HOW TO USE THIS GUIDE...

This guide has been designed to provide you with information to help you decide whether to establish your business in France, or support you in planning how to grow your existing French business.

Any strategic decision making on establishing or growing a business in France is likely to require the creation of a business case.

The chart highlights the central questions that need to be answered as you create your business case. The guide is structured so each section maps onto each group of questions so, step-by-step, it helps you through the process of building the case to help your business succeed in France.
Section 1
Foreword by Michael Noonan, Minister for Enterprise, Trade and Employment
Foreword by Richard Dujardin, Managing Director, Veolia Transport Ierland and Veolia Water Ierland
Foreword by Gary Fallon, Manager, Enterprise Ireland France

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France in Context: The Decision to Expand into France

Questions answered in this section:
→ What are the basic political and economic structures in France?
→ What does the economic landscape look like?
→ Which are the most successful industry clusters?
→ Where can I find out more about my market?

Section 3
Developing the Business Case

Questions answered in this section:
→ How can I put my go-to-market ideas into practice?
→ What legal structure would most suit my plan?
→ How does labor law affect business practice in France?
→ What are the benefits of using expatriate staff?
→ What are the characteristics of the taxation system?

Section 4
A Practical Guide to Doing Business in France

Questions answered in this section:
→ Do I need to speak French to succeed in France?
→ How can I build a network in France?
→ Are there differences in decision making?
→ How else does business practice in France differ from Ireland?

Section 5
How Enterprise Ireland can Help

Questions answered in this section:
→ How can Enterprise Ireland help you in the process of planning, implementing or accelerating your presence in France?

Section 6
Data File and Further Reading

The guide makes use of case studies of Irish businesses operating in France. These companies share their experience, successes and key learning points to create awareness of what it takes to succeed in France.
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Section 2 At a glance

This section provides insight into some key characteristics of France as a business location. It explores France as a market for foreign investment, helping you to decide if it represents real potential for your company.

Section 3 At a glance

This section provides an introduction to the critical information you need for your business case. It looks at go-to-market options, legal structures, labour law, taxation and policies towards expatriation. It also discusses timescales for return on investment.

Section 4 At a glance

This section draws on the experience of Irish companies that have set up businesses in France. It explores the most notable differences in business practice and offers advice on how an Irish company might adapt in order to be successful.

Section 5 At a glance

This section clarifies how Enterprise Ireland operates, and what it can do to help you achieve your objectives. It also summarises where Enterprise Ireland has specific areas of in-market expertise relevant for Irish companies looking to expand to France.

Section 6 At a glance

Here we further develop some subject matter covered in the guide by providing additional data, and also list some useful web links for further reading about France and its business environment.
Section 1: Foreword by Michael Noonan, Minister for Enterprise, Trade and Employment
Foreword by Richard Dujaud, Managing Director, Volia Transport Irel and Volia Water Irel
Foreword by Gary Fallon, Manager, Enterprise Ireland France

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- How can Enterprise Ireland help you in the process of planning, implementing or accelerating your presence in France?

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Foreword by Gary Fallon, Manager, Enterprise Ireland France  6
Foreword by Micheál Martin, Minister for Enterprise, Trade and Employment.

The Enterprise Ireland Strategy Transforming Irish Industry 2008-2010 is driven by the overarching principle that growth in global markets through the internationalisation of Irish companies is the key to wealth and employment creation in Ireland. Here, Enterprise Ireland focuses on France as an export market for Irish companies.

The guide builds on the experience of a number of Irish companies already successfully exporting to France to answer some of the questions you may have about France as a target market. The companies interviewed offer practical advice on how to succeed.

In addition the guide offers an introduction to the political, economic, cultural and legislative landscape in France, providing a solid context from which an export opportunity can be explored.

Its findings are encouraging:

» Irish companies are welcomed in France.

» Irish companies have consistently managed to be creative and flexible enough to build the networks and market understanding needed to succeed.

» Once the foundations for a business are built, experience tells us they can remain solid, and rewards can be very significant.

There are some notable synergies between the policies to stimulate innovation and competitiveness being followed by the Irish and French governments, and these similarities can bring our companies closer together. In France, encouragement is given to public and private research and enterprise, to come together into concentrated clusters of excellence within a given industry and region. This policy sits neatly with our own strategy of stimulating innovation, entrepreneurship and growth in Ireland’s key existing and emerging sectors, through programmes such as Enterprise Ireland’s R&D offerings and the Innovation Vouchers scheme.

Some of our areas of expertise overlap and in many cases interlock. It is clear that there is a real opportunity for Irish and French companies to work more closely together.

I welcome this guide as an important step in that process.

» There are some notable synergies between the policies to stimulate innovation and competitiveness being followed by the Irish and French governments, and these similarities can bring our companies closer together. «
I am very pleased to have been invited to write this foreword as I am convinced that Irish entrepreneurship fits very well with French culture and that Ireland and France share many common values.

For the last seven years I have been living in Ireland and I have experienced this Franco-Irish compatibility, through the development of our Group, Veolia. You may know Veolia as the operator of Luas, which employs more than 1,200 people in Ireland within its four divisions (Environmental Services, Water, Energy & Facilities Management and Transport).

As a French businessman in Ireland there are many occasions when I feel at home. For example, in both countries most meetings would not start without a few words on, for instance, the recent rugby match or the weather. In some countries this would be regarded as not relevant, time wasting or as a lack of focus. In Ireland, as in France, it is a key moment of recognition, the start of a relationship based on trust. Similarly at the end of a process, shaking hands really means something.

Ireland is not only seen in France as the Green Island, a land of conviviality and authenticity, and the Irish people as sharing the values of “bien vivre”. Ireland is also recognised and admired for its dynamism, its pride and its entrepreneurship.

In my experience of international business relations a bidder may fail to conclude business successfully because of cultural misunderstanding, even if they meet the client requirements perfectly. Because of our natural compatibility, this should not occur between Irish and French businesses.

Welcome to France,
Richard Dujardin

Foreword by Gary Fallon,
Manager Enterprise Ireland France

In 2008 Enterprise Ireland celebrates forty years of presence in France.

As you would expect, through forty years we have developed a detailed picture of the business landscape in what is a vast and vibrant economy. We have also formed clear opinions on where there are natural synergies between Irish and French industry, and therefore where the most significant opportunities for growth lie.

Our team in Paris is built from individuals who have first-hand experience of working in France within the sectors aligned to Ireland’s clusters of strength. This means we have the local knowledge and networks to help you accelerate your engagement in the French market.

We are committed to helping you achieve your growth plan in France, and hope that this guide serves as a step in supporting that process.
France in Context:
The decision to expand into France

Political structure 9
Demographics and the ‘Two-Speed’ economy 9
Départements, régions and communes: Political decentralisation 10
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The decision to expand into France

This section highlights some of the characteristics of France as a business location, and by doing so should answer some key questions you have about whether France is the right place for you to expand your business.

It provides a satellite view of France’s political, geographical and demographic make-up. It also explores the economic landscape, key industry clusters, where France fits in the global economy and some of its characteristics as a market for exports.

Finally it highlights a number of the immediate political and economic challenges which need to be faced if France is to generate the increased growth sought by its political and business leaders.

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1 The information in Section 2 and 3 has been provided by Enterprise Ireland and by third parties for information purposes only. While every care has been taken to ensure that the content is useful and accurate, Enterprise Ireland and any contributing third party shall have no legal liability or responsibility for the content or the accuracy of the information so provided, or for any loss or damage caused, arising directly or indirectly in connection with reliance on the use of such information.
Political Structure

France is governed under the constitution of the Fifth Republic, the fifth constitution since the revolution in 1789. The electoral system is one of universal suffrage, with two rounds of voting for the President and National Assembly.

The constitution allows for a strong executive headed by the President. Nicolas Sarkozy, from the right of centre party UMP, was elected President in 2007 for a 5 year term. The President appoints the Prime Minister, and chairs the Council of Ministers that represents the body of executive power. The Prime Minister (as of June 2007, François Fillon) has constitutional power to ‘direct the operation of the government’ but in practice, the President has authority to appoint and dismiss the Prime Minister, who consequently has little true autonomy in determining the direction of government.

