderline cases.

Attracting skills and talent

“Il n'est de richesses que d'homme” (Man is the source of wealth): in a world that is increasingly open to the movement of people, Jean Bodin's proverb has never been more poignant. Attracting foreign skills and talent has become a key factor for national economy. This is why France is committed to a multi-faceted policy of attracting skilled foreign students and research scientists from all over the world.

Attracting the most promising students

The development of the French university system on an international level, and France's reputation among the decision-makers of the future, depend on a policy of attracting top foreign students to our educational establishments.

To this end, various measures have been introduced over the past few years: improvements in the organization of the French university system to implement the Degree/Masters/Doctorate hierarchy (LMD); increase in the number of courses taught in foreign languages and language training programs; improvement to the information available to foreign students regarding their applications for further education (Study in France Centre, Edufrance); streamlined administrative and application procedures for certain students; increase in the budget for grants awarded to top students (Eiffel grants, grants co-financed by the French Ministry for Foreign Affairs and major industrial groups such as Thales or Thomson, etc.); improvement in conditions

France today is committed to a pro-active policy to attract foreign students and research scientists.

for students that are awarded a French Government grant; relaxation of regulations concerning access to the job market for foreign students with a high level of potential (residence permits extended for a period of six months after graduation, then permanently if they become employed); setting up of new training programs by French educational establishments abroad.

Attracting top-level research scientists

Support for innovation, which is a pillar of French economic policy, depends on having an active body of top-level research scientists.

In this respect, the French Government has introduced several measures aimed at making France more attractive to international research scientists: “Chaires d'excellence” awarded by the French National Agency for Research (ANR) to the most promising foreign research scientists, in order to set up research teams to work on innovative projects; personalized admission support for research scientists backed up by the development of the “guest research scientist” residence permit measure which is coordinated by the Kastler Foundation; assistance to encourage mobility among young French and international research scientists via the “Hubert Curien” partnerships and bilateral transfer agreements; program to assist the repatriation of top-level French post-graduates; financial support for young French research scientists working abroad who wish to create their own business or enter into partnership with companies based in France; development of scientific

and academic partnerships between France and emerging countries through the Arcus program. Today, France is a country that attracts more post graduates than it loses abroad. Only the USA and Canada perform better. Only 3% of French research scientists relocate abroad, which is the lowest rate in Europe, and 80% of these return after a few years.

Attracting the professionals and specialists that we need

Finally, as part of the French Government's chosen economic immigration policy, new regulations have been introduced in order to facilitate the movement of foreign talent to France, by means of a selection process that could open the doors to over 300,000 qualified jobs in dynamic sectors that are experiencing lack of manpower (“sous tension”).

The creation, in 2008, of the 3-year “Skills and expertise” permit, gives talented foreign nationals the possibility of setting up a project in France.

NUMBER OF INTERNATIONALLY MOBILE STUDENTS AS A PERCENTAGE OF THE NATIONAL TOTAL IN 2005

Australia	17.3
United Kingdom	13.9
France	10.8
Belgium	6.5
Netherlands	4.7
United States	3.4
Japan	2.8
Spain	1

Source: OCDE

AN INTERNATIONALLY RENOWNED SYSTEM OF FURTHER EDUCATION

With 6.2% of its GDP dedicated to education, France has one of the most developed and efficient systems of further education in the world. A study carried out by the Financial Times in September 2007, ranked France's management schools among the best in Europe. Our engineering schools offer technical training that is recognized internationally in fields as varied as aerospace (Sup'aéro), telecommunications (“Ecoles Supérieures des Télécommunications”- Higher Schools of Telecommunications Studies in Paris

and Brittany), infrastructures (“Ecole des Ponts et Chaussées” Engineering School), chemistry, energy and materials (network of “Ecoles des Mines” and “Ecoles de Chimie”...). This advantage means that France has one of the highest qualified populations in the world: for example, France is ranked 2nd in Europe for the percentage of 25-34 year-olds holding a further education science qualification (29.1% in 2005). This is also a key factor in attracting students from all over the world to

engage in further educational study, and research scientists that wish to carry out their research activities in our centers of excellence. With roughly 300,000 foreign students currently in further education here, France ranks among the top OECD countries in this respect. France also has 10,000 foreign research scientists. Overall, according to a study published last October by the “Ecole de Mines” in Paris, France imports more students and post-graduates from abroad than it loses to other countries around the world.

Encouraging research and innovation

Extension of tax credit measures, restructuring of the University system, increases in financial support, clusters policy: the French Government is currently adopting an ambitious policy to support innovation and research activities.

A very attractive research tax credit

The French research tax credit is now considered as one of the most attractive of its kind in Europe. 30% of annual R&D expenditure (capped at 100 million euros) can be deducted from corporate tax to be paid the following year. For companies using this system for the first time, or those that have not benefited from the system in the past five years, the tax credit is calculated at 50% of R&D expenditure for the first year and 40% for the second year. This represents a tax budget of approximately 1.3 billion euros for 2008 (390 million euros more than in 2007) and an objective of 2.7 billion euros by 2012. Moreover, the tax authorities are now obliged to process applications within a period of three months.

Other tax breaks have also been progressively introduced. For example, reductions in tax and social security contributions for young innovative companies (exemptions from tax and social security contributions for a period of eight years) have been in place since 2004; since 2005, corporate tax on revenue from licenses has been fixed at a reduced rate of 15%, which is one of the lowest in Europe; in the same year

The capacity for innovation is a key advantage of the French economy. The new tax credit is one of our greatest assets.

the favorable tax regime applied to headquarters was extended to include R&D coordination centers; finally, cinema and audiovisual tax credits were introduced in 2006 in order to facilitate the location of filming activities in France.

Financial support for innovation

Many support measures have been introduced or reinforced in France. New investment capital has been made available by means of public-private partnerships, for dynamic SME's (budget of 2 billion euros between 2007 and 2012). The French National Research Agency, set up in 2007, has a budget of approximately 1 billion euros for 2008. Following its merger with the Industrial Innovation Agency in the autumn of 2007, the OSEO now has a budget of around 800 million euros for 2008, with priority being given to SME's with an international profile. Finally, the ratification of the London agreements concerning European patents, authorizing the publishing of patents in one language only, has reduced the global costs of patent registration by 40%.

Policies aimed at individual sectors have also been introduced. A total of 400 million euros has, for example, been mobilized to increase the economic attractiveness of the healthcare industries, using the various measures in favor of innovation: research tax credit, fight against fake pharmaceutical drugs, measures aimed at reducing the time it takes for innovative drugs to reach the market, etc.

An ambitious public research policy

In 2008, the budget for research and further education will be increased by 9.2%, to 23.2 billion euros.

The university reform bill voted by the French parliament in 2007, will enable universities to be run more like private enterprises and be more open and competitive – particularly in terms of attracting more financial support and projects from the private sector. The system of tax breaks for young innovative companies will be extended to young universities.

The relaxation of administrative regulations for research scientists in the public sector should make it easier for them to work in the private sector and encourage the creation of innovative companies. Public research centers and private companies are encouraged to work together on new innovative projects, particularly by means of contractual financing and clusters.

The British giant, Tate & Lyle, chose the Haute Borne scientific park at Villeneuve d'Ascq to set up its new R&D center specialized in "health-ingredients". This 4 million euro investment will generate around 60 highly qualified jobs. The new site will be perfectly integrated into the networks of excellence that make up the "Nutrition-Health-Longevity" cluster.

“The decision to locate our new R&D center specialized in "health-ingredients" in Lille is of importance to the group. It comes as part of efforts by Tate & Lyle to diversify into sustainable products with high added value, and more specifically into the health-ingredients sector, which is a major development opportunity for us. This European center will be responsible for the development and creation of new functional ingredients for the food industry, by teams of dedicated research scientists. It will act as the group's showcase in this sector for European clients, and those from around the world, including world leaders in the food sector.

This project also forms part of efforts to reinforce our R&D capacity: our R&D expenditure is currently increasing at a rate of 20% per year.”

