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# Europe – Putting Business First

European Attractiveness Scoreboard 2008

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# Why European Attractiveness Scoreboard

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The European Attractiveness Scoreboard evaluates the competitiveness of Europe against leading advanced and emerging economies.

- Why Europe?
  - Showing an integrated, single market with diversified opportunities
- Why Industries?
  - Zooming in on investors' perspective
- Why Invest in France and Invest in Germany?
  - Representing Europe's biggest economies

# Methodology

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The European Attractiveness Scoreboard evaluates the competitiveness of Europe against leading advanced and emerging economies.

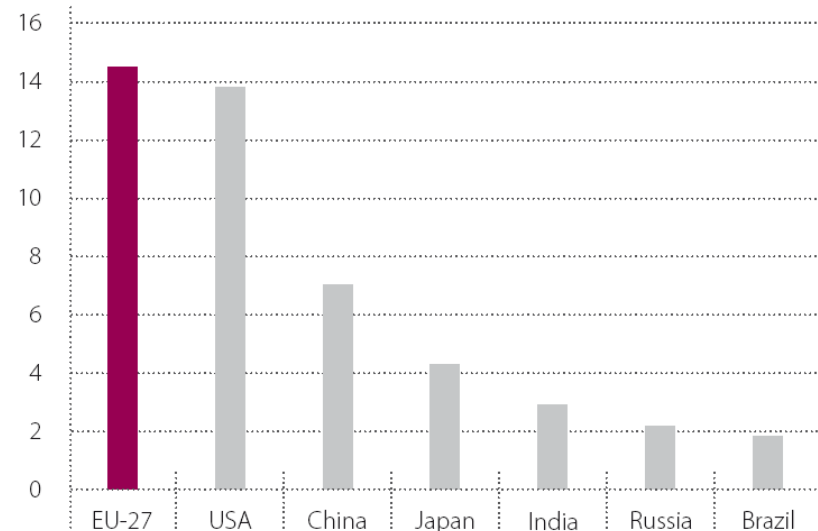
- Countries of comparison
  - EU-27, USA, Japan
  - BRIC: Brazil, China, India, Russia
  
- Selection of industries
  - Technology and innovation-driving industries
  - Industries of global importance for their socio-economic significance (e.g. renewable energies)
  
- Data
  - Reliable data from acknowledged sources
  - Academically supported by two of the world's leading business schools ESCP-EAP (Berlin), HEC (Paris)

# Economy and Market Vitality

The European Union's economic performance fuels the biggest market in the world.

- Number one market size in terms of GDP with more than 14 trillion USD
- GDP expansion of 2 trillion USD between 2000 to 2007 in real terms
- Its market comprises the third largest population of 495 million people

**GDP at purchasing power parity (2007)**  
[trillion USD]



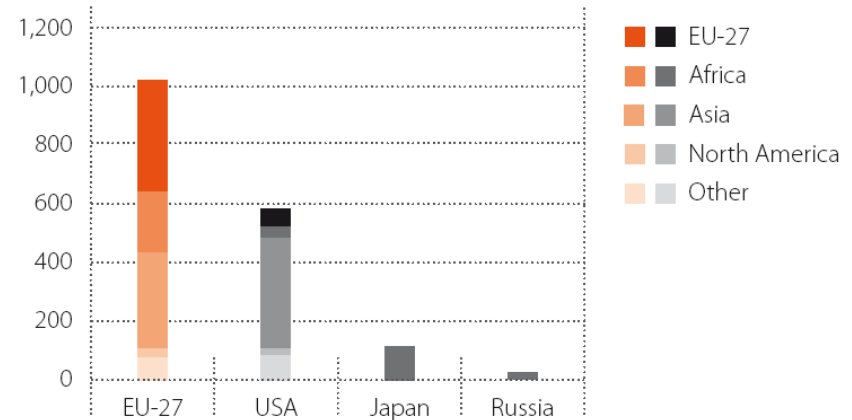
Source: IMF, World Economic Outlook Database (April 2008)

# Human Resources

Europe provides a large talent pool of highly qualified, flexible and open-minded people.