France has a two-tiered legislative system. The National Assembly (the lower house) is directly elected every 5 years and is the main parliament. Elections are now synchronised to occur in the same year as the Presidential elections. Consequently the political persuasion of the National Assembly and the elected President is likely to be similar. The Senate (the upper house) is indirectly elected on a territorial basis. Its composition changes every 9 years, and one third of its members are renewed every 3 years.

Demographics and the ‘Two-Speed’ Economy

There are around 60.5m people living in France (not including overseas departments or territories) on a landmass which is half as big again as Germany, and over twice the size of the UK. This means France has a low population density. Men and women have a longer life expectancy than most of its immediate neighbours.

Lifestyle in France is famously good, with a land so diverse that many see no reason to holiday abroad. Its education and health systems rank with the best, and its cuisine and wine are celebrated throughout the world. So why is France also associated with riots, unrest and tension?

Many commentators point to the failure to truly integrate the immigrant population that tends to reside in the banlieues (suburbs) outside the large cities. France has an immigrant population of 12.6%, with an estimated 5 million Muslims - 8% of the population. In Clichy-sous-Bois, where the 2005 riots began, unemployment is around 20% against a national 8% average, and rises to 0% in some housing estates. Social mobility out of the banlieues appears to be difficult, and this is evident in the upper echelons of industry where the diversity of the French population is not reflected. Just as seriously there are almost no members of parliament in France from the minority populations.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (m)</th>
<th>Area (km²)</th>
<th>Density (pop. per km²)</th>
<th>Foreign-born population as % of total population</th>
<th>Life expectancy at birth: male</th>
<th>Life expectancy at birth: female</th>
</tr>
</thead>
<tbody>
<tr>
<td>France (metropolitan)</td>
<td>60.5</td>
<td>551,500</td>
<td>110</td>
<td>8.1</td>
<td>77.35</td>
<td>84</td>
</tr>
<tr>
<td>Ireland</td>
<td>4.1</td>
<td>70,273</td>
<td>59</td>
<td>11</td>
<td>75.27</td>
<td>80.7</td>
</tr>
<tr>
<td>Italy</td>
<td>58.1</td>
<td>301,318</td>
<td>193</td>
<td>4.6</td>
<td>77.01</td>
<td>83.07</td>
</tr>
<tr>
<td>Germany</td>
<td>82.7</td>
<td>357,022</td>
<td>232</td>
<td>12.9</td>
<td>75.96</td>
<td>82.11</td>
</tr>
<tr>
<td>UK</td>
<td>59.6</td>
<td>242,900</td>
<td>246</td>
<td>8.7</td>
<td>76.23</td>
<td>81.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>10.4</td>
<td>30,528</td>
<td>341</td>
<td>12.1</td>
<td>75.75</td>
<td>82.24</td>
</tr>
<tr>
<td>EU states</td>
<td>494.0</td>
<td>4,422,773</td>
<td>112</td>
<td>-</td>
<td>75.6</td>
<td>82</td>
</tr>
</tbody>
</table>

*Source: UN World Population Prospects, data year 2005*

Foreign born statistics: Source OECD in Figures 2007

Life expectancy figures: CIA World Factbook 2007
Government efforts and initiatives to address the problem have been many and costly. A secular approach in schools and throughout the public sector aims to instil a sense of French citizenship at an early age. Potentially it is working: while 81% of British Muslims feel more Muslim than British, the corresponding figure in France is only 46%4. Nicolas Sarkozy has made his intentions clear by appointing people from ethnic minorities and the political left to key positions in his centre-right government. Expectation is high that his ‘Marshall Plan’ for the banlieues, to be launched in early 2008, will knock down the invisible wall that separates certain banlieues from the cities.

<table>
<thead>
<tr>
<th>Unemployment Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Ireland</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>United Kingdom</td>
</tr>
<tr>
<td>United States</td>
</tr>
<tr>
<td>EU15: European Union</td>
</tr>
<tr>
<td>G7</td>
</tr>
</tbody>
</table>

1: estimated
Source: http://www.oecd.org/home/

France is also famous for its large public sector, so large in fact that one in four workers is employed there. As well as being very expensive5, and therefore a tax burden on the population, this number of people represents a political force that has traditionally been strong enough to block efforts at liberalisation that impact their protected employment terms. The strikes for which France is infamous come from the public sector.

Guy Sorman, journalist and social commentator writes: ‘We live in two speed France, where everything which is private is exposed to the winds of globalisation and everything which is public is sheltered.’ Private sector employees are fully versed in the laws of the global market, and given that 16% of them work for foreign companies, this is not surprising. They adapt to market conditions readily, are used to working in an international environment and have collectively propelled many of France’s large companies to be world leaders.

As an Irish company looking at France as a potential market for export, it is important to recognise the distinction between the mindset of private and public sector workers.

Départements, Régions and Communes: Political Decentralisation.

France has been divided into départements since the Revolution in 1789. There are 96 in metropolitan France, with an additional 6 overseas. A list and map can be found at the site below http://www.departement.org/Jahia/pid/2391.

Twenty-two regions were created in 1972 as part of a broad move towards decentralisation that continued into the 80’s. Regional Councils are elected every 6 years and are responsible for transport planning, housing strategy, secondary school (lycée) development programmes, vocational training and rural conservation. At the Département level, the Conseils Généraux (General Councils) have responsibility for road maintenance, healthcare services and economic aid to disadvantaged communes.

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4 Economist, October 26th 2006
5 French public spending in 2007 is forecast to be 53% of GDP, against an OECD average of around 40%: source Eurostat forecast, December 2007.
The smallest political unit is the Commune. There are around 36,000 of them in France, and collectively they have a budget one and a half times that of the Départements and Régions put together. The Communes, headed by the mayor, are funded by central government and local taxes and are commonly, along with the President, the political body most individuals identify with most closely.

Nicolas Sarkozy announced a series of fundamental changes to slim down and reduce the cost of government in December 2007. This will further increase the power at the commune and région level, and reduce power at département level.

**Overseas Departments, Territories and Interests**

France has a rich colonial history dating back to the early 17th century. In the 19th and 20th centuries its colonial empire was second only to the British. Today the remnants of the empire are islands located in the Caribbean, Atlantic, Indian, Pacific and Antarctic Oceans plus a territory in mainland South America. They are known as DOM/TOM - Départements d’Outre-Mer (DOM) and Territoires d’Outre-Mer (TOM) - and represent a population of around 2.5 million people. They have differing legal status and different levels of autonomy but are all
represented in French Parliament and have voting rights in the European Parliament. The DOM / TOMs include French Guiana, Guadeloupe, Martinique and La Réunion, French Polynesia, Mayotte, Saint-Barthélemy, Saint-Martin, Saint-Pierre, Miquelon and Wallis and Futuna.

There are around 120 million people who speak French as mother tongue or fluently, and another 65 million people who speak it partly. It is the official language or one of the official languages in 33 countries, including Belgium, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Channel Islands, Congo (Democratic Republic of), Congo (Republic of), Ivory Coast, Gabon, Guinea, Luxembourg, Mali, Monaco, Niger, Rwanda, Senegal, Switzerland, Togo. It is also spoken widely as an administrative, commercial or international language, or simply due to a significant French-speaking population in many other countries, including Algeria, Morocco, and Tunisia.

The colonial past and remaining ties to these parts of the world mean that France is historically outward-looking. From a business perspective this has importance. Most generally it means that France, its business people and its administrators are used to doing business overseas. It is also natural that where France shares a common history and language it also tends to share close business ties. Morocco, for instance, houses many call centres for French companies.