Olivier Rigaud, Vice-President Food ingredients, Tate & Lyle

THE FRENCH PASSION FOR RESEARCH

France ranks among world leaders in terms of innovation: 5th for global R&D effort (representing 2.1% of total GDP), 5th for the number of research scientists. French public research centers such as the CNRS, CNES, ONERA, INRA, INRIA, INREST, INSERM, CEA, and IFP, actively participate in industrial innovation and are internationally recognized as being centers of excellence. The decision to make France the location for the ITER experimen-

tal fusion reactor demonstrates the country's lead in the field of energy technology.

In addition, major French companies and SME's promote a policy of innovation that results in their dominant position in various leading-edge sectors: composite materials and embedded electronics for transport, high performance engines, technical textiles, nutraceuticals and functional foods, vaccines, signal transmission,

computer assisted design software, etc.

The quality of human resources and partnership opportunities make France the natural choice of location for international development projects that are innovation intensive. Between 2000 and 2007, approximately 300 R&D center projects were set up, representing a total of 15,000 jobs, making France one of the main locations in Europe for this type of activity.

Clusters, a key factor in France's economic attractiveness

A drive for innovation

Encouraging synthesis between private companies, research centers and universities in order to create innovative partnership projects in a given location: this is the aim of the French clusters policy, set up in 2004. Since then, 71 clusters have been officially designated, 17 of which are international. These structures represent a total of 650,000 jobs within roughly 5,000 establishments, in fields as diverse as the automotive sector, information technology, agro-food and life sciences.

Strong Government support

There has been a major surge in innovation due to the active support of the French Government. Since 2006, over 300 R&D projects were selected to receive government financial support totaling roughly 650 million euros (424 million euros from the French state and 227 million euros from local authorities). A total of 1.5 billion euros has been budgeted to support these clusters over a three year period, financed by the French State ("Fonds de compétitivité des entreprises" FCE – business competitiveness fund, OSEO, National Research Agency) and local authorities (and regional authorities in particular).

In order to continually improve the efficiency of this effort, these clusters will be evaluated during the first half of 2008. The new research tax credit should favor investment projects in clusters.

Due to their optimization of French innovative potential, clusters are of great interest to foreign investors and contribute to attracting projects that are technology intensive.

A key factor in economic attractiveness

Today, French clusters are a major advantage for attracting international investors. They provide a high international profile for French regions and are an important force in the local innovation dynamic, and for these reasons they are of great interest to foreign companies in these fields of activity. By setting up their business close to a cluster, foreign companies benefit from access to a dense network of partners, suppliers, sub-contractors and clients. Businesses can also access the resources and skills that they need in one location.

“Our centre in Dijon for dressings Europe for Unilever is a full part of the Vitagora competitiveness cluster. We are working together with our local partners looking basically at what we can do together, either from an innovation point of view, also purely from a more business more supply point of view”

Patrick Lesueur, Unilever R&D Program Director

A strong international presence

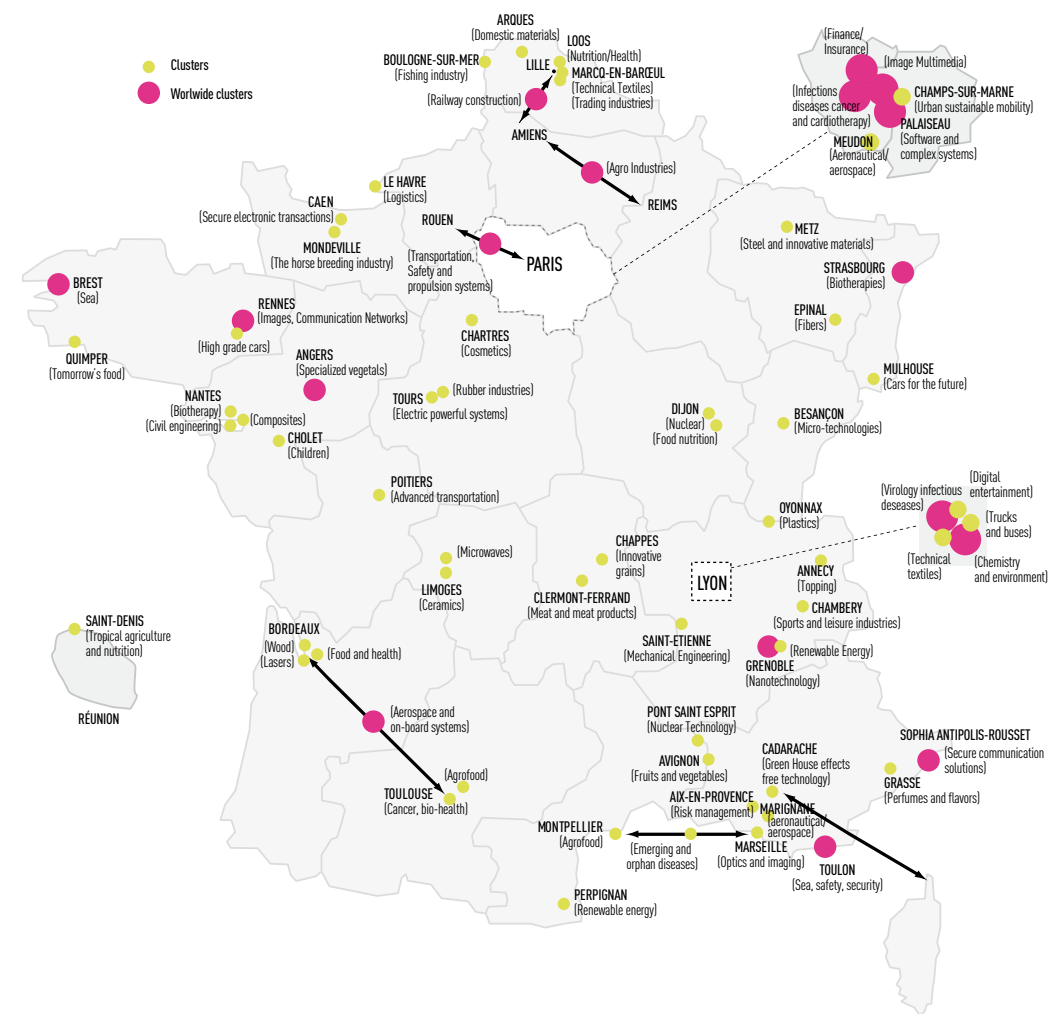
This is why foreign companies are already active in French clusters, representing 27% of the total number of employees. Many international groups such as Eli-Lilly, NFX, IBM, SAP, Motorola, Bombardier, etc., play a major role in one or more of these structures. Since 2006, some 15 new international investment projects – representing a

FRENCH CLUSTERS

71 designated clusters

17 worldwide clusters

Public funding: 1.5 billion euros over 3 years



total of approximately 1,000 job creations, most of which are highly qualified – were the direct result of the existence of a cluster. This was the case of the Tate & Lyle diet research center that was set up, in 2007, in the Nord Pas-de-Calais region, close to the “Nutrition-Health-Longevity” cluster.

“The competitive clusters initiative as I understand it sounds like an excellent idea to me. I think that there are challenges in promoting biotech clusters. There are a lot of cities and regions around the world who want to become biotech clusters. And I think the government here has identified the needs and is going about in a purposive manner.”

Thomas Seoh, CEO, Faust Pharmaceuticals

3

The IFA and its objectives



3 Prospecting and communicating in favor of France

Prospecting for investment projects is IFA's core business, and directly mobilizes almost two thirds of agency personnel. Our agents are constantly making contact with investors all over the world: 7,000 personal meetings with heads of business, organization of "road shows" and business seminars, contact by email, welcoming of international economic relations sections in France, participation in trade shows... Once the projects have been detected, the information is sent to our regional partners so that they can prepare a proposal, which is then transmitted to the investor via the COSPE procedure. The IFA then assists the investor by liaising with all the relevant parties during the process of setting up of their business in France.

The IFA is constantly trying to improve its

The IFA has three main priority objectives: identify new investment projects, improve the image of France and establish long-term confidence-based relations with international investors.

methods in these different areas. In terms of prospecting for investment projects for example, particular effort was made in 2007. The "investment project chain" is the object of several measures which aim to improve the quality of our service: increased selectiveness of files sent to the COSPE, amplification of the alert procedure for new investment projects, support of major projects and client company satisfaction controls.

