



Business Finland in France

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1. Key Facts about France

Demographics

Population 2020¹: 67 million

France is the country with the 2nd largest population in the EU after Germany. France has a growing and ageing population. However, the growth rate is slowing down. Median age is 42,0 years and life expectancy at birth is 82,8 years². France has the highest total fertility rate in Europe (1,84 in 2019³). There are over 6 million immigrants in France, which makes up 9.1% of the total population.

Geography, regions, administrative divisions

Area of France: 643 801 km²

France has the third largest area in Europe. In addition to the metropolitan area, France has four overseas territories: Guadeloupe, Guyana, Martinique and Réunion.

Metropolitan France benefits from its location at the heart of Western Europe. France has a very diverse landscape. With an exception of the northeastern border, France is either bordered by water or by mountains. France has a coastline of 3,400km that covers the Atlantic Ocean, the Mediterranean Sea, the North Sea and the English Channel. The most important rivers in France are the Seine, the Loire and the Rhône. The main mountain ranges are the Alps, the Jura and the Pyrenees.

France is divided into 18 administrative regions out of which 13 are situated in Metropolitan France. Regions, for their part, are divided into 101 departments and departments further into communes (34 970 communes in 2019). The largest regions population wise are Île-de-France, Auvergne-Rhône-Alpes, and Nouvelle-Aquitaine. 1 out of 6 people live in the Paris area.

Cities with the largest populations 2017⁴:

1. Paris, 2 187 526
2. Marseille, 863 310
3. Lyon, 516 092
4. Toulouse, 479 553
5. Nice, 340 017

Economy

- GDP 2019⁵: € 2 426 bn
- GDP per capita 2019⁶: € 33 459
- Unemployment rate (November 2020)⁷: 9,0%

France is the 7th largest economy in the world and the 2nd largest in the EU. France is the 7th exporter of goods and the 4th exporter of services in the world. As an open economy, France is the most attractive country for foreign investments in Europe. Almost 17 000 foreign companies have subsidiaries in France. The French economy's position in the EU is expected to get stronger following UK's Brexit.

France has actively modernised its business environment in the recent years. The French economy has gone through several structural reforms that have enhanced the country's competitiveness by making the labour market more flexible for instance. France has a competitive hourly labour cost, it is growing slower than the EU average.

The national recovery plan "France Relance" is set to offer major support to economic activities. Promoting France's competitiveness is one of the three main themes alongside with green transition and social cohesion. The recovery plan proposes interesting business opportunities for companies with innovative solutions especially in the fields of digital transformation and green technologies.

¹ <https://www.insee.fr/fr/statistiques/5012724>

² <https://data.oecd.org/healthstat/life-expectancy-at-birth.htm>

³ <https://data.oecd.org/pop/fertility-rates.htm>

⁴ <https://www.insee.fr/fr/statistiques/4277602?sommaire=4318291>

⁵ <https://www.insee.fr/fr/statistiques/4500483>

⁶ <https://www.oecd.org/economy/france-economic-snapshot/>

⁷ <https://www.insee.fr/fr/statistiques/4930129>

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Current topics across industries

Digitalisation, IoT, AI, cybersecurity, 5G and quantum computing are all current hot topics in France. They are themes that concern widely different sectors of activity. Digital transformation of the public and private sector is also central for the national recovery plan, which allocates € 7 bn to digitalisation.

Green transition and sustainability are themes that touch the vast majority of French industries. The French government is committed to its objective to cut France's CO₂ emissions by 40% by 2030. Amongst other objectives, the national recovery plan includes a € 30 bn investment in green transition out of which € 2 bn is aimed to fund the development of hydrogen industry.

Relocation became a current topic due to the problems in global supply chains highlighted by the Covid-19 crisis. The national recovery plan dedicates € 1 bn to industrial relocation projects and there is currently an increase in investments in industrial projects that take place in France.

Key Industries in France

Aerospace

In 2018 with a market size of € 51,5 bn, France has the second largest aerospace industry in the world after the USA. France is the home to industry giants, such as Airbus, Safran and Dassault. France's notable investments in R&D have paved the way for the aerospace industry's success. State aids following the Covid-19 crisis demand for particular attention to low-carbon solutions.

Automotive

The French automotive sector has a revenue of € 155 bn and there are 149 000 companies in the industry. It is one of the top car manufacturers in Europe. i.e.g. Renault-Nissan and PSA (Peugeot-Citroen), which has recently created a new entity Stellantis after acquisition of Fiat-Chrysler. The automotive industry plays an important role in the French strategy to promote sustainable mobility.

Chemical Industry

France has the 2nd largest chemical industry in Europe with a market size of € 74 bn. It is the second most important export industry for France. The industry covers 3300 companies that employ over 200 000 people. Chemical industry is one of the key actors for circular economy promoted by government plans.

Cleantech

France is the 3rd producer of renewable energies in Europe. For instance, it is the 1st European country for hydroelectric capacity and the 2nd largest European market for wind power. There is a strong government support for initiatives advancing the green transition such as major investments in EV charging infrastructure and smart grids network. During the past few years, a couple of French companies have been actively investing in the wind power sector in Finland.

Financial Services

France is home to some of Europe's biggest banks. Online banking and fintech are both growing sectors in France.

Food Industry

France has a strong reputation as a culinary country and France was Europe's biggest agri-food producer in 2019. French food industry has a market size of € 213 bn. Organic food is a dynamic sector; the French organic food market has registered an average yearly growth of +10%.