<table>
<thead>
<tr>
<th>Largest Regions by GDP</th>
<th>Regional Capital</th>
<th>GDP in millions of Euros</th>
<th>Regional GDP as a % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>1,791,956</td>
<td></td>
</tr>
<tr>
<td>Ile-de-France</td>
<td>Paris</td>
<td>500,839</td>
<td>28%</td>
</tr>
<tr>
<td>Rhône-Alpes</td>
<td>Lyon</td>
<td>173,682</td>
<td>10%</td>
</tr>
<tr>
<td>Provence-Alpes-Côte d’Azur</td>
<td>Marseilles</td>
<td>130,178</td>
<td>7%</td>
</tr>
<tr>
<td>Nord-Pas-de-Calais</td>
<td>Lille</td>
<td>90,841</td>
<td>5%</td>
</tr>
<tr>
<td>Pays de la Loire</td>
<td>Nantes</td>
<td>89,530</td>
<td>5%</td>
</tr>
<tr>
<td>Aquitaine</td>
<td>Bordeaux</td>
<td>79,920</td>
<td>4%</td>
</tr>
<tr>
<td>Bretagne (Brittany)</td>
<td>Rennes</td>
<td>78,035</td>
<td>4%</td>
</tr>
<tr>
<td>Midi-Pyrénées</td>
<td>Toulouse</td>
<td>71,296</td>
<td>4%</td>
</tr>
<tr>
<td>Centre</td>
<td>Orléans</td>
<td>63,457</td>
<td>4%</td>
</tr>
<tr>
<td>Languedoc-Roussillon</td>
<td>Montpellier</td>
<td>57,350</td>
<td>3%</td>
</tr>
</tbody>
</table>

1. Estimated
Source: Insee - Comptes régionaux - en base 2 000
http://www.insee.fr/fr/home/home_page.asp
Paris & the Regions:
the Economic Landscape

The Regional Centres

Paris is the richest city in Europe in terms of GDP⁶. Surveys show Paris as second only to London as the top European city in which to do business. At the geographical centre of the largest European markets and with an excellent transport network linking it to the other business hubs, Paris has much to offer a potential foreign investor. The Ile-de-France (Paris region) represents 28% of France’s 2006 GDP.

But the economic landscape in France comprises many regions which are economic powers in their own right. Whereas political decentralisation is a relatively recent phenomenon, economic decentralisation has been happening progressively over many years. The Rhône-Alpes and Provence-Alpes-Côte d’Azur regions together produced over 300 billion Euros of GDP in 2006. And although the economic spread is less even than in, for instance, Germany, there is sufficient economic weight in many regions in France to warrant foreign investors’ interest.

Clusters

The ‘Competitiveness Cluster’⁷ initiative introduced by the government in 2004 illustrates the spread of economic value across the country. This is an ongoing project aimed to enhance the competitiveness of French industry by incentivising collaboration between companies, public and private research units and training organisations within a common sector and defined geographical area. The objective is to concentrate the talent within a given field and geography towards a common development strategy based on innovation. Encouragement was provided by a budget of €500 million annually from 2006-2008 to be shared amongst clusters which have received official status. The funding comes in various forms including research and development grants and relief on specific tax and social charges.

Seventy-two ‘competitiveness clusters’ have been recognised across France. Qualification for cluster status, and therefore funding, can only be received if the cluster carries sufficient mass to give it international importance. Amongst the 72 clusters, 17 are deemed to have global importance within their specific sector. For Irish companies aligned to these sectors they represent significant opportunities because of the support provided by government and the concentration of sector-specific talent and activity.

The following clusters are those in which France believes it has now, or will have, global importance.

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⁷ Pôles de Compétitivité or Competitiveness Cluster: http://www.competitivite.gouv.fr/. This site lists the pôles de compétitivité, the organisations involved, and the focus areas.
<table>
<thead>
<tr>
<th>Cluster</th>
<th>Region(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Finance Innovation:</strong> Objective is to generate innovative financial tools for use in the banking, insurance and investment services sectors. Around 100 companies are linked together in this cluster. <a href="http://www.finance-innovation.org/">http://www.finance-innovation.org/</a></td>
<td>Ile-de-France</td>
</tr>
<tr>
<td><strong>LYONBIOPOLE:</strong> This cluster is based around Lyon and specialises in infectious diseases and diagnosis products. 450 companies are involved, supported by scientists working in the cluster’s laboratories. <a href="http://www.lyonbiopole.com/">http://www.lyonbiopole.com/</a></td>
<td>Rhône-Alpes</td>
</tr>
<tr>
<td><strong>Medicen Paris Région:</strong> Specialises in infectious, central nervous system and eye diseases and is a leader in medical imaging and molecular and cell medicine. It brings together around 50 companies with hospitals and research centres such as the Pasteur Institute. <a href="http://www.medicen.org/">http://www.medicen.org/</a></td>
<td>Ile-de-France</td>
</tr>
<tr>
<td><strong>MINALOGIC:</strong> Specialises in nanotechnologies and miniature intelligent solutions based on microelectronics and software. The cluster is grouped around Grenoble with STMicroelectronics and the CEA-LETI research laboratory at its centre. <a href="http://www.minalogic.org/">http://www.minalogic.org/</a></td>
<td>Rhône-Alpes</td>
</tr>
<tr>
<td><strong>SCS (Secure Communications Solutions):</strong> Specialises in software solutions and microchips for secure data exchange, bringing together 100 enterprises including Philips, Alcatel, Gemplus and IBM. The world’s first smart card was produced here. <a href="http://www.pole-scs.org/index.fr.htm">http://www.pole-scs.org/index.fr.htm</a></td>
<td>Provence-Alpes-Côte d’Azur</td>
</tr>
<tr>
<td><strong>SYSTEM@TIC Paris Région:</strong> Gathers about 200 industrial, academic and institutional members from the Paris region who work in partnership on R&amp;D projects related to four target markets: Telecoms, Security &amp; Defence, Automotive &amp; Transportation, System Design and Development Tools. The cluster aims to develop the economy, the competitiveness of business and employment through innovation, training and partnerships. <a href="http://www.systematic-paris-region.org">http://www.systematic-paris-region.org</a></td>
<td>Ile-de-France</td>
</tr>
<tr>
<td><strong>AXELERA:</strong> This is a chemicals / environment cluster that links local players in industry, training and research around the objective of creating a cutting-edge chemical industry that focuses on the environment at the start of the chemical chain, not at the end. <a href="http://www.axelera.org/srt/axelera/home">http://www.axelera.org/srt/axelera/home</a></td>
<td>Rhône-Alpes</td>
</tr>
<tr>
<td><strong>Cap Digital Paris Region:</strong> Digital content production and knowledge management in the worlds of cinema, video games, music and multimedia services. <a href="http://www.capdigital.com">http://www.capdigital.com</a></td>
<td>Ile-de-France</td>
</tr>
<tr>
<td><strong>Images &amp; Réseaux:</strong> As the audiovisual, telecoms and IT industries converge, this cluster brings together research and training organisations with private industry to innovate in the creation of converged solutions for tomorrow. <a href="http://www.images-et-reseaux.com/">http://www.images-et-reseaux.com/</a></td>
<td>Brittany, Pays de la Loire</td>
</tr>
<tr>
<td><strong>i-Trans:</strong> Clusters over 60 enterprises responsible for 60% of French rolling stock production. Key projects are transport intermodality and rail testing. <a href="http://www.i-trans.org/">http://www.i-trans.org/</a></td>
<td>Nord-Pas de Calais</td>
</tr>
<tr>
<td><strong>Industries &amp; Agro-Resources:</strong> Aims at developing and promoting the use of plant components in industry as part of a ‘green innovation’ initiative. <a href="http://www.iar-pole.com/index02.php">http://www.iar-pole.com/index02.php</a></td>
<td>Champagne Ardenne, Picardie</td>
</tr>
<tr>
<td><strong>Therapeutic Innovations:</strong> This is a multinational cluster linking French, Swiss and German companies in the objective of discovering and developing life science innovations. <a href="http://www.innovations-therapeutiques.fr/">http://www.innovations-therapeutiques.fr/</a></td>
<td>Alsace</td>
</tr>
<tr>
<td><strong>MOVEO:</strong> Links around 70 companies, 25 research centres &amp; 16 training organisations in the development of safe and environmentally improved automotive and public transport systems <a href="http://www.pole-moveo.org/">http://www.pole-moveo.org/</a></td>
<td>Haute-Normandie, Basse-Normandie, Ile-de-France</td>
</tr>
<tr>
<td><strong>Pôle Mer Bretagne:</strong> Brings together companies with academic institutions and laboratories in search of innovation and commercialisation in maritime security and safety, underwater technology, marine energy sources, repair and maintenance technologies. <a href="http://www.pole-mer-bretagne.com/">http://www.pole-mer-bretagne.com/</a></td>
<td>Brittany</td>
</tr>
<tr>
<td><strong>Pôle Mer PACA:</strong> This cluster aims to develop world leadership in maritime safety and security, engineering, maintenance and shipyard services, the leverage of marine energy sources, the recycling of marine biological resources and coastal engineering. <a href="http://polemerpaca.tvt.fr/">http://polemerpaca.tvt.fr/</a></td>
<td>Provence-Alpes-Côte-d’Azur</td>
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<tr>
<td><strong>Végépolys:</strong> The cluster brings together companies involved directly and indirectly in plant growing with trade associations, unions, and development bodies as well as chambers of trade and commerce. Its objective is to become a world reference for innovation in plant growing. <a href="http://www.vegepolys.eu/en/who-are-we/">http://www.vegepolys.eu/en/who-are-we/</a></td>
<td>Pays de la Loire</td>
</tr>
</tbody>
</table>
Enterprise Ireland France, through its Market Advisors, has direct contact with those clusters that are most likely to be of interest to Irish businesses. Insight into key industry activity is updated regularly by the relevant Market Advisor and can be found at the Enterprise Ireland France link: http://www.enterprise-ireland.com/Contact/Overseas+Offices/Paris+office

A sophisticated set of government agencies, aid, industrial clusters and advisory firms is in place to help companies pursuing strategic goals to find the right partners or locations. Enterprise Ireland France can help you understand the advice and help available, working with the Invest in France Agency when appropriate.