Promotional activities aim to replace preconceived ideas of France as a country that is complex and overly administrative, with the image of a France that is welcoming and efficient. Documents such as arguments, brochures, sector reports, testimonials and "success stories" are systematically

translated and distributed by IFA offices, Ambassadors, economic relations sections, and French networks abroad (international trade consultants, chambers of commerce...). Particular attention is given to establishing long-term confidence-based relationships with investors and decision-makers. Thus, for the past two years, the IFA has distributed arguments and information to four clearly identified targets : the French business community; CEO's, Presidents and top management of foreign companies based in France; journalists and opinion carriers; contacts of agency business advisors. The IFA organizes around 150 seminars with local partners every year.

After care service

Once the development project is operational, the IFA provides a client after-care service which is designed to anticipate and resolve any eventual difficulties, ensure investor satisfaction, detect any new projects and facilitate their location in France. This after-care service is now considered as one of the main priorities of our agency. This can be seen by the fact that the number of companies included in the "grands comptes" (strategic accounts) program that are regularly contacted by the IFA, was recently increased fourfold. This group of companies now represents two thirds of total investment projects in France.

DIVERSITY OF IFA SERVICES

In order to improve the efficiency of the services provided, IFA Paris has set up several specialist teams:

- The **"expertise" department** is responsible for providing companies with the legal and tax information that they need when setting up their business in France; the team also works closely on determining measures in favor of France's economic attractiveness.
- The **"regional" department** organizes the interface between regional and local partners, clusters and the "mutations économiques" (economic changes) department of the DIACT.
- The **"information" department** produces promotional kits for use by IFA prospecting agents, files on target projects and companies, and information concerning the global international investment market.
- The **"companies" department** plays a leading role in the after-care services provided by the IFA to foreign investors that are already located in France, and also provides a central Parisian platform for IFA offices based all over the world.
- The **"press" and "promotional"** departments are responsible for the IFA's communication and promotional activities: organization of events, official communications and arguments, relations with opinion carriers, etc.

PROVIDING A QUALITY SERVICE FOR INTERNATIONAL BUSINESSES

The IFA and its regional partners provide foreign companies with a quality service at every stage of the procedures to set up and develop their business in France:

- **During negotiations leading up to the investment decision**, the IFA provides the investing company with all the information required to make its decision: general information on the country, location solutions which are best adapted to the

company's needs, detailed information on regional proposals, visits to sites, information and negotiation of available financial support, etc.

- **During the setting up process**, the IFA acts as a facilitator to ensure the initial success of the investment project: advice and information regarding the specific characteristics of the local economic and regulatory environment, it acts as intermediary in contacts with

the French administration (single office for taxation issues, labor law and business law, customs procedures, building permits, public financial support, etc.), it provides assistance in relocating expatriate personnel (visa formalities, housing, schooling for children, employment opportunities for partners, advice on social security and tax issues...).

IFA ACTION RELATED TO MERGERS AND ACQUISITIONS

Globalization and the growing number of foreign businesses in France are not only the result of physical investment projects, but also acquisitions of existing businesses and mergers with local companies. This type of investment is very important for the French economy.

The acquisition of an existing company allows businesses that are under threat to be maintained (succession, financial difficulties, etc.). Mergers enable some French companies to break into and compete in the international market; they facilitate the transfer of technology and expertise, and are often the

first step towards physical development projects on French territory. The IFA therefore has tried to set up specific intervention procedures in these different areas.

These procedures currently work:

- On the basis of a case by case response to the requirements of the foreign investing company. Once these have been detected by an IFA office, the information goes through the COSPE procedure and is passed down to various regional partners, who then try to identify companies that are experiencing difficulties (for acquisitions purposes) or that might welcome the offer of a partnership.

- At the IFA's initiative, with the diffusion of information sheets concerning business opportunities that exist in France, through its offices abroad.

Examples of this type of investment operation in 2007 included: the takeover of Rhodia Silicones (production of organic silicon) by the Chinese company Bluestar in the Rhône-Alpes (800 jobs maintained); the takeover of the majority of Nexia, second leading refrigerated transport company in France, by D Trans, Dutch subsidiary of Ebrex (1,500 jobs maintained).

An ambitious objective

In order to achieve this ambitious objective, the IFA decided to restructure its organization in 2007, by means of the following action:

Restructuring of the agency, with shorter chains of command, a more streamlined organization, based on two major teams (commercial and promotional departments), and the reinforcement of after-care and evaluation procedures. The IFA also instigated a quality control procedure.

Modernization of management tools and priority orientation for prospecting agents: definition of objectives, increased use of information sharing tools, (database of projects and client companies), use of economic intelligence tools to identify the increasing number of projects,

IFA FIGURES

Status.

Public industrial and commercial body established under the New Economic Measures Law of 15 May 2001

Funding.

23.4 million euros in 2008

Manpower.

150 full-time members of staff, 91 of whom are based abroad

The IFA has 150 members of staff that share one objective: making France the leading host country for international investment projects in Europe.

widening of the IFA network to include new partners (e.g. members of the IFA Club, clusters).

Global reinforcement of the means available for prospecting activities and project detection, with increased assistance from the Parisian back-office provided to prospecting agents whose daily activity involves going out to meet international investors. More than 7,300 visits to companies all over the world have been programmed for 2008, which is three times more than in 2006. Particular attention will be given to prospecting companies in emerging countries, with the reinforcement of our offices in New Delhi and Shanghai.

Reinforcement of our after-care service provided to companies already located in France, in order to support them in their development, detect possible new investment projects, anticipate eventual problems. In this respect, the "strategic accounts" program was broadened in 2007 to include more companies that are systematically prospected by the IFA in France. This activity is now the responsibility of teams in the commercial department of the IFA Paris office.

Concentration of prospecting activity in fields that are considered to be particularly promising: high-growth innovative sectors (e.g. energy, ITC, logistics, environment, sectors privileged by French clusters); services sectors (headquarters, logistics, R&D centers); new types of investor (pension funds, private investors, etc.); mergers and takeovers.

THE FIFTEEN PRIORITY MARKET SEGMENTS FOR 2008

ENVIRONMENT, ENERGY

New sources of energy

(windpower, geothermic, solar)

Recycling of waste materials

(via the impact of regulatory changes recently introduced and future changes)

ITER equipment suppliers and services

SERVICES AND TERTIARY ACTIVITIES

Outsourcing of tertiary activities:

CSP, call centers, logistics

Financial services

INNOVATION IN TRADITIONAL INDUSTRIES

New propulsion systems for transport stock (classic

+ hybrid, electric engines)

Innovation in materials

(nano, optimization of existing materials)

AGRO-FOOD SECTOR

Non-food utilisation of agricultural products

(bio-fuels, biopolymers, bio-materials)

Healthfoods

(nutritional, functional foods, nutraceuticals)

TIC

Embedded hardware and software

for wireless telecommunications networks

Micro and nano-electronics

Computer graphics (3D imaging, virtual interactive)

for video games, computer modeling

BIO-HEALTH

Diagnostics: tests, materials

Bio-production

(industrial applications of biotechnologies)

essentially in the pharmaceutical industry

Clinical trials

“Thanks to the IFA and its local partners, the administrative issues were dealt with much more easily. The IFA and its network were particularly helpful concerning the question of funding and public financial support. They helped us to identify the public funding to which we were entitled and thus provided real assistance in setting up our project in France.”

Simon Flude, CEO, 5^e saison

Interviewed during the annual IFA seminar – October 2007

A STRATEGY OF TARGETED PROSPECTING ACTIVITY

In order to improve the efficiency of its commercial activity, the IFA decided to concentrate 20% of its total commercial efforts in 2008 on 15 different sectors of activity that are considered as being particularly promising. These market segments were defined in close collaboration with regional agencies and the authorities responsible for the IFA organization, using three basic criteria: investment project market dynamics, the specific advantages offered by France, and the structural impact of these projects on the development of local economies.

