

France Moves To More Favorable Investment Policies



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As 2014 draws to a close, there are signs that France is moving to create a more favorable investment climate and especially for foreign investors. While France has always been cited by investors for its quality infrastructure of transportation and communication, skilled workforce and geographical position in the heart of Europe...there has also been a constant demand for less regulation and more flexibility. Help may be on the way.

World Bank Report Recognizes Positive Changes

In this year's edition of the World Bank report *"Doing Business 2015 –Going Beyond Efficiency"*, an annual comparative study of business regulations in 189 economies, France was recognized in two key areas that are always mentioned by investors as needing improvement: starting a new business and labor market regulations. *"France made starting a business easier by reducing the time it takes to register a company at the one-stop shop (Centre de Formalités des Entreprises)."* And perhaps more importantly to investors looking at France: *"France substantially amended its labor market regulations, including provisions dealing with large-scale collective redundancy processes."*

In this 2015 report, three new indices were introduced: measuring conflict of interest, minority shareholder protection and shareholder governance. Worldwide, France is cited along with four other economies as the highest scoring in these areas. These rankings are especially important for investing companies needing to be covered by SOX regulations.

France's Economic Minister Pushes Reforms

On December 17th, France's Economic Minister Emmanuel Macron, addressed foreign investors and laid out some key reforms that the government believes are positive steps toward making France a more attractive environment. At the top of investors' priorities are lowering the cost of labor, greater flexibility in hiring and redundancy, and simplification of social contributions, all of which are addressed in Macron's new measures. Specific to foreign investors' needs, fast tracking on visas for start-up founders, researchers and engineers was also addressed by the introduction of "les passeports talents". The government is banking on these new measures, combined with the 2012 tax credit for businesses known as "credit impôt compétitivité et emploi", to shift investor opinion on France to that of a more attractive and friendlier investor environment.

French European Commissioner for Economic Affairs Pierre Moscovici, has also weighed in on the government's intentions, stating that France is a country "which has huge forces but (...) which needs obvious and major reforms...We need a reform agenda that is continuous and very ambitious because France is a country that is stalled in competitiveness." President François Hollande's message is expected to speak about both the changes being implemented and those to come when he personally presents these measures to an international audience at the Davos summit in January.

We at [PRIMEXIS](#), like the rest of the business community in France and internationally, will be closely monitoring these changes and those to come. What is clear is that there is positive movement.

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