France as an Economic Power

France was the world’s sixth largest economy in 2006, behind the US, Japan, Germany, China and the UK, with a GDP of US$2,252,213 million. It boasts many examples of world class global companies that have succeeded in new markets through marketing savvy, global sourcing and innovative business practice. These include: Michelin, Lafarge, Pernod-Ricard, LVMH (Louis Vuitton Moët Hennessy), L’Oréal and Carrefour. It has 4 companies, Total, AXA, Credit Agricole and BNP Paribas amongst the World’s Largest 25 Companies by revenue. Only the US and Japan have more companies in the top 500. Across almost every industry there is a major global French player (see below). In short, France is a major economic force, with interests spread throughout the world, and across most major industry sectors.

<table>
<thead>
<tr>
<th>2005 Production by industry</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2%</td>
</tr>
<tr>
<td>Industry (including energy)</td>
<td>61%</td>
</tr>
<tr>
<td>Construction</td>
<td>7%</td>
</tr>
<tr>
<td>Services</td>
<td>30%</td>
</tr>
<tr>
<td>of which: wholesale/retail trade</td>
<td>10%</td>
</tr>
<tr>
<td>business services</td>
<td>15%</td>
</tr>
<tr>
<td>personal services</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: France in Figures 2007: INSEE

And yet there is a perception, both within France amongst its ruling politicians and business leaders, and internationally, that France could do much better. The IMF claims more internal competition for goods and services, combined with labour market reform, could in the long run boost GDP by more than 10%. According to a recent government report ‘if France had the same employment rate and working hours as Britain, its GDP would grow by an extra 20% over 10 years’.

Nicolas Sarkozy was elected on a manifesto of ‘rupture’ with the past, promising reforms that would free up business and stimulate growth and job creation.

Major reform will only come over time because diplomatic sense demands that some of the more socially sensitive areas of reform, such as changes to labour market legislation, are tackled through thorough consultation and in steps. Overall, analysts are predicting a period of economic stability over the presidential period until 2012, with real GDP growth expected to hover around the 2 per cent mark. Nevertheless, after false starts and back-downs from previous governments, there appears to be a political and public resolve that now is the time to deregulate tax and labour market policy, freeing up French companies at home and in the global market.

Goods imported to France in 2006 were valued US$520.8 billion, with an export total of US$483 billion.

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9 Source: Fortune Global 500, July 2007
Having developed its business in Ireland, Barclay then looked overseas for expansion with Britain being the first step. It began working in France in the late ‘00s. France was a natural market to approach as it represents the 3rd largest country market in the world for agricultural chemicals.

**INTO FRANCE**

*Structuring the business to succeed in France prepared Barclay for other international markets*

According to Phil the entry into France was a shock for Barclay. ‘We realised that our competitors’ products were retailing at prices beneath our cost, which meant we had a simple choice: either we had to drive efficiencies through the organisation to make us competitive, or we conceded that we weren’t going to succeed in France.’ They chose the first option and Lisa Sheeran, Managing Director, is glad that they did. ‘In international markets like ours you can only succeed if your costs are in line with your competitors, and that means you need to be able to source and produce at levels equivalent to those found in Eastern Europe and China’, she said. ‘If we hadn’t recognised that then, we wouldn’t be the international business that we are today.’

Within a short period France had become the single largest sales territory for Barclay, achieving sales of €8.5 million in 2006.

Barclay chose not to set up a local entity in France. This means that the commercial activity (e.g. contracts and invoicing) is carried out from Dublin. ‘When we first started trading in the UK we set up a local office, and found that we generated too much administrative overhead. Understanding different legislations takes time and in the end we found there was too much duplication of effort’, said Lisa. Nonetheless, Barclay made sure they recruited a representative in France who had an established network through the industry and who also acts as the legal representative.

Barclay take financial advice to ensure that they are compliant with the French fiscal legislation. They have also recruited French-speaking people into the customer service team in Dublin. All this is in line with a consistent theme that runs through Barclay’s international strategy: success overseas can only come from understanding your market and customers in real detail, which, in France, means speaking your customers’ language.
WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Getting a deep understanding of the channels to market, bureaucracy, and the language barrier have been the biggest challenges for Barclay in establishing its French business.

Getting the product to market effectively has been challenging in different ways. Firstly, distribution is done through a network of cooperatives, and to supply into the cooperatives your product needs to be approved and listed. Getting success through the cooperatives has been a long term venture which is still in progress, and some of the more immediate success has come through relationships with private distributors. Negotiating your way through the complex distribution environment has been tough. Secondly, the agro chemical industry is highly regulated and it can take years to get a product licensed with the industry regulator, costing thousands of Euros of lost opportunity, and much frustration at what appears to be bureaucratic inefficiency. The Invest in France Agency* has tried to help with this specific problem.

ADVICE TO OTHERS ON HOW TO SUCCEED

Knowing the market, investing in your customer relationships and employing French nationals is essential.

Lisa underlines the necessity to research the market as much as possible before deciding whether it is right for you. That means understanding how you will access your customers in real detail, what price points you will need to trade at, and whether regulatory or other administrative constraints will make time to market too long. ‘For instance,’ she says, ‘a particular Eastern European country may initially look like a very attractive growth opportunity to Barclay. It may have a huge agricultural industry with low penetration of use of chemicals for crop protection. But if the culture of farming in that country is not to use chemicals, it’s the wrong place to be’.

Phil is keen to point out that as an Irish company Barclay has felt welcome in France. ‘There is no resistance to dealing with an Irish company’, he says, ‘but that doesn’t mean you don’t need to speak French to truly understand the market and your customers. In this respect France is more inward-looking than the other markets that we deal with. Having a local French-speaking presence is a must.’

And finally, there is a view that you need to take a mid-term view on France. You need to invest in your relationships, keep your commitments and be patient before the investment begins to pay off.

* www.investinfrance.org

Phil Sheridan
In 2006 France ranked as the fifth largest importer overall.\textsuperscript{11} German companies were the largest exporters to France, comprising 16% of the total volume, followed by Belgium/Luxembourg, Italy and Spain (source: Economist Intelligence Unit).

In summary, France is a global economic power, used to trading internationally and currently buying more from foreign companies than it sells abroad. Experts agree that if France can tackle its supply-side constraints it will accelerate its growth rates, consolidating its position as an economic power.

Do the French always buy from the French?

The basic facts within the French economy, alongside the experience of Irish companies in France, point to a big difference between the popularly held view and the reality of doing business in France today.

There is a common perception held by companies not trading in the French market that when it comes to buying decisions, national favouritism can overrule the economics. This was fuelled by Dominique de Villepin, Prime Minister from 2005 - 2007, when he famously called for ‘economic patriotism.’

As if to back this up, industrial policy in France is often interventionist: public money was used to rescue Alstom, an engineering company, and politicians step in to rescue French companies from hostile foreign takeovers, as illustrated by the manipulated mergers between Aventis and Sanofi, and Suez and Gaz de France.

However, as Philippe Favre, Chairman of the Government’s Invest in France Agency says, ‘There is a huge difference in France between what we say and what we do’\textsuperscript{12}, and this seems to be borne out by the facts.