- Highest number and widest variety of foreign students
- 1.3 million researchers provide the second highest amount of researchers after the leader USA
- Second highest level of tertiary graduates in science and technology after Japan

**Foreign students in tertiary education by host country (2005)**  
[thousand students]



Source: OECD, *Education at a Glance* (2007)

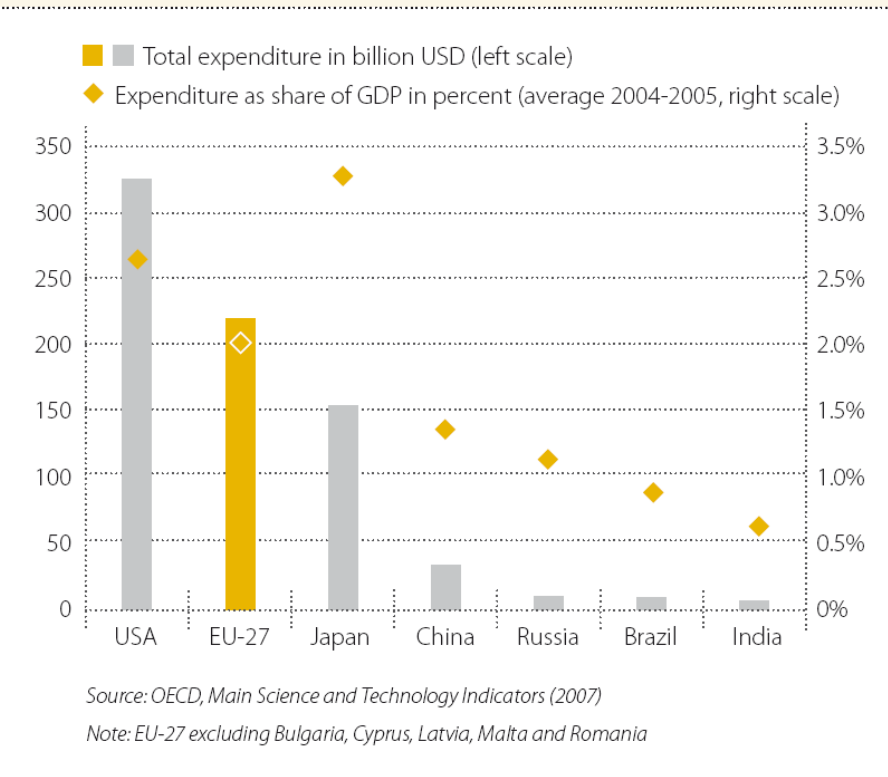
Note: EU-27 excluding Bulgaria, Cyprus, Latvia, Lithuania and Romania; no data available for Brazil, China and India; other includes Oceania and South America

# Research and Innovation

For businesses and scientific research, all players can expect a highly innovative environment in Europe.

- Second in total expenditures on R&D after the USA
- European target: increase R&D spending to 3 percent of GDP
- Europe and USA rank highest in volume of scientific papers and scientific citations

## R&D expenditure (2005)



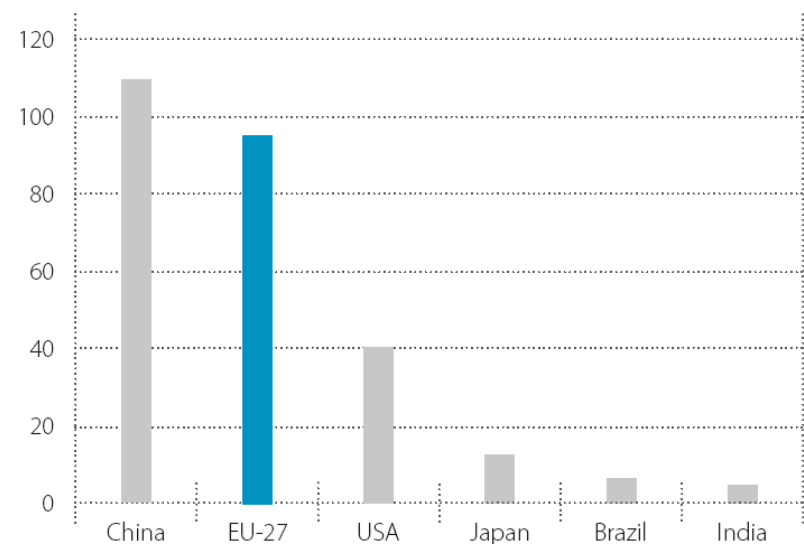
Source: European Commission (2008), Thomson Scientific (2008)

# Infrastructure

Europe's central position is optimized by the high quality of its transportation network.