Health Care

A growing industry with a market size of € 90 bn. France is the 3rd country for healthcare spending according to OECD. France is the world's fifth largest market for medicinal products for human use. The public APHP hospital is Europe's largest hospital group. E-health is a current hot topic in health care; the national recovery plan dedicates € 2 bn to digitalization of health care. France has a dynamic healthtech startup environment, with over 1700 companies.

ICT and Digitalisation

There is a strong government support for R&D in digitalisation. France also aims for 100% nationwide coverage of very high-speed internet by 2022. France has the 2nd largest e-commerce market in Europe. AI, IoT and cybersecurity are central themes in the sector. La French Tech- initiative brings together digital ecosystems in France. Leading French ICT & telecom companies include Atos, Cap Gemini and Orange.

Logistics and Transport

Benefiting from an impressive infrastructure, France's logistics sector is worth € 200 bn in revenues and consists of 100 000 companies, employing 1.8 million people. Large companies in the logistics sector include FM Logistics, Stef, La Poste,

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SNCF, Air France, ADP etc. Roissy – Charles de Gaulle is the 2nd airport in Europe for cargo and passenger traffic. France counts major ports such as HAROPA (Le Havre-Rouen-Paris) and Marseille-Fos.

Tourism

The world's leading tourist destination, in 2017 the tourism sector generated over € 173 bn in revenue which covers 7,4% of the GDP. France has an exceptional cultural heritage with 45 UNESCO World Heritage Sites. It is also a host for several major sporting events and it is the 3rd most popular skiing destination in the world.

French Consumers

Despite relatively high disposable income, French consumer tends to be wary of debt and continue saving. However, there is a rise in one-person households that tend to have higher disposable income without family-related expenses, therefore spending more on clothing, leisure, gadgets and communication. The French consumer seeks to adopt more sustainable consumption habits by buying organic products and choosing quality over quantity for instance. Increased health awareness and a holistic approach to wellbeing are current consumer trends in France.

Transformation of retail towards *e-commerce* and *touchless shopping* has been accelerated by the pandemic and French consumers have become increasingly tech-savvy.

Largest companies 2019 by revenue⁸

Total S.A. – Oil and gas
AXA S.A. – Insurance
Carrefour S.A. - Retail
Crédit Agricole Group - Banking
Peugeot - Cars
BNP Paribas S.A. - Banking
Electricité de France S.A. - Energy
Engie SA - Energy
Renault S.A. - Cars
Auchan Holding – Retail

2. How France works with innovation

France is number one country for R&D public funding and it has a vibrant start-up ecosystem that raised € 4,3 bn in venture capital funding in 2020. In the recent years, there has been significant support for innovation from public authorities. In 2017, president Macron declared that the goal is to make France a leading “*start-up nation*”. France's ecosystem is made up of more than 18,000 start-ups, over 370,000 employees, 240 incubators, and 50 accelerators. France is the home to unicorns such as BlaBlaCar (ride-sharing service) and Doctolib (medical appointment platform).

[La French Tech](#), established in 2013, is a government-initiated movement that brings together start-ups, investors, policymakers and community builders with an aim to boost the French start-up ecosystem.

The main governmental organisations funding and supporting innovation are [Bpifrance](#), [Business France](#) and [Caisse des Dépôts](#).

French start-up hubs, incubators and accelerators

Although, the start-up ecosystem is particularly dynamic in the Paris area, one should not forget about other regions. For instance, the city of Nantes in western France is known for having a lively start-up scene. Station F in Paris is the world's largest start-up campus and offers a variety of start-up programs in different sectors. A listing of international accelerator programs is located [here](#).

Examples of incubators/accelerators:

- [Station F](#)
- [Paris&Co](#)
- [The Family](#)

⁸ <https://www.globaldatabase.com/top-20-companies-in-france-by-revenue-in-2019>

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- [L'Atelier BNP Paribas](#)
- [Orange Fab France](#)

Innovation Clusters

There are more than 50 innovation clusters in France. Clusters gather together companies of all sizes, research laboratories and educational institutions.

- [The French Association of Competitiveness Clusters](#)

Trade related associations

- [French-Finnish Chamber of Commerce](#)
- [French Chambers of Commerce and Industry](#)

3. Cultural issues and ease of doing business

France has undergone reforms in the 2010s to liberalize its economy. This has reflected in Macron's politics. The government's strategy for sustainable recovery includes tax cuts, structural reforms to promote competition and support for innovation and start-ups.

Knowledge of the French language is definitely an advantage when doing business in France. However, not knowing how to speak French is not anymore an obstacle for entering the market; English has become a common language in the business world, but there are differences between industries. It still remains important to hire a native French speaker to the local team. In France, it is important to provide information and materials in French.

French business culture is rather hierarchical. With business partners, it is important to address them correctly and use the pronoun "vous" instead of "tu". It is also good to note that business correspondence is a lot more formal than in Finland. With start-ups, correspondence is usually more casual. More on French business culture [here](#).

Establishing a business in France

When starting a business in France, it is important to choose the right legal structure and tax regime for your company. A French bank account is essential for establishing a business in France and consider that opening a bank account might take up to two months.

[Regional development organisations](#) such as [Choose Paris Region](#) can help foreign companies to set-up their business in France.

For more information about establishing a business, please contact Business Finland in Paris.