Sixteen per cent of those employed in the private sector are in jobs within foreign companies. France runs a current account deficit because it buys more from foreign companies than it sells abroad. Inward investment in France is very high because foreign companies believe they will get a strong return. Even sales of French cars are suffering at the hands of newer Japanese and German models. All this suggests that France is far from being inward-looking when it comes to doing business.

It is true that French people like to do business in French, but that has less to do with national favouritism than ease of working in the mother tongue (and potentially some deep-rooted national pride). Similarly, networks in France are strong, sometimes complex and difficult to break into, but the experience of Irish companies suggests that if time is invested to understand the dynamics of the market and build relationships, then the effort is returned with sales, and relationships respected with loyalty.

At times it is difficult to break into a target customer. This is because in our experience people are loyal to their relationships in France. What this means is that once you break through, you receive the benefit of that loyalty, and the biggest risk to your business can be when your contact changes jobs and you have a new face to get to know.’

\textbf{Fintrax Payment Systems: Patrick Faherty, International Development Manager}

As an Irish company we felt welcome in France. There is no resistance to dealing with an Irish company.

\textbf{Phil Sheridan, Barclay Crop Protection}

‘We were welcomed by the local community in France when we set up, even by the Mayor.’

\textbf{Gerard Keenan, Group Executive Chairman, Keenan System.}

\textsuperscript{11} CIA World Factbook.
\textsuperscript{12} As reported in Financial Times, October 3, 2007
As a Market for Exports: Indicators and Views of some Irish Companies

Most indicators suggest that foreign direct investment in France is increasing. In 2006 almost 40,000 jobs were created in France by $81.1 billion of foreign investment, a significant increase on recent years. Forty-seven per cent of the capital of the CAC40 belongs to non-French residents.

The office property market illustrates the levels of foreign investment very well. In the first half of 2007, only 37% of the €15 billion invested in the French office market came from French institutions. In Lille, 15% of commercial property purchases in 2006 were made by Britons. In Lyon, 11% of purchases were accounted for by Germans, who also bought 26% of the floor space traded in Toulouse. Irish investors made up 3% of the Paris commercial property market.1

Why is France such an attractive market for foreign companies? There are many reasons. Firstly, it has a home market of over 60 million consumers, with an influx of 79 million tourists each year. That represents many teeth to brush, TVs to watch or mobile phones to be bought if you are Colgate-Palmolive, Sony or Nokia.

France is an important market to us as it’s the world’s third largest national market for agricultural chemicals.

Phil Sheridan, Barclay Crop Protection

The size of the opportunity at home for French companies can in some ways be a disadvantage to them.

The Irish market is comparatively small, which means that Irish businesses are naturally outward-looking. They have to try to establish themselves in new markets early on, and that instils the creativity and flexibility needed to succeed. French companies have a large domestic market and so many miss out on the benefits of an international view. This gives the best Irish companies an innate advantage over some French competitors.

Richard Cooke, CEO, Lincor Solutions

In addition, France sits in the centre of a much larger market, the EU, comprising 550 million people, and its famed road and rail infrastructure means presence there gives excellent access to key markets such as Germany, the UK, Spain, Italy and Benelux.

A further driver of investment is consolidation within the EU, as foreign companies look to gain access to the French market by buying up competitors.

Because of the size of opportunity represented by the market, investment in France tends to be a strategic rather than opportunistic process.

We made a clear strategic decision to enter the French market. The figures speak for themselves. There are twice as many dairy and beef cows in France as in Britain, and four times as many as in Ireland. We needed to be there.

Gerard Keenan, Group Executive Chairman, Keenan System

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13 CAC40 is the index of the 40 largest companies by market capitalisation traded on the Paris stock exchange. Figures from 2006 Report on Foreign Direct Investment in France: Invest in France Agency

14 Financial Times, October 3rd 2007
'The figures speak for themselves – there are twice as many dairy and beef cows in France as in Britain, and four times as many as in Ireland. We needed to be there.’

Keenan designs and manufactures mixer feeders for cows, and, importantly, offers nutritional consultancy to its farmer customers. It has more than 20,000 customers in over 40 countries.

INTO FRANCE

Keenan wanted full control of its French business so registered a company. It then used key employees from Ireland to recruit the right local team and entrench the ‘Keenan way’.

Keenan was founded in 1978, began trading in France in ‘95, and has grown its French business to over €10 million annually. ‘Whereas our presence in some mainland European countries came about through opportunities that presented themselves to us as we went along, with France we made a clear strategic decision to set-up,’ says Gerard Keenan, Group Executive Chairman.

Keenan traded in Britain in 1979, and moved into mainland Europe in ‘86. ‘A Dutch farmer bought one of our machines at one of the agricultural shows’, says Gerard, ‘and requested that he become a distributor in Holland.’ This was a good starting point, but shortly Keenan decided that with its innovative machine-nutrition solution offering, rather than rely on distributors, they needed to build and control their own presence. As a result they established subsidiaries in France, Germany, UK, Denmark and Sweden.

‘We were welcomed by the local people in France when we set up, including the Mayor’, says Gerard. Keenan incorporated its own SARL (private limited company) in Dol de Bretagne in Brittany, where it now employs around 20 people. The model appears to be straightforward and effective. ‘When we set up a subsidiary overseas we initially put some of our own people there to run, establish and entrench the Keenan way’ says Gerard. ‘But we know that this person will need to be supported by experienced nationals who understand the market and can get to grips with our way of working. So we build a local team quickly and eventually local management.’ Keenan supplements the direct presence with distributor relationships, but makes a point of ensuring that it takes its own responsibility for creating end-user demand. ‘Our business is complex and we cannot afford to rely on our dealers for all demand generation and sales effort,’ says Gerard, ‘so we support through market shows, end-user seminars, direct mail and telemarketing.’
WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Hold your nerve: the market is different and the process of building the networks to grow your business requires patience. But the way things are done in France can inform other parts of your business.

Keenan found that the French market is made up of separate markets with distinct characteristics. The South West, North West and North East, all important markets in their own right, farm different things and in different ways. Keenan’s products aim to increase productivity per cow though improved nutrition, but that message needs to be adapted to the different farming models in each market. It is a complex sale that involves creating awareness of benefits to changed nutrition that at first may not be recognised. For that reason growth has taken time.

‘The networks have been difficult to break in to’, says Gerard. ‘You need to be entrenched locally because in our experience the French won’t come to you – we don’t often see them at the international trade shows. The business took time to get off the ground, taking 3 years to reach €1 million, but has since grown well and we still see it as an important growth market for us.’

Keenan has found that its French team has developed its own distinct way of running its business, parts of which have been rolled out as best practice elsewhere. ‘The team has been excellent at developing business processes to support their operation, which we’ve lifted and used elsewhere in the business. We’re not sure if that’s the French way of doing things showing through, but we suspect it is’, says Gerard.

ADVICE TO OTHERS ON HOW TO SUCCEED.

Apply your established model for success to the target market, altering it according to the market characteristics, but don’t be told it’s so different you need to redesign your whole business.

‘As we’ve begun trading in different countries we’ve sometimes been told that practice is so different that we need to take a radically different approach to our business. Of course your model will need adapting to suit the local market, but in our experience it’s a question of adaptation of something that has proved to work, rather than starting again,’ says Gerard. ‘The basic principles of your business need to work whichever market you’re in, and if they don’t, you shouldn’t be there.’

Keenan has found that its French team has developed its own distinct way of running its business, parts of which have been rolled-out as best practice elsewhere.
The decision to expand into France

The size and proximity of the French market made it a clear target.

Geoff Scargill, Export Sales Manager,
The John Hinde Group

The Challenges ahead

The agenda for change in France is structured around some stated key objectives for the economy. The budget deficit needs to be reduced. It is currently around €1,100 billion\(^{15}\), nearly 65% of gross domestic product. Public spending is high, around 53% of gross domestic product\(^{16}\). And growth is forecast to continue at a modest 2%, with analysts stating more flexibility in the labour and taxation structures is required before higher growth rates can be achieved.

Nicolas Sarkozy has announced a number of measures that he hopes will begin to address these issues.

In December 2007 he announced a major restructuring of central and local government with an objective of dramatically reducing the cost of government.

There are a number of reforms in discussion to unburden small businesses from red tape and penalising social costs. France has twice as many companies with 9 employees than with 10, because this is the threshold that triggers more cost. Sarkozy has pledged to remove barriers such as these.