Working with a wide network of partners

In France, as in other European countries, attracting foreign investment involves a wide range of partners: national and regional development agencies, business associations and chambers of commerce, stock broker companies, organizations that are responsible for clusters, firms interested in the prospect of new clients. Several public administrations also form an integral part of this policy: the DIACT and its “economic changes” office, the Ministry of Economy, Finance and Employment (DGTPE, DGE), as well as the Ubifrance network.

Coordination between individual actions carried out by the various organizations is extremely important in order to avoid inefficient use of resources and duplication of efforts. The IFA tries to ensure coordination by setting up various networks to coordinate the different actors, particularly in the following areas:

A partnership agreement with the DGTPE, which will allow us: to increase IFA representation abroad (certain heads of economic relations departments are directors of IFA offices New Delhi, Seoul, Taipei, Toronto, Hong-Kong, Moscow, Tel-Aviv, “Gulf country investments” relations department in Abu Dhabi); to build up IFA offices abroad using members of staff from the DGTPE, who will make up one quarter of total IFA commercial staff in 2008; to organize monitoring activities in countries where the IFA does not have offices. In addition, Ubifrance is also contracted to promote France among international investors during various trade shows.

Increasing cooperation between all the actors involved in attracting international investors: a major IFA objective.

Close collaboration with the various administrative structures in order to anticipate any risks of closures or delocalization and participate in the restructuring of the industrial landscape of certain regions: “economic changes” department of the DIACT, inter-ministerial prospecting and anticipation of economic changes department at the DGE, Inter-ministerial committee for industrial restructuring at the DGTPE.

A reinforcement of cooperation with regional agencies: as defined in the “charte de bonne conduite” of January 2002 (transparence, information sharing, joint reflection committees, shared resources), this cooperation takes the form of the COSPE initiative (“Comité d’orientation et de suivi des projets étrangers en France” – Project steering committee) in particular; and also joint action, in the form of targeted missions; sharing of market analysis and economic intelligence resources; and finally, joint reflection on prospecting programs and strategies. This cooperation will be further reinforced in the future by the development of contacts with inter-regional actors, an expansion of collaboration in terms of project steering and the setting up of shared evaluation procedures.

Collaboration with organizations in charge of clusters in order to jointly decide on actions. The IFA is contracted to prospect for companies abroad that are involved in the sectors targeted by clusters.

Reinforcement of the links between private partners: businesses that have an interest in the arrival of new foreign companies (“IFA Club”), stock exchange firms (Paris-Europlace), banks, turnaround funds, consulting firms, etc.

THE IFA CLUB

The IFA Club brings together a number of French companies that aim to assist foreign investors who are setting up their business in France. IFA Club members are all actors in the value added chain for foreign investment in France: consulting firms, banks and insurance companies, engineering and design agencies, real estate agencies, reconversion companies, human resources and recruitment agencies, outsourcing service providers. These businesses are rigorously selected according to the quality of the value added that their services can provide to an international investor in France; they contribute to IFA prospecting activities and to the development of regional resources.

Finally, the IFA is open to international collaboration with similar organizations in other countries: participation in activities organized by WAIPA (World Association of Investment Promotion Agencies), setting up of a network for cooperation and exchanges between members of ANIMA (Mediterranean investment agencies), and finally, collaboration with the Invest in Germany Agency to establish a “European attractiveness scoreboard” designed to promote the global advantages of Europe compared with other major economic regions.

MANAGEMENT OF THE “COSPE” IN FRANCE AND HOW THE PROJECT MANAGEMENT CHAIN WORKS

The COSPE (Comité d’orientation et de suivi des projets en France – Project steering committee) is the means by which information on foreign investment projects is coordinated and communicated within the network headed by the IFA, in order to ensure transparent and fair competition between the various regions in France.

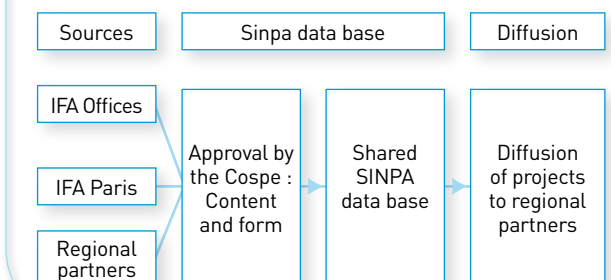
The COSPE is made up of representatives from the DIACT (Délégation Inter-ministérielle à l’Aménagement et à la Compétitivité des Territoires – Inter-ministerial delegation for regional development and competitiveness), from the Ministry of Economy, Finance and Employment, and regional development agency partners; the IFA acts as its Secretary General.

The process begins with project summaries that are reviewed during “COSPE meetings”. These summaries can originate from IFA offices abroad, business advisors in Paris, or regional agencies. In order for these summaries to be approved and distributed throughout the network, they must comply with specific criteria based on content (existence of a qualified investment project, minimum size, competition for location...), and form (accuracy of project information, company information, etc.).

The project information is then distributed to regional agencies. Regional agencies that subsequently decide to compete for the project and establish a regional proposal, send their details directly to the IFA office in the relevant country. This IFA office is then responsible for preparing the “France” dossier for the prospective investor, which includes the proposals sent by the various regions and a general presentation of the country.

Using information provided by the COSPE partners involved in the process, the project is then followed up until it either reaches a successful conclusion or is finally abandoned.

THE COSPE PROCEDURE



The IFA close to its clients

With around 150 of staff members working in 22 different offices around the world, the IFA is established in most of the major economic capitals worldwide. In several other cities or countries, French economic relations sections play an active role in contacting firms that represent potential investors in France.

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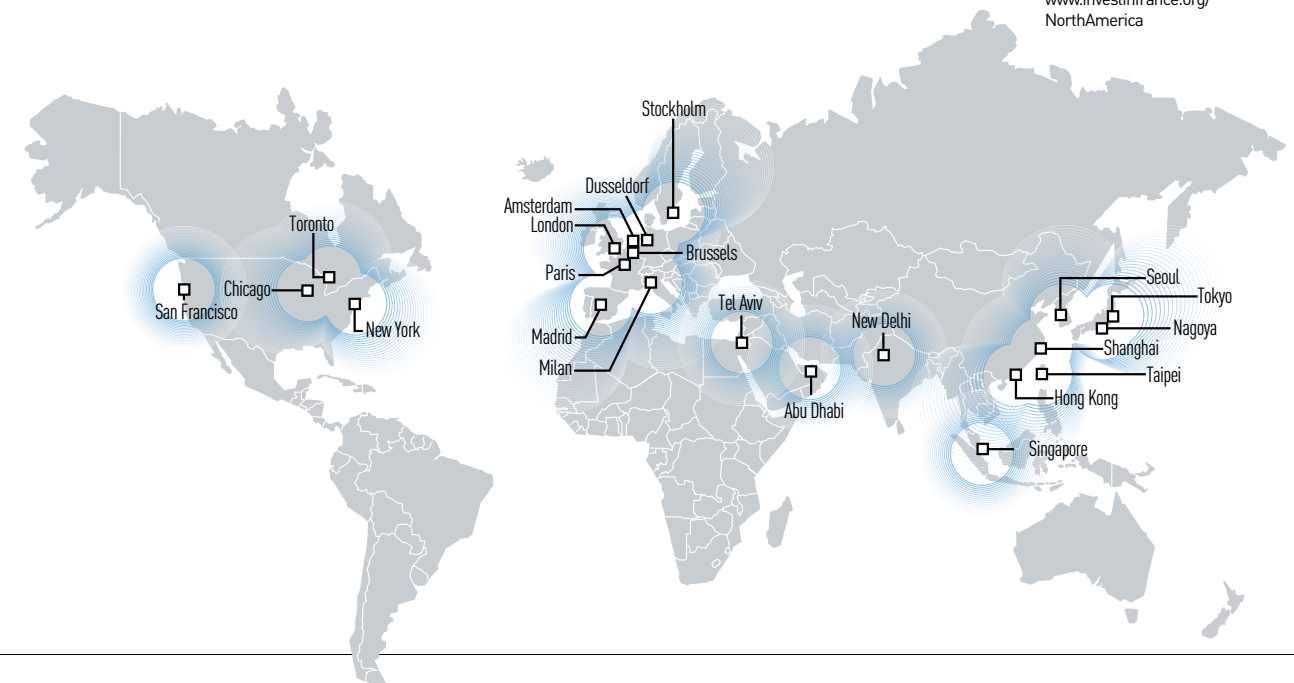
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appendix a

methods

64	MONITORING THE FLOW OF FOREIGN DIRECT INVESTMENT IN FRANCE
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Monitoring the flow of foreign direct investment in France

Established in 1993, the annual “IFA Review” provides a summary of all foreign direct investment projects creating long-term employment in France, and calculates the corresponding number of jobs created. It provides detailed statistics per sector, function, type of development project, size, originating country and host region. However, it does not provide financial data concerning the amounts of specific investments and it does not generally take into account mergers and acquisitions.