- Second in the volume of container port traffic with 95 million TEU after China
- The largest network of high speed railway with approx. 4,700 km; Japan has installed 2300 km of high speed railway
- With 467,000 passengers carried, second in air transportation after the USA with 720,000 passengers

**Container port traffic (2006)**  
[million TEU - twenty feet equivalent units]



Source: ISEMAR, Institut Supérieur d'Economie Maritime (2008)

Note: EU-27 excluding Austria, Hungary, Lithuania, Luxembourg, Malta, Czech Republic, Slovakia and Slovenia; EU-27 figures include intra- and extra-EU container port traffic

Source: International Union of Railway (2008), IMD based on Civil Aviation Organization (2008)

Note: TEU = unit for standard container sizes „Twenty feet Equivalent Unit”

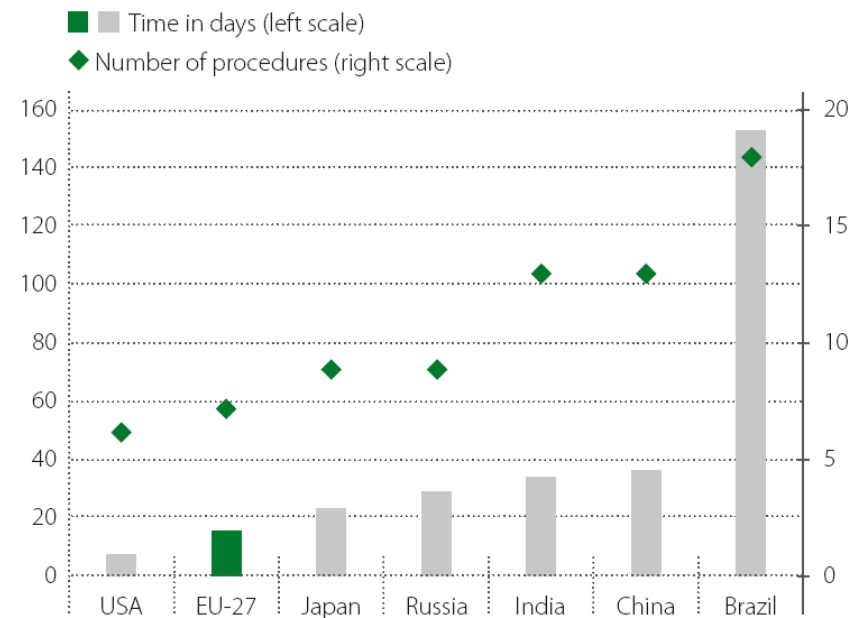


# Business Environment

Europe provides an efficient business framework striking the balance between flexibility and legal security for companies.

- Very efficient procedures for starting a business right after the USA
- High security in getting and providing credit
- The second biggest source of public investors and the highest amount of companies listed at the stock market
- Second lowest corporate tax rates at an average of 24.2 percent
- Simple and short taxation procedures

Procedures for starting a business (2007)



Source: World Bank, *Doing Business* (2008)

Note: EU-27 excluding Cyprus and Malta

Source: World Bank *Doing Business* Report (2008), World Federation of Exchanges (2008), KPMG Corporate Tax Rate Survey (2007)