Similarly, he has committed to work with unions and employers bodies to further liberalise the labour market through additional use of trial periods, project-linked employment and amicable separation.

Sarkozy’s ‘rupture’ with the past has public support: as public sector workers protested in a wave of strikes against the first of his reforms, polls showed that only 21% of the population supported the strikes. By electing him on a manifesto of reform the French people expect him to implement the reforms required to stimulate the French economy, and, at the beginning of a 5-year presidential term, time is on his side.

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\(^{15}\) Insee, December 2007
\(^{16}\) Eurostat forecast, December 2007
## Developing the Business Case

### Going to market: the options
- Distributors
- A virtual sales force
- Sales agents
- Systems Integrators (SI) as channel partners
- Direct
- Buying or partnering as an option
- A place to work from

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- Branch
- Subsidiaries
- Set-up: The administration
- Which legal structure?
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  - Société Anonyme (SA)
  - Société par Actions Simplifiée (SAS)
  - Société en Nom Collectif (SNC)
  - European Economic Interest Grouping (EEIG)
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- The legislative framework
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- New employment contract: Contrat nouvelle embauche
- Trial period for new employees
- Temporary jobs
- Making people redundant
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- Appetite for Reform

### What are the benefits and costs of using expatriate staff in France?

### Taxation in France
- How will taxation affect my business in France?
- Corporate income tax (impôt sur les sociétés)
- Income tax (impôt sur le revenu)
- Value Added Tax (TVA - Taxe sur la Valeur Ajoutée)
- Customs duty
- Business tax (taxe professionnelle)
- Property tax
- Tax incentives

### Timescales for return on investment
This section provides information which will help you begin to build your business case for investment in the French market. It looks at the options available for going to market, legal structures, key characteristics of labour law, taxation and policies towards expatriation. Finally, using the experience of Irish companies already established in France, it describes the timescales required to see a return on investment.
Going to Market: The Options

There are a number of ways you can establish your business in France. Once you have decided the best way of addressing the French market, you can then choose the legal structure best suited to your plan.

Your go-to-market strategy will involve, amongst others, the following questions: where do I place my product and how do I get it there? Do I want to own end-user relationships myself, am I happy to be represented, or do I not need a direct relationship with the end-user?

The following are the main options for going to market in France.

Distributors

The relationship you have with a distributor is clear-cut: they buy your products for onward sale to their own customers, at their own risk and in their own name. The terms are governed by the contract you agree and not by the more restrictive ‘code de travail’ – Labour Code. The relationship you develop with your distributor will be critical, since even if your products are listed by a distributor it does not necessarily mean they are actively being sold. The challenge can be, depending on the market, to take a dual-pronged approach to stimulate end-user demand for your product as well as working closely with your distributors so that they are able to meet that demand.

‘Our business is complex and we cannot afford to rely on our dealers for all demand generation and sales effort, so we support them through our direct presence in France, but also through focused marketing via market shows, end-user seminars, direct mail and telemarketing.’

Gerard Keenan, Group Executive Chairman, Keenan System

‘French dealers have immense confidence in their market knowledge. They will look at a product very carefully, make a judgement and not hesitate to back that judgement with orders. They have to feel certain that a product will work. They are not inclined to take a chance. That means open communication is important. The French market is all about listening. You need to understand why a dealer thinks something will or will not work in clear terms so you build your own understanding of the market. That makes it a difficult market to break in to but once you get in, the rewards are great.’

David Buggy, General Manager Fragrance Boutique, The John Hinde Group

A ‘Virtual’ Sales Force

If you want to begin selling direct to French clients you could engage local sales representatives as an initial step. These are intermediaries who will call on your target clients, build a pipeline and take orders on your behalf. They are employed by companies offering a ‘virtual’ sales force service. Business resulting from this activity is taxable in France, and early termination of contract will require compensation. The representative needs to be able to sign contracts on your behalf. The benefits of this arrangement are that you engage with individuals you judge have the local knowledge and expertise to establish the right relationships for you, the time to market is relatively small (no permanent recruitment process) and the structure is relatively flexible.

Sales Agents

As an alternative to the Sales Representative you could engage a Sales Agent, a company you would expect to have excellent client relationships in your target base, and a deep understanding of your industry. Agents are considered as a supplier’s representative within a specific geographical area and tend to have exclusivity for a product within that area, even though they represent more than one company. Payment can be partially or entirely
based on commissions on contracts signed. Since the scale of their business depends on their relationship with the supplier, they are protected from early termination of contract by defined compensation terms within the ‘code de travail’ – Labour Code. A strong agent is a powerful way of going to market in an adaptable and efficient manner.


‘Fintrax’s experience of working with agents is that unless your product is easy to sell, with high per-unit margin for the agent, then it will be deprioritised in favour of work which returns more profit with less effort.’

Patrick Faherty, International Development Manager, Fintrax

Systems Integrators (SI) as Channel Partners

Systems Integrators (sometimes known in France as SSII) may be a strong way to go to market in France for technology-based companies. In one respect the relationship with an SI is not dissimilar to that of a distributor: the SI tends to own the end-user relationship, will buy the suppliers’ products at their own risk and distribute in their own name. In other respects though, the relationship is likely to be quite different. In its very nature, integrating a company’s product into a wider technical solution requires very close cooperation, potentially even at the research and development stage. Because the relationship will require such an investment of time, the choice of channel partner is very important, as is the strategy you use to attempt to become one of their suppliers. In addition, experience suggests when using systems integrators as your channel to market you should make a point of continuing to drive end-user demand for your products yourselves. Handing off that process fully to your channel partner can be a significant risk.

‘We responded to an RFP from France Telecom who we believe have potential to be an excellent channel partner for us. Lincor employs 18 people in total and to resource such a major RFP draws a huge amount of resource with no guarantee of return on investment. Nonetheless we took the risk and were selected as preferred supplier to France Telecom’

Richard Cooke, CEO, Lincor Solutions

Direct

The direct approach is where you sell to your French target customers by recruiting and employing your own staff in France. This means you will need to incorporate your own French company – see below - but the effort may well be worthwhile.

We wanted full control of our French business so we set up and registered a SARL (private limited company).
Developing the Business Case

When we set up a subsidiary overseas we initially put some of our own people there to run, establish and entrench the Keenan way. This is what we did in France. But we know that these people will need to be supported by experienced nationals who understand the market and can get to grips with our way of working. So we build a local team quickly and eventually local management.

Gerard Keenan, Group Executive Chairman, Keenan System

Barclay chose not to set up a local entity in France. This means the commercial activity (e.g. contracts and invoicing) is carried out from Dublin. ‘When we first started trading in the UK we set up a local office, and found we generated too much administrative overhead. Understanding different legislations takes time and in the end we found there was too much duplication of effort.’ Nonetheless, Barclay made sure they recruited a representative in France who had an established network throughout the industry and who also acts as the legal representative. Barclay also take financial advice to ensure they are in line with the French fiscal legislation and have recruited French-speaking people into the customer service team in Dublin.

Lisa Sheeran, Managing Director, Barclay Crop Protection

Buying or Partnering as an option

A further possibility is to buy or lease an existing company. This is a major decision and the following brief notes provide a guide to more detailed information.

Buyers intending to acquire more than 5% of the shares or voting rights in a company need to declare their interest to the Financial Market Authorities (Autorité des Marchés Financiers). This organisation stipulates the guidelines for such transactions which are described at www.amf-france.org

For companies in difficulty, or indeed in a state of liquidation, procedures for takeover are covered in the Code de Commerce. This is described at http://195.83.177.9/code/lisette.phtml?lang=uk&c=32

In the event that an acquisition could lead to a significant business concentration which may impact the nature of competition in the market, the authorities need to give approval for the transaction. Such notification is needed only when the activity is large-scale. This is defined in terms of the aggregate sales of the companies concerned. If competition could be impacted it may be referred to the Competition Council. Details are given at www.conseil-concurrence.fr.

In the event that certain higher thresholds are exceeded the European Commission must be notified. Further information is given at http://ec.europa.eu/comm/competition/index_en.html.

A management lease option allows a company to operate another company without having to buy it. This arrangement allows a company to lease and run another company for an agreed period, at their own risk, paying a lease fee to the lessee. This can allow a company to assess the viability of another company as a step before acquisition.