The scope of the Review

- It only takes into account development projects that are a direct source of employment (greenfield projects). It does not therefore take into account investments of a purely financial nature, diplomatic representatives, franchises and partnerships which do not lead to the creation of new jobs, or acquisitions of French companies – with the exception of takeovers of ailing companies which directly enable jobs to be maintained.

- It only takes into account projects that create 10 or more new jobs. Smaller projects may be taken into account if they represent strategic development or a significant level of added value (first set-up in France).

- It only takes into account foreign direct investment. It does not therefore take into account project developments carried out by companies made up of more than two thirds of French capital. In the case

The “IFA annual review of international investment in France” represents an essential knowledge-based and analytical tool for understanding the economic attractiveness of our country.

of a mixed company or development project involving French capital, only a fraction of the total number of jobs actually created is taken into account, calculated according to the percentage of foreign investment.

- It mainly focuses on project developments for which various countries have competed, in the industrial or service sectors. However, for the last two years, the criteria have been expanded to include some localized services (mainly retail outlets), in order to take into account the increase in international investment in this type of activity. However, only those projects of significant size are taken into account in this category (more than 50 jobs).

- It only takes into account the creation of actual jobs in France. Therefore projects that involve a relocation of activity within France, involving the closure of one site involved in similar activity in another part of the French territory, are excluded.

- It takes into account announcements of projects creating long term employment over three years. It does not therefore take into account temporary, unstable or short-term employment. Part-time jobs are taken into account according to actual timed worked.

Statistical data collection

This is based on three main sources:

- The IFA “Observatoire France” monitor, which calculates in real time the number of foreign investment projects that have been announced in our country, by means of economic intelligence techniques: analysis of press agency announcements (Reuters), press reviews, and company and regional agency announcements and internet websites.

- The “COSPE” initiative (Comité d’Orientation et de Suivi des Projets Etrangers en France - Project Steering Committee), which follows the status of investment projects currently under negotiation by the IFA and its network. The “COSPE” projects which have been successfully completed are included at the end of the year.

- Lists of projects, sent at the end of the year by the French regional agencies working with the IFA.

Compilation of this data by the IFA for the purposes of its annual Review, involves a transparent process of cross-reference approval between the IFA and its regional partners. Analyses are carried out ex-post in order to check that projects included in the previous years’ reviews have actually been successfully

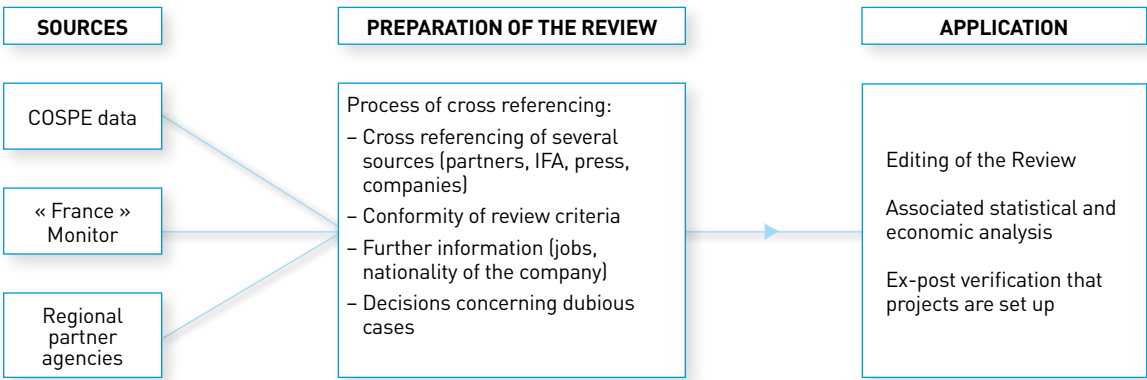
completed. They demonstrate a very high rate of success over three years, which is indeed frequently higher than 100%, due to the spontaneous increase in development of the sites.

For the first time, the 2007 review has been continually developed throughout the year, whereas previously data was compiled only at the year’s end. A methodological review is currently being carried out with the INSEE regarding possible improvements to the synthesis of existing tools.

MONITORING THE INTERNATIONAL INVESTMENT MARKET

In order to carry out its various activities – prospecting, promotion, consulting activities in terms of attractiveness strategies – the IFA must have efficient tools to compile and analyze information and data concerning all aspects of the international investment market: global flow of projects and flow per sector, deciding factors for international development strategies and company locations, strengths and weaknesses of the French regions in relation to our competitors.

For this purpose, the IFA has developed a range of information and analysis techniques: permanent investment monitor that detects foreign investment projects in real time; analyses and studies; information sharing tools (intranet, Pivotal data base on international companies); information distribution tools (arguments, web site, various publications).



Indicators used in the Review

Classification according to sector of activity

This is based on a 20 item classification that is compatible with those used by the French INSEE institute (NAF 700 and economic summary classification), but which has been adapted to the reality of the international investment market. Projects are classed according to the type of goods or services that they directly contribute to producing or distributing. Where the project has several functions (e.g. administrative support), it is classed according to the company's main sector of activity. This classification is progressively evolving in order to take into account new market trends.

Classification according to mode of business operation

An investment project can be undertaken in a variety of ways (business creation, business extension or takeover). The corresponding classification is based on the following definitions:

- *“Created jobs”*: Business creations are development projects that involve a physical investment leading to the creation of a new business activity and new jobs, at a site where the investing company was not previously located. “Extension” is defined as further investment, leading to the creation of jobs, at a site where the company is already located. “Takeover-extensions” are investment operations to take over healthy companies providing that they also result in an extension of business activity leading to job creation.

- *“Maintained jobs”*: Business takeovers are considered as projects which involve the acquiring of French

The classifications according to sector, function and type of business operation are designed to reflect the true characteristics of the international investment market.

companies that are in serious difficulty (i.e. companies filing for bankruptcy, or in administrative liquidation), that enables the business activity to be partially or totally maintained. The jobs that are saved as a result of these

CLASSIFICATION ACCORDING TO SECTOR OF ACTIVITY

N°	Sector
1	Agro-food, agriculture and fishing
2	Textiles-Clothing
3	Pharmaceuticals, Cosmetics
4	Furnishings, household goods
5	Electrical goods
6	Automotive manufacturing and equipment
7	Aerospace, naval and railway equipment
8	Machinery and mechanical equipment
9	Electronic components
10	Electrical, electronic, IT and medical equipment
11	Glass-Ceramics-Minerals-Wood-Paper-Printing
12	Chemicals, plastics
13	Metal, metal working, recycling
14	Transport, Storage, Construction
15	Telecom, internet service providers
16	Software and IT services
17	Consulting, Engineering and business services
18	Other commercial and financial services
19	Energy
20	Biotechnologies

takeovers are taken into account as “jobs maintained”. With regard to the taking over of foreign companies, these operations are only taken into account if the site in question has not changed owner during the course of the past three years, in order to avoid them being taken into account more than once.

- *“Consolidated jobs”* (not included in the Review): investments that enable a site that is under threat of closure due to being put in direct competition with another site located abroad, and/or that has received the support of the public authorities.

Classification according to function

In order to carry out their business, companies rely on various types of activity: production of goods and services, of course, but also what are known as “support services” or “business services”. This sector is vast and includes research & development, administrative services and headquarters, logistics and distribution, call centers and tele-services, etc. Potential host countries often compete against one another to attract this type of activity. A specific index has been included in the Review to class projects according to their “function”. This was broadened two years ago to include a new activity: retail outlets.