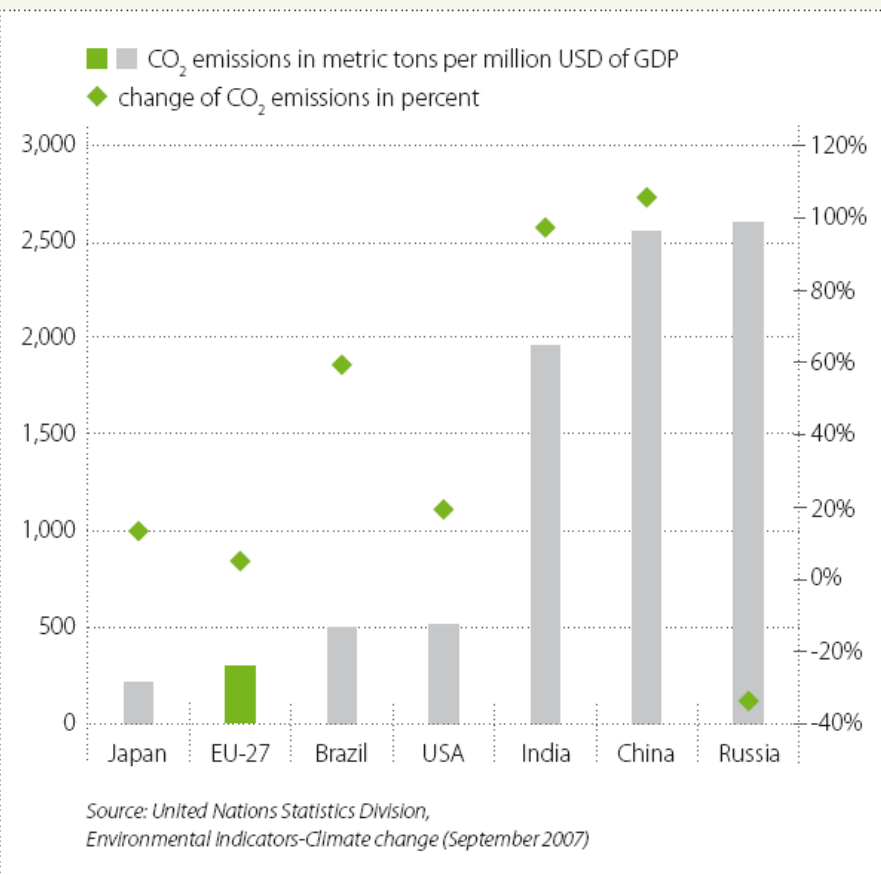


# Sustainable Development

Europe puts enormous emphasis on an environmental-friendly social and economic development.

- Second lowest CO<sub>2</sub> emissions in terms of size of economy
- European target: reduction of CO<sub>2</sub> emissions of at least 20 percent by 2020 and increase of energy efficiency
- International leader in new renewable energies, sourcing 2.1 percent of its primary energy consumption from new renewables, such as solar, wind, biofuel and biomass

**Carbon dioxide emissions (2004) and changes (1990-2004)**



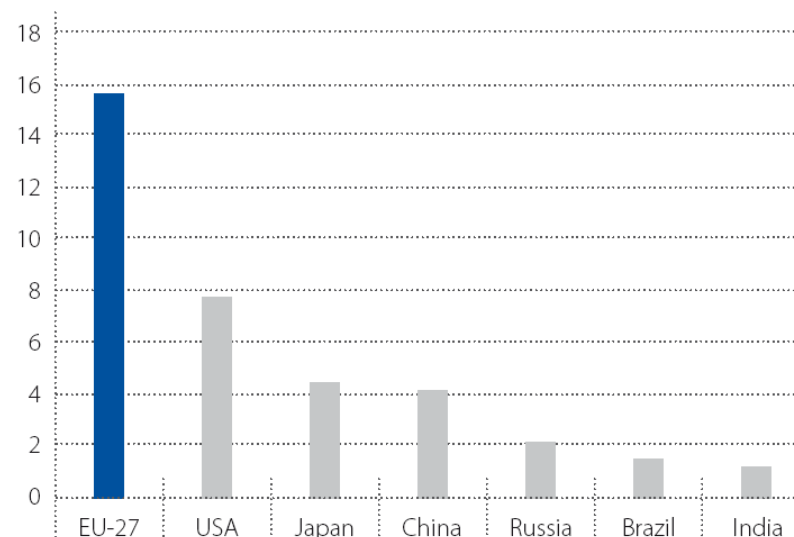
Source: European Commission (2008), Econsense (2007)

# Automotive

The large European automotive market offers huge opportunities and potential for growth in new technologies.