A place to work from

Lincor already has over 7,500 systems installed worldwide in over 25 hospitals.

**INTO FRANCE**

The Lincor solution fits the French market well, and after an initial attempt to get started through an agent, a model of self-managing channel partners looks like it may pay off.

Having designed the product the first overseas target was Britain, but very soon Lincor set its sight on continental Europe. France, Belgium and Holland were the next targets, because independently they represent important markets, but also geographically they were the natural next steps.

France represents a key market for two main reasons. Firstly, the ratio of hospital beds to population is higher than in other nearby markets. Secondly, under the government-sponsored ‘Plan Hôpital 2012’ the French healthcare industry has articulated a very clear view of how it aims to develop excellence in patient care and medicine. This programme involves a €10 billion investment, and IT developments such as our own are very much part of the scope. ‘It is clear that France represents a real opportunity for us’, says Richard Cooke, CEO.

In addition, the model of paying for bedside entertainment is already established, with ‘coin-slot’ TV terminals already a major feature of French hospital life. So in this aspect the Lincor solution represented an extension of an existing market rather than creating a new concept.

Lincor started to address the French market 2 years ago. Initially they used an agent, who made up for the fact that Lincor had neither a French network nor speaker at this time. Lincor places real emphasis on staying close to the end user themselves, however, and soon recognised that the agency relationship had become superfluous. This meant buying themselves out of the contract. In addition, Richard employed a French national, based in Dublin, who took responsibility to build the French, Belgian and Dutch markets.

The model used is to build a small number of channels to market, stay close to the ultimate end-users to stimulate demand, with the channels also working to create and meet demand. In France Lincor is the preferred supplier to France Telecom and also has a relationship with Ineo, part of the Suez group, and a very active systems integrator, Netlogon.
The work is paying off. Lincor recently installed solutions into 3 prestigious clinics around Paris, and has also put systems into hospitals in Pau and Clermont Ferrand. There is a sense that having built relationships with 2 heavyweight channels, at least some of the hard yards have been covered.

**WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?**

You need to be creative to break in to what may initially appear to be a closed market, and to hold your nerve as you pour resource into channel partners with no guarantee of return. Belief in your product helps!

Although Lincor’s product at first glance fit well into the French market, the existing suppliers of TV services into hospitals had long-standing relationships which often tied them up as long-term suppliers to the end users. This is a difficult environment to break into. To help, Lincor, with Enterprise Ireland, held a prestigious industry event at the Irish Embassy in Paris, which took lots of time and effort, but which helped in the process of establishing Lincor as a serious player.

The channel partners being sought by Lincor are of the heavyweight variety, and this sometimes has been difficult for a small company to manage. Lincor employs 18 people in total, and to resource a major request for proposal from the likes of France Telecom sucks a huge amount of resource with no guarantee of return on investment. Lincor also finds that the French market is more demanding on supplementary information such as additional detail for service levels, deeper testing procedures, again meaning it is resource-heavy for a small company. The sales cycle also seems to be longer in France than in neighbouring countries – at least 12 months. So the return on the allocation of resource is comparatively slow.

Richard thinks that Irish companies may have an innate advantage over some French competitors. ‘The Irish market is comparatively small, which means that Irish businesses are naturally outward-looking. You have to try to establish yourselves in new markets early on, and that instils the creativity and flexibility you need to succeed. French companies have such a large domestic market they could lose out on some of the benefits of the international view.’

**ADVICE TO OTHERS ON HOW TO SUCCEED**

Get the language covered, be prepared to invest lots of resource and be patient!

Richard is clear that you need a French speaker to help drive the commercial agenda for your business, even if many of the larger companies in the IT industry can communicate in English. He also advises you to be ready to overinvest in relationships to provide the comfort factor that your customers need before they’re prepared to contract with you. There is lots of early effort required, but having gone through that, the feeling is that the rewards will be large.

» The work is paying off. Lincor recently installed solutions into 3 prestigious clinics around Paris, and has also put systems into hospitals in Pau and Clermont Ferrand. «

Richard Cooke
First Steps, Incorporating your Company, and Legal Structures

Representative Office or Liaison Office

If you need to set up a presence in France to build relationships, begin prospecting, or advertising and de-risk your business plan by getting a stronger sense and feel what your go-to-market plan should be, then this option is worth considering. A Representative Office is likely to involve no more than a handful of staff. Its status is viewed as preparatory or auxiliary by the authorities – as a step towards a more permanent structure. As such it is not subject to corporate income tax or VAT. Because a Representative Office is not a legal entity any commercial activity (such as contracts or invoicing) needs to be carried out by the parent company.

Branch

A branch can be considered as a commercial landing point in France for the parent company. It is regarded as a permanent structure by the legal and tax authorities, and as such its operation is subject to corporate income tax and VAT. It can be considered as a representative of your company for commercial activity, reporting to head office. Although it requires a legal representative, it is not a separate legal entity, and the parent company is deemed ultimately responsible for all the activities of its branch office. For example, it would be subject to unlimited joint liability for losses or debt.

Subsidiaries

Subsidiaries are separate companies incorporated under French law as separate legal entities. There are some advantages of using a subsidiary structure in France, amongst which are:

» Assets are allocated to the subsidiary, and in the event of losses the parent company does not bear unlimited liability for the debt. Conversely losses of the subsidiary cannot be off-set against the profit of the parent company.

» A subsidiary can apply for government grants when setting up or expanding

Set-up: The Administration

Businesses in France need to be registered. Naturally all documentation needs to be in French and signed by the empowered company representative. The requirements are outlined in detail in ‘Doing Business in France’ produced by the Invest in France Agency. This document can be found at: www.invest-in-france.org/international/en/useful-documents.html

In general terms the registration requirements are as follows:

1. A Representative Office has to be registered if it has its own premises or employs more than one person in France.
2. Sales Representatives have a responsibility to register themselves and notify the relevant authorities of the arrangement.
3. Sales Agents need to be registered with the register of Sales Agents.
4. Branches need to be fully registered.
5. Subsidiaries need to be fully registered.

The Centre de Formalités des Entreprises (Centre for Administration for Businesses) facilitates the formalities involved in the formation, change and cessation of businesses in France by:

1. Guiding you to the documentation and information you require.
2. Checking you have provided the relevant information.
3. Forwarding your documentation to the relevant government agencies.

France is the world’s number one tourist destination with around 79 million tourists in 2006, nearly 20% of them from the United Kingdom and Ireland.
Developing the Business Case

No legal entity. Not subject to French corporation tax.

No office in France

Subsidiary in France

No office in France

Branch office in France

Representative office in France

Needs to be registered although it is not a separate legal entity. Subject to French corporation tax.

Direct commercial presence in France

Direct commercial presence in France

Use of distributors managed from Ireland

Use of agents, Systems Integrators or distributors

Needs to be registered unless >1 person or has its own premises

No legal entity. Not subject to French corporation tax.

No legal entity. Not subject to French corporation tax.

Use of distributors managed from Ireland

Manage an Agent or Systems Integrator relationship from Ireland

The level of direct engagement your company has in France can depend on the model you use to address the market. Although there are no hard and fast rules this diagram can serve as an indicative guide as to the level of engagement each go-to-market model brings.

The Centre de Formalités des Entreprises also helps with:

1. The Business Creation Certificate
2. The KBIS (registration certificate)
3. The SIREN (company identification)
4. The SIRET (local unit identification required for recruitment)
5. Registration with the tax authorities and social security agencies (e.g. URSSAF which collects payroll taxes)

Information about the services provided by the Centre de Formalités des Entreprises can be found at http://www.cci.fr/.

There are certain formalities that the Centre de Formalités des Entreprises does not cover. These are listed in the ‘Doing Business in France’ document referenced on page 30.

France ranks second among the OECD countries for hourly productivity per worker, ahead of the United States.
Which Legal Structure?

The choice of legal structure impacts the statutory framework, tax obligations, interpretation of labour legislation, fundraising and many other aspects of running a business.

In general terms the options are:

Société à Responsabilité Limitée (SARL)

A SARL is similar to a private limited company in Ireland. Contributing capital is determined by the statute of the company as it is founded, but can be zero. The liability of partners is limited to their capital contributions unless the company is subject to civil or criminal lawsuits. A SARL is easy to set-up and administer, and is commonly used by small and medium sized businesses. There are nearly one and a half million SARLs in France today which means this legal structure is used by two thirds of companies.