Classification according to country or region of origin

This depends, as far as possible, on the country of origin of the parent company or the holding company responsible for the investing company. For example, an investment project is considered “Japanese” if it comes from a European or French subsidiary of a Japanese group. If the holding capital is itself distributed between shareholders of different nationalities, the nationality of the holding company is determined by the location of its main decision center. Where the project is a joint venture involving several companies from different countries, the jobs created are ascribed to the various countries according to the level of investment of each individual company. If for example one of the partners is French, the project is only included in the Review if over 33.3% of total capital of the joint company is held by foreign interests.

Classification according to host region in France

Since the address and the postcode of each project are systematically recorded, investment projects can be classed according to their region, department or locality in France.

CLASSIFICATION ACCORDING TO FUNCTION

Main function of the site	Definition
Research & Development Centre	Site whose mission is to advance scientific knowledge, perfect or adapt new technologies or products.
Internal administrative centre or exclusive headquarters	A company headquarters or HQ is the company's worldwide or regional decision centre. An internal administrative centre (also known as shared service centre) is an autonomous site that is responsible for ensuring administration support activities within the company (accounting, financial services, etc.).
Production/Manufacture/Assembly	Site which is dedicated to the physical manufacture of goods (or in some cases, services).
Service providers	Site which provides commercial services for clients.
Commercial or liaison office	Site whose main purpose is to represent the company and liaise with clients (excluding direct sales).
Distribution/Logistics/Packaging	Site which contributes to the handling and storage of goods.
Call centre and on-line services centre	Specialized site, regrouping facilities required to provide personalized solutions for the consumer, from a remote service centre.
Recycling, treatment of waste materials	Site which treats used and waste materials.
Retail outlet	Site which provides goods and services for sale to the consumer.

Diversity of statistical sources

The analysis of foreign investments in France is a field which is relatively new, and which is badly served by traditional national statistics. Since it is not taken into account by traditional statistical data, it is the object of a wide range of different approaches. There are four main types of data sources in this field: statistics concerning direct investment (flows and stocks); statistics concerning international mergers and acquisitions; statistics concerning physical investments from foreign sources; finally, statistics concerning foreign participation in the national economy.

Statistics concerning direct investment

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

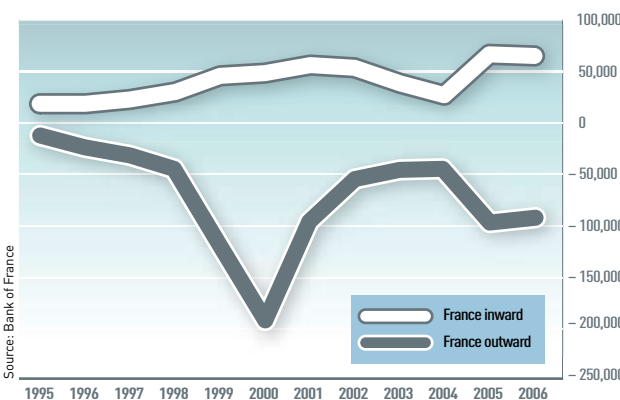
In principle, the term “direct investment” refers to the transfer of equity from foreign non-residents in order to acquire or extend a subsidiary located in France (only holdings in equity capital of 10% and above are included). In fact, these figures also include financial transactions between the parent company and its subsidiary, as well as property acquired by non-residents.

These figures are compiled by the Bank of France, and take two different formats:

- 1) the “flows” data shows the transfer of equity-capital from the parent company to the French subsidiary;
- 2) the “stocks” data shows the cumulated amount of stocks held by foreign companies in our country.

The disparity in data concerning foreign investment can sometimes be a source of confusion: the following explanation aims to provide some clarification.

CROSS FLOWS OF FDI BETWEEN FRANCE AND OTHER COUNTRIES (millions of euros)



The data produced by various international organizations (Eurostat, OECD, UNCTAD, IMF, World Bank in particular) enable comparisons with other host countries.

However, this statistic is not properly adapted to measuring the flows of physical investments that directly lead to job creation and productive capacity, for three main reasons:

- 1) it includes transactions (acquisitions, retained earnings, cash flow movement), that have little to do with physical investment;
- 2) it does not take into account certain physical investments that are not financed by FDI flows, but by other sources (funding from local sources in particular);

3) the data is exclusively financial, and does not provide the means to calculate the related job creation or production capacity linked to the investments in question.

Statistics concerning physical investments from foreign sources

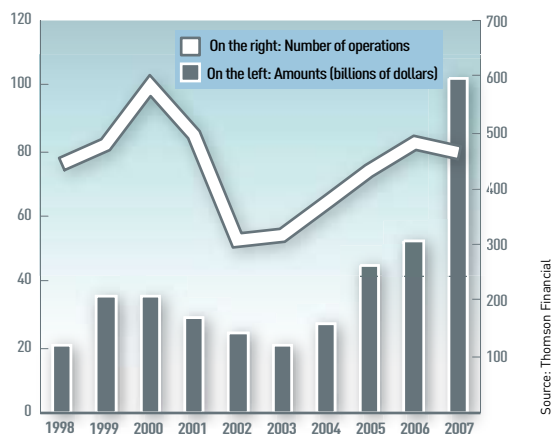
In order to create a tool which is better adapted to their requirements, investment promotion agencies and major consulting firms, such as IBM/PLI and OCO Consulting, have devised an alternative method of measurement. This method uses economic monitoring systems to collect information concerning all the internationally mobile investment projects that have been announced. The Review of international investment in France, published each year by the IFA, is based on this type of method.

Similar sort of data is produced in other countries by investment promotion agencies that are the equivalent of the IFA, such as UK Invest and Trade in Great Britain, and Tzechinvest in the Czech Republic. However, differences in scope and method of calculation mean that this data cannot be used for purposes of direct comparison. It is preferable for international comparisons to be based on data compiled by specialist consulting firms (OCO Consulting Locomonitor data-base, IBM/PLI Gild data-base), or on data supplied by the IFA monitor for international investments in Europe.

Data concerning international mergers and acquisitions

This data is mainly compiled by private consulting firms (e.g. Thomson Financial), and indicates the number of French companies being taken over by foreign companies, and the amounts of related financial transactions.

TOTAL ACQUISITIONS OF FRENCH COMPANIES BY FOREIGN FIRMS



Statistics concerning the presence of foreign businesses in France

Since 1993, the SESSI – Office of Industrial Studies and Statistics (the DGE statistics service) has published a yearly statistical study on the level of foreign businesses operating within French industry. The study provides detailed statistics on the role of foreign businesses in levels of employment, production, exports and investment, globally and per sector, regional location, and country of origin. More recently, the INSEE institute (National Institute of Statistics and Economic Studies) broadened the scope of this approach to include the whole of the French economy, but with a lesser degree of detail. The OECD has also carried out a harmonization of national data for the purposes of international comparisons in this field.

THE PRESENCE OF FOREIGN BUSINESSES IN THE FRENCH ECONOMY: ONE IN EVERY SEVEN JOBS IN THE MARKET SECTOR

According to the most recent data published by the INSEE institute, in 2005 one French employee in every seven was employed by the subsidiary of a foreign company. The number almost doubled between 1993 and 2005, increasing from 1.1 to 2.0 million employees.

IFA and the Bank of France: two complementary approaches

The IFA's review of employment created by foreign investment in France, and the Bank of France's direct investment statistics, present the following 10 differences:

1. Date of registration

Projects are registered by the IFA on the date that they are announced. Financial flows are taken into account by the Bank of France at the date which they occur.

e.g. A foreign company announces in 2005 that, in 2006 it will invest 200 million euros in the development of a production plant that will employ 200 people in France. In the end, the French subsidiary receives 220 million euros from the parent company in 2006. The IFA takes into account 100 new jobs and a 200 million euro investment in its 2005 Review. The Bank of France takes into account 220 million euros of inward FDI in 2006.

2. Mode of business operation

The IFA only takes into account business creations and business extensions, and certain types of business consolidations for ailing firms. The Bank of France takes into account all business operations that lead to the transfer of capital, including acquisitions and mergers in particular.

e.g. A foreign company acquires a healthy French company for 200 million euros (2,000 employees), takes over an ailing French company for 100 million euros (20 jobs saved), and invests a further 10 million euros in an existing French site (10 jobs created). If the total capital comes from a foreign company, the Bank of France takes into account (200+100+10) 310 million euros of inward FDI. The IFA takes into account 20 jobs saved and 10 jobs created and a total investment of (100+10) 110 million euros.

This summary illustrates the specific characteristics of the IFA review by means of a comparison with direct investment statistics used by the Bank of France.

3. Method of financing the business operation

The IFA does not take into consideration the way in which an investment is financed. The Bank of France only considers as FDI, the part of an investment which comes from abroad, financed by a company of the group investing in France.

e.g. A foreign company sets up a factory in France (30 jobs) by means of a 100 million euro investment, 50% of which is financed by the parent company and 50% by a loan taken out by the French subsidiary from a French bank. The IFA takes into account 30 jobs created by means of a 100 million euro investment. The Bank of France takes into account 50 million euros of inward FDI.

4. Sectors of activity

The Bank of France takes into consideration all sectors of activity, including direct investment by non-residents (real estate in particular). The IFA only takes into consideration business investment projects that create a certain number of jobs (10 or more jobs), and does not take into consideration all sectors of activity (only partially taking into account the personal services and local services sectors).

e.g. A foreign industrial creates a wire production plant in France (30 jobs, 100 million euro investment), buys a secondary residence (20 million euros) and opens a sales outlet (10 jobs, 5 million euros). Insofar as the total investment comes from abroad, the Bank of France takes into account (100+20+5) 125 million euros of inward FDI. The IFA takes into account 30 jobs created and an investment of 100 million euros.

5. Statistical indicators

The Bank of France only takes into account financial inflows and outflows. The IFA takes into account job creations, the number of projects, and potentially the amount invested.

e.g. A foreign company sets up two factories, one costing 200 million euros (announced in the press) and creating 100 jobs, and the other costing 50 million euros (confidential data) and creating 20 jobs. If the investment comes from abroad and is provided by the parent company or a sister company of the French subsidiaries, the Bank of France takes into account 250 million euros of inward FDI. The IFA takes into account 2 investment projects with (100+20) 120 jobs created, and registers an investment of 200 million euros (data not published by the IFA).

6. Country of origin of investment

The Bank of France takes into consideration the nationality of the front line investor. The IFA takes into consideration the nationality of the parent company.

e.g. A Japanese company invests 100 million euros in France via its Dutch subsidiary, creating 10 jobs. The IFA takes into account 10 jobs created by a Japanese firm. The Bank of France takes into account a 100 million euro investment from the Netherlands.

7. Sources of statistical data.

The Bank of France's sources of data are those used for the calculation of the balance of payments (monthly statements from banks and major companies, accounting documents of resident firms, enquiries by the Bank of France's regional and local branches, followed by the press and market data, particularly communications by the AMF and its international counterparts). The IFA relies on economic intelligence methods, follow-up of the press and information from its offices and regional development agencies.

e.g. A foreign company announces in the press that it is investing 100 million euros and creating 20 jobs. Besides the 100 million euro investment, the company also makes a private transfer of 50 million euros to its French subsidiary for other purposes. The Bank of France takes into account (100+50) 150 million euros of inward FDI. The IFA takes into account 20 new jobs and an investment of 100 million euros.

8. Utilization of statistical sources

The Bank of France takes into account all capital transfers (short and long term capital and loan operations) between the French subsidiary and the sister companies of the group located abroad, regardless of whether these are linked to a particular investment. The IFA only takes into account specifically identified investments.

e.g. A foreign company makes a transfer offunds amounting to 100 million euros to its French subsidiary, with no specified project. The Bank of France takes into account 100 million euros of inward FDI. The IFA does not take this sum into account.

9. Classifications

The classifications of business activity used by the Bank of France are similar to those used by the INSEE institute. They are essentially based on a classification per sector on a national level. The IFA has developed its own classification of business activities, and also classes investment projects according to their function and host region.

e.g. A foreign company sets up a paint factory in the Languedoc-Roussillon region, by means of a 100 million euro investment (50 jobs created). The Bank of France takes into consideration a 100 million euro investment in France in the chemicals sector. The IFA takes into consideration the creation of 50 jobs in the chemicals-plastics sector, in the Languedoc-Roussillon region, and in the "production" function, and an investment of 100 million euros.

10. Taking into account negative investments

The Bank of France takes these into account, but the IFA does not.

e.g. A foreign company liquidates its subsidiary in France (valued: 200 million euros), repatriates the capital and makes 100 people redundant. The Bank of France takes into account the outward flow of negative investment of 200 million euros. The IFA does not take this amount into account.



appendix b International context

Major increase in international investment flows

A generally favorable global economic environment

Whereas global economic growth figures appeared to be very positive towards the middle of the year, the sub-prime crisis in the American property market highlighted the fragile nature of financial systems. The ongoing decline in the value of the dollar particularly against the euro, and increases in the price of raw materials and subsequent inflation, also raised doubts concerning the sustainability of global economic growth.

Thanks to high levels of employment and consumption in OECD countries, the dynamic nature of emerging countries and high levels of corporate profit margins, global economic growth remained robust up to the end of the year: in 2007, global GDP increased by 5.2%, which is practically the same as in 2006 (+5.4%) and higher than in 2005 (+4.8%).

This favorable economic environment meant that companies continued their investment efforts, in terms of both internal and external growth operations. Corporate investment continued to increase at a

Buoyed up by intense growth in mergers and acquisitions, international investment flows have increased to reach new record levels.

sustained level: although at a slightly lower rate than in 2006: +4.5% over the entire OECD zone, compared to 6.5% in 2006. Mergers and acquisitions, buoyed up by increased industrial restructuring, were even higher than the record levels registered in 2006, reaching 4,500 billion dollars, which is an increase of 24% compared to last year. The fall in the number of transactions in the 3rd quarter, caused by uncertainties in the financial market, was largely offset by an increase in activity towards the end of the year.

Increases in foreign direct investment flows

The positive trend in investment was also observed on an international level. Flows of foreign direct investments (FDI) continued to increase, in line with the positive trend observed since 2003, to reach new record levels. According to UNCTAD estimations, FDI flows reached over 1,500 billion dollars, which is higher than the record levels of 2000. It appears, therefore, that the credit crunch that began in the summer of 2007 has only marginally affected FDI flows.

RATES OF GROWTH IN GDP

	2002	2003	2004	2005	2006	2007 (estimations)
World	3.1	3.8	5.1	4.8	5.4	5.2
Developed countries	2.7	2.7	2.5	2.5	2.9	2.5
Emerging and developing countries	3.7	5.3	7.8	7.5	8.1	8.1

Source: IMF, October 2007

Record year for international mergers and acquisitions

As in 2006, the increase in FDI flows was largely due to increases in the numbers of international mergers and acquisitions. Once again, mergers and acquisitions reached record levels, with 13,625 transactions being announced for a total 2,084 billion dollars.

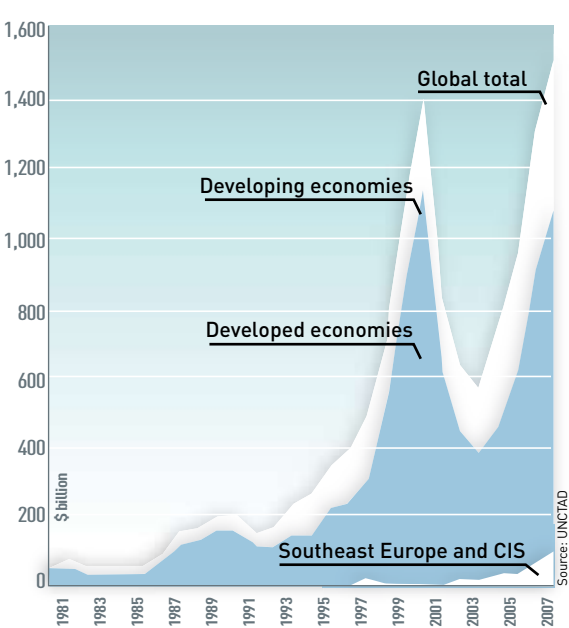
There were large-scale transactions in the energy, raw materials and materials sectors in particular. The acquisition of the mining company Rio Tinto by BHP Billiton, for example, represented the second biggest transaction of all time. The financial, agro-food and healthcare industries have also seen major international restructuring. The acquisition of AMB-AMRO by RFS Holding (a consortium headed by the Royal Bank of Scotland) represented the biggest transaction of all time in the financial sector.