- Leading in registration of new passenger car registrations with almost 16 million in 2006
- Largest automotive production base with nearly 20 million motor vehicles in 2007; Japan and the USA are following
- Innovation Incentive: Clean Mobility  
EU objective to reduce CO<sub>2</sub> emissions from light-duty vehicles to 120 g CO<sub>2</sub>/km by 2012

**Registrations of new passenger vehicles (2006)**  
[millions of registrations]



Source: International Organization of Motor Vehicle Manufacturers (2008)

Note: Data for China, India and Russia: based on estimates from Economist Intelligence Unit (2005)

Source: International Organization of Motor Vehicle Manufacturers (2008), European Commission (2008)

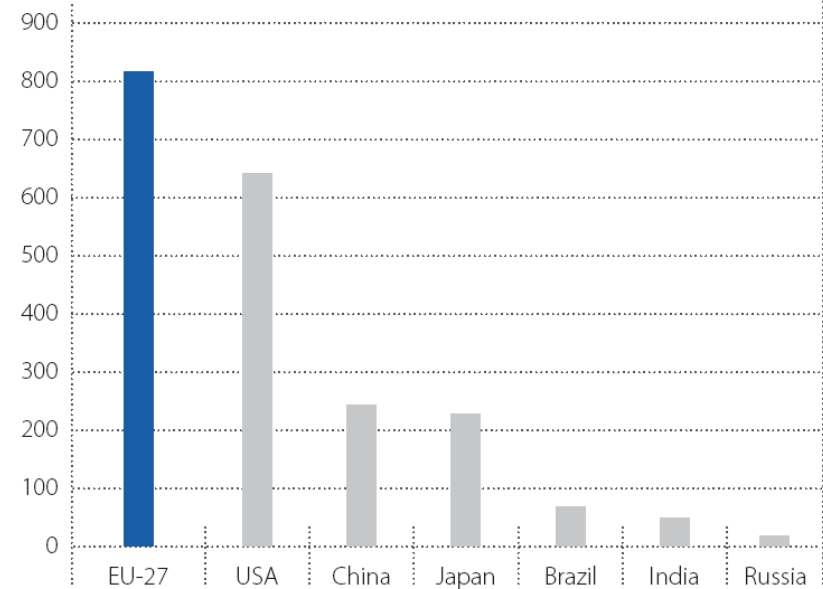
Note: light-duty vehicles = passenger cars and light-commercial vans

# Chemicals

Europe provides the largest market for the chemical industry.

- Largest market for chemicals with sales of 830 billion USD
- Export leader of chemical products
- Large number of technology clusters and chemical parks allow for strong integration of companies within the industry
- Unparalleled chemical industry infrastructure with a complete and extensive network of pipelines for raw materials and chemical products

**Chemical sales (2006)**  
[billion USD]



Source: Verband der Chemischen Industrie, Chemiewirtschaft in Zahlen (2007)

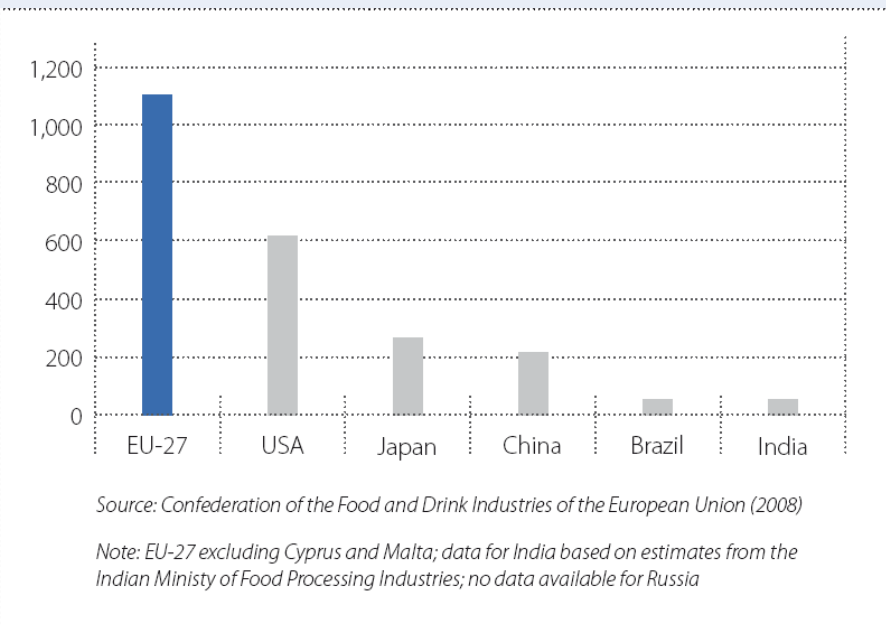
Note: EU-27 data includes intra and extra-EU sales; EU-27 excluding Bulgaria and Romania

# Food and Beverages

The European food and beverage industry accounts for one third of worldwide production in the sector.