A limited liability company can be set up with a single shareholder, who can choose to pay either personal income tax or corporate income tax on the company’s earnings. They are called an Entreprise Unipersonnelle à Responsabilité Limitée (EURL).

Société Anonyme (SA)

A Société Anonyme is similar to the public limited company structure in Ireland and the UK. It has the following characteristics:

1. Shareholders’ liability is limited to the value of their investment unless the company is subject to civil or criminal lawsuits.
2. There are a minimum of seven shareholders. Shares are transferable unless a clause in the statute states that new shareholders must be approved by existing shareholders.
3. There is a minimum capital contribution of €37,000 with €225,000 being the minimum if public funds are to be sought through a public offering.
4. A statutory auditor is required.

France has 20,000 subsidiaries of international companies employing nearly 2 million people in France. This includes 550 Irish and British companies, which employ around 250,000 people. Irish companies include the Smurfit Kappa Group, CRH, IAWS and the Irish Dairy Board.

Société par Actions Simplifiée (SAS)

A SAS has greater freedom to draft its statute than is the case with a SA. This gives flexibility over rules for extraordinary general meetings and attendance levels required for quorum at meetings. Minimum capital contribution is the same as for a SA, shareholder liability is limited to the value of their investment unless the company is subject to civil or criminal lawsuits and a statutory auditor is required.

A SAS set-up with a single shareholder is called a Société par Actions Simplifiée Unipersonnelle (SASU).

It may be worth considering working in partnership with other companies. The following arrangements should be considered:

Société en Nom Collectif (SNC)

The SNC structure is used relatively rarely in comparison to other company structures, and is most in use where independent companies working in the same industry come together to benefit from collective use of, for example, materials or buildings. A SNC gives unlimited liability to its owners and relies on the liquidity and well-being of a small number of partners. A SNC permits flexibility in operating and gives earnings transparency.
European Economic Interest Grouping (EEIG)

The EEIG is designed to make it easier for companies in the same industry from different countries to do business together or form consortia to take part in EU programmes. It facilitates the pooling of resources, skills or activities so its members derive scale and operating benefits. Profits are shared amongst its members rather than held centrally by the group. It must have members from at least two different EU states.


Societas Europaea (SE)

This legal structure was created by the EU in 2001. It allows companies operating pan-European businesses incorporated separately in different EU member states to work under a single company with a common legislative framework. The objective is to simplify the management of business by avoiding the need to administer separate legal systems.

How does labour law affect business in France?

Traditionally, labour law in France protects the interests of the employee more than in many other EU member states, including Ireland. However, there is increasing flexibility within the legislative set-up, and an appetite amongst the political and business leaders for further liberalisation. Over time these will ease the impact of French labour law on go-to-market and general operating decisions.

‘In France firms often invest in machines rather than hire people. This is not because French workers are inefficient. On the contrary, their productivity per hour worked is marginally higher than that of their American counterparts. It is, rather, because social security contributions are high, the working week is short, the labour code is strict and shedding jobs is slow and difficult. Taking on people in France is a risk, so employers avoid it as best they can.’

This quotation from The Economist appears to be a fairly representative view of an outsider’s perception of the labour market in France. This despite the fact that foreign companies employ 1.9 million French workers, or 16% of private sector workers. This section describes the basic legislation creating this perception, considers whether the perception is fair, and discusses the appetite for reform amongst political and business leaders.

1 Economist, October 26th 2006
Case study #4 Duolog Technologies

As Ray Bulger, founder and CEO of Duolog Technologies, leaned into the scrum on the rugby pitch near Grasse in Provence, he wondered whether he’d taken his maxim that success in France comes from making an extra effort to get to know your customers too far.

INTO FRANCE
Building the network is tough to do, but once you have relationships they tend to last.

‘My experience is that it is easier to make friends in America than in France, but that once you have built the relationship in France it tends to last.’

French labour legislation means that manufacturers tend to scale against an average flow of demand and sub-contract out in periods when they have too much work, rather than recruit more in-house staff. Duolog has benefitted from this by picking up sub-contract work, and the challenge has been to become so involved at the core development level that they are soon an integral part of the team, regardless of short-term demand forces.

Duolog was founded in 1999, and has around 130 staff based mainly in Dublin, Galway and Budapest. It provides Electronic Design Automation (EDA) and design services to silicon developers. Its technology is in use in around 70% of the world’s mobile phones as one of the key chip developers, Texas Instruments, used Duolog’s EDA tools.

‘It was a match to celebrate the 50th birthday of a business contact who lives there, and I was told up front that there would be no concessions just because I was a visiting Irishman,’ said Ray. ‘I still haven’t recovered’.

Ray has worked in companies that have felt that France is almost impossible to break into unless you are truly engrained through networks and local people. Ray has worked to develop the French business through personal industry contacts which he has built through the years. ‘You have to be prepared to put real effort and time into developing your network’, he says.
Through the sub-contract process Duolog built its French business which has now expanded to represent around 30% of the total. The commercial activity has been done from Ireland and there are no local sales staff and no French legal entity. However, when necessary, Duolog sends its technical staff to France to work on site with customers.

A key driver behind the growth in France has been the relationship with a major customer, with whom they work closely enough to change specification if required.

ADVICE TO OTHERS ON HOW TO SUCCEED.

Know the market, and where your product fits within it, then invest long and hard in your network with the knowledge that success won’t come overnight.

Ray believes it’s important that, either through your own people on the ground, or through your network, you generate enough market knowledge to be absolutely sure of where and how your product fits into the landscape, and therefore how you can be successful.

Ray has found the US market easier to grow than France. ‘The word of mouth network in the US is very important, meaning that there is a ripple effect once you have established some customer relationships.’ For Duolog, the French market has been a longer term play, but once the foundations are built, they seem to be solid.

» My experience is that it is easier to make friends in America than in France, but that once you have built the relationship in France it tends to last. «

Ray Bulger
How the Labour Market Works

The legislative framework

There are 3 levels of legislation that frame the terms governing a worker’s relationship with their employer:

1. **Labour Code: Across the Private Sector**
   
   Labour Code - Code de Travail: this lays down the fundamentals of labour market legislation, providing a framework for the Collective Agreements negotiated by each industry.

2. **Collective Agreement: Specific to each Industry**
   
   Collective Agreement – Convention Collective de Travail: These are agreements by employers’ organisations and union representatives within specific industries as a way of focussing the Labour Code on the specific nature of the industry. The list of agreements can be found at [http://www.legifrance.gouv.fr/WAspad/ListeCoco.jsp](http://www.legifrance.gouv.fr/WAspad/ListeCoco.jsp)

3. **Employment Contract: Specific to each Company**
   
   Employment Contract – Contrat de Travail: This is the agreement between a company and its employees, covering conditions such as compensation, job description, working hours and so on. There are two key contract types: contracts with no stated term of duration (Contrat à Durée Indéterminée), and those with a fixed length of employment (Contrat à Durée Déterminée).

The application of Collective Agreements and the degree of flexibility they provide can depend on the employer and employee representatives working closely together. The two main bodies of staff representation on employment conditions are:

Staff representatives – (Délégués du Personnel): These are elected by staff in companies with more than 10 people to represent individual or collective pay claims or compliance of the Labour Code or Collective Agreement.

Works Council (Comité d’Entreprise): This is required when a company has 50 or more employees. It consists of a number of individuals elected by the staff to represent their interests in decisions impacting the structure, performance and working methods of the company.

There is increasing emphasis placed on bargaining at the industry and company level to govern labour relations. This makes the relationship between employer and employee representatives very important, as it can decide the degree of flexibility within the frameworks.

The 35-Hour Week

The 35-hour week was introduced throughout France in 2000-2002 with the intention of creating more jobs.

Hours worked are in fact flexible because overtime rates are paid where the 35 hours are exceeded, and in some instances workers are compensated for regularly exceeding 35 hours by having additional holidays added to their statutory allowance (RTT or Réduction Temps de Travail – reduced working hours - days).

The legislation has become significantly more flexible since its introduction and information regarding specific applications can be found at [http://www.minefe.gouv.fr/](http://www.minefe.gouv.fr/). Nicolas Sarkozy even stated at the beginning of 2008 that he did not expect the 35-hour week structure to be intact at the end of the year.

Health and Social Security Payments

The