POSITIVE TREND IN THE SERVICES SECTOR

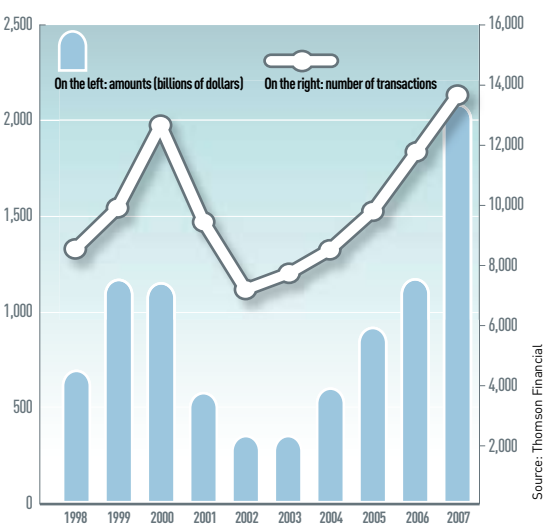
A considerable amount of international investment projects now concern service activities. According to global statistics published by OCO Monitor, three service sectors are in the lead in terms of the number of international greenfield projects in 2007: software and IT services (12.1% of the total), financial services (9.8%) and other business services (6.8%). The leading industrial sector, the food and tobacco sector, is ranked in 4th position with 4.7% of total projects, followed by the textiles-clothing sector (4.4%).

This predominance of service activities is also evident in an analysis of the type of business activity as opposed to an analysis of individual sectors: for example, sales activities and commercial support services alone accounted for 31% of total international greenfield projects in 2007, compared with only 26% for production.

FLOWS OF FDI PER HOST REGION (1980-2007)



MERGERS AND ACQUISITIONS WORLDWIDE (Transactions announced, 1998-2007)



MAIN INTERNATIONAL MERGER AND ACQUISITION TRANSACTIONS INITIATED OR COMPLETED IN 2007

Amount of transaction (billions of dollars)	Target company	Nationality of target company	Sector of target company	Purchasing company	Nationality of purchasing company	Progress of transaction
192.8	Rio Tinto PLC	United Kingdom	Metals & mining	BHP Billiton Ltd	Australia	In progress
98.2	ABN-AMRO Holding NV	Netherlands	Banking	RFS Holdings BV	Netherlands-United Kingdom	Completed
43.9	Alcan Inc	Canada	Metals & mining	Rio Tinto PLC	United Kingdom	Completed
26.4	Endesa SA	Spain	Electricity	Investor Group	Italy	Completed
23.9	Eiffage SA	France	Building/ construction & engineering	Sacyr Vallehermoso SA	Spain	In progress
21.5	Altadis SA	Spain	Tobacco	Imperial Tobacco Group PLC	United Kingdom	In progress
19.4	Alliance Boots PLC	United Kingdom	Retail. distribution	AB Acquisitions Ltd	United Kingdom	Completed
18.5	Rodamco Europe NV	Netherlands	Real estate	Unibail Holding SA	France	Completed
18.4	Hanson PLC	United Kingdom	Building materials	Lehigh UK Ltd	United Kingdom	Completed
18.3	ICI PLC	United Kingdom	Chemicals	Akzo Nobel NV	Netherlands	Completed
18.3	Reuters Group PLC	United Kingdom	Publishing	Thomson Corp	USA	In progress
18.2	Scottish & Newcastle PLC	United Kingdom	Agro-food	Investor Group	Netherlands	In progress
16.8	Koninklijke Numico NV	Netherlands	Agro-food	Groupe Danone SA	France	Completed
16.0	Intelsat Ltd	Bermuda	Aerospace & satellite	BC Partners Ltd	United Kingdom	In progress
15.0	OCI Cement Group	Egypt	Building materials	Lafarge SA	France	In progress
14.8	MOL Magyar Olaj es Gazipari	Hungary	Petrol and gas	OMV AG	Austria	In progress
14.7	MedImmune Inc	USA	Biotechnologies	AstraZeneca PLC	United Kingdom	Completed
14.4	Organon Biosciences {OBS}	Netherlands	Pharmaceuticals	Schering-Plough Corp	USA	Completed
12.7	Hutchison Essar Ltd	India	Telecommunications	Vodafone Group PLC	United Kingdom	Completed
11.6	GE Plastics	USA	Chemicals	SABIC	Saudi Arabia	Completed

Source: Thomson Financial

Slight reduction in the number of “greenfield” projects

Physical investment projects, also known as “greenfield” projects, make up the other major component of international investment flows. Growth in “greenfield” projects has been slower in 2007. According to statistics published by Oco Monitor, the number of international “greenfield” projects dropped slightly. However, this is compensated by an increase in the average size of these projects, which represents an increase in the size of total investment and number of jobs being created.

INTERNATIONAL “GREENFIELD” INVESTMENT PROJECTS (2003-2007)

Year	Number of projects	Amount (billions of dollars)	Jobs (thousands)
2003	9,462	306.5	496.3
2004	10,218	280.8	533.3
2005	10,475	261.3	505.8
2006	12,024	377.8	709.1
2007 (*)	11,414	452.0	830.8

Source: OCO Monitor (*) IFA estimation on the basis of first 11 months

The economic attractiveness of Western Europe

The increase in FDI flows differed according to the various regions of the world. This was relatively low in Asia, Africa, and the 10 new member states of the European Union, but was sustained in transitional economies (Russia in particular) and Latin America.

Developed economies showed a sustained increase in inward FDI flows: +17%, a level which is practically the same as global growth levels. With 1,000 billion dollars of investments in 2007, these countries continue to attract almost two thirds of global FDI flows. Foreign takeovers of North American and European companies, in particular, almost doubled reaching 1,600 billion dollars, which is roughly three quarters of the global total.

Western Europe showed high performance levels, with inward FDI up by 16%, thus maintaining its position of leading host region worldwide in 2007. There was a particularly high increase in the level of acquisitions, but the region also maintained its position in terms of “greenfield” projects, with a slight increase in terms of the global market: 25.7% compared to 23.6% last year.

FLOWS OF FDI PER HOST REGION OR COUNTRY 2006-2007 (billions of dollars)

	2006	2007	2007/2006 (growth)	Distribution in 2007 (%)
Developed economies	858	1,002	16.8	65.1%
Europe	566	651	14.9	42.3%
Eu 15	492	572	16.2	37.2%
10 new EU member states	39	38	-2.3	2.5%
USA	175	193	10.0	12.5%
Developing economies	379	438	15.7	28.5%
Africa	36	36	0.1	2.3%
Latin America	84	126	50.2	8.2%
Asia. Oceania	260	277	6.6	18.0%
Transitional economies	69	98	40.8	6.4%
World	1,306	1,538	17.8	100%

Source: UNCTAD

DISTRIBUTION OF MERGERS AND ACQUISITIONS PER TARGET REGION (billions of dollars)

	USA		Europe		Rest of the world	
	Amount	%	Amount	%	Amount	%
2006	211.1	18.0%	620.0	52.8%	342.1	29.2%
2007	406.9	19.5%	1,197.3	57.4%	480.1	23.0%

Source: Thomson Financial

DISTRIBUTION OF “GREENFIELD” INVESTMENT PROJECTS PER HOST REGION (number of projects)

	2006 (%)	2007 (%)
Asia-Pacific	32.6%	31.0%
EU-15	23.6%	25.7%
Rest of Europe	22.4%	20.8%
North America	7.5%	8.2%
Latin America	4.7%	6.9%
Middle East	5.4%	4.3%
Africa	3.8%	3.2%
Total	100%	100%

Source: OCO Monitor

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