- Greatest volume of production of food and beverage products with a value of 1,092 billion USD
- Leading exporter in the food and beverage industry worldwide
- Large and active European multinational food and beverage companies: eight out of the top 30 multinational companies in food and beverages are European; 17 are from the USA

**Production in the food and beverage industry (2006)**  
[billion USD]



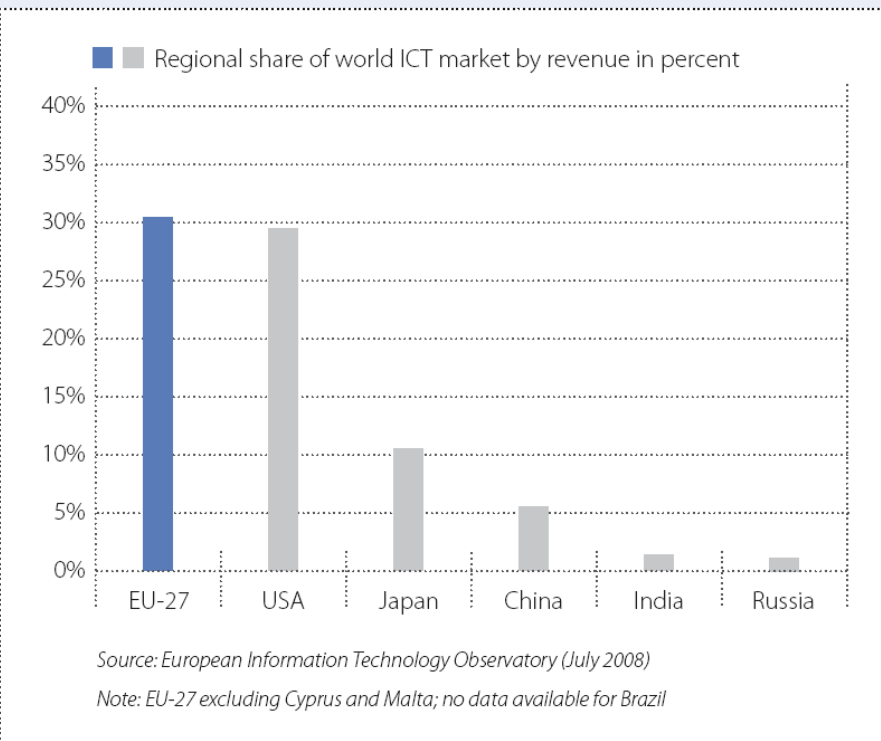
Source: World Bank (2007), Confederation of the Food and Drink Industries of the European Union (2008)

# Information and Communication Technology

Europe provides one of the largest markets for ICT technology and applications.

- Largest ICT market worldwide
- Largest telecommunications market with a market share of 28.6 percent, before the USA with 24.5 percent
- Second largest market for software & IT-services, after the USA
- Leading in exports of ICT goods
- The USA and Europe are technology leaders in ICT filing 33.6 percent and 27.8 percent of ICT patents respectively

World market for ICT (2007)



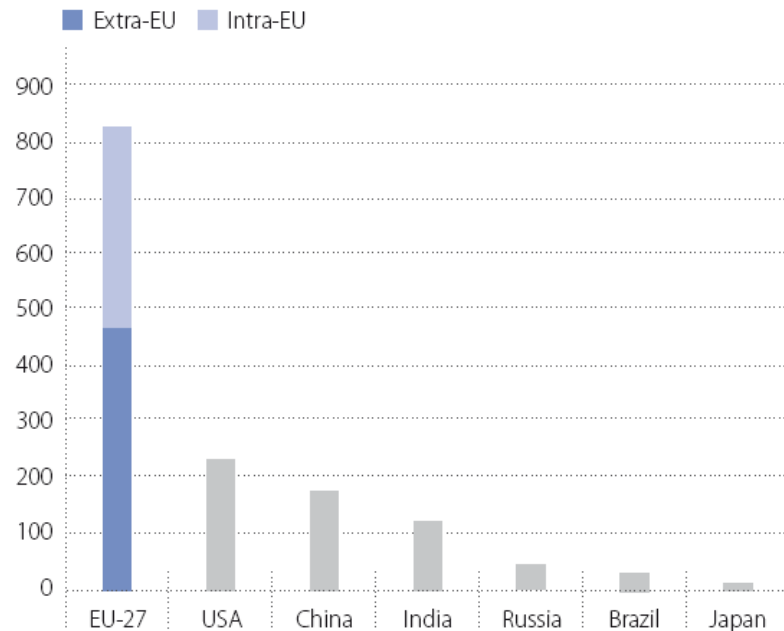
Source: EITO (2008), OECD Patent Database (2008)

# Medical Technology and Pharmaceuticals

Europe provides the second largest pharmaceutical market representing 30.5 percent of global demand in 2007.

- Largest amount of greenfield FDI projects in the health sector
- Second at the share of biotechnology patents from all biotechnology patents (25 percent); USA is leading with a 39 percent share

**Inward FDI projects in the health sector**  
(January 2003 – May 2008)  
[absolute numbers]



Source: FDI Markets (July 2008)

Note: Health sector includes healthcare, medical devices and pharmaceuticals;  
FDI projects include only greenfield and expansion investments; EU-27 excluding Malta

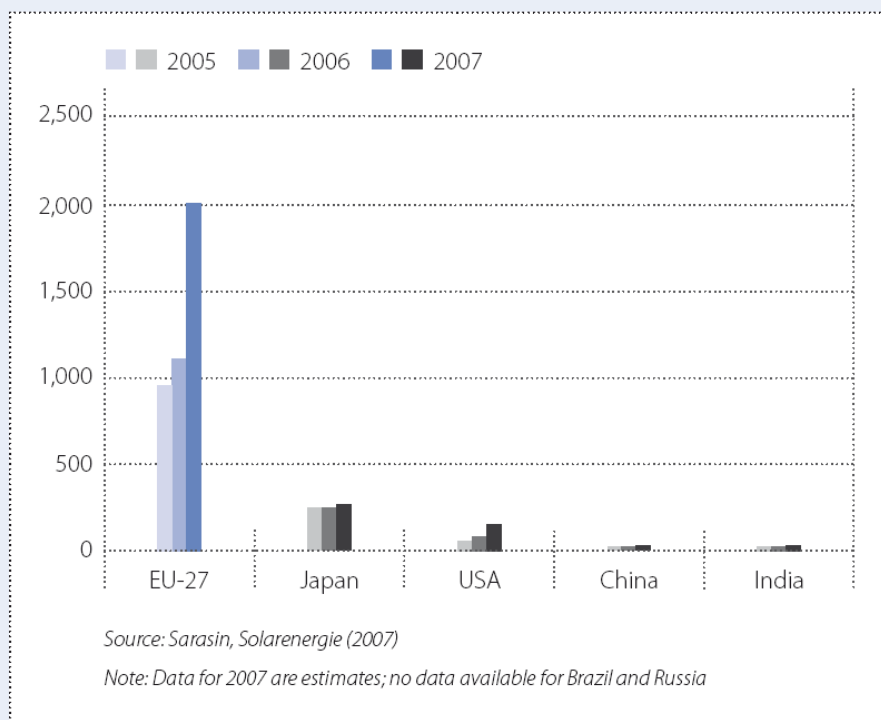
Source: IMS Health (2007), OECD Patent Database (2008)

# Renewable Energies

Europe is the global technology leader and provides the largest market in renewable energies.

- Leading market for solar energy with a new installed capacity of 2,005 MW
- Leading market for wind energy with a total capacity of 56,500 MW far ahead of the USA, India and China
- Top destination for greenfield FDI projects in renewable energies before the USA and China

**New installed energy capacities from solar energy**  
[MW peak]





## Why should companies focus on Europe today?

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The European Attractiveness Scoreboard proves:  
Europe provides fertile ground for companies to grow.

**Europe comprises the decisive factors for successful companies!**

- **Market – Biggest single market with solid growth prospects**
- **Dynamism – Europe's diversity holding ready possibilities for varying needs**
- **Growth – Innovative sectors adapted to the challenges of the future**

## Contact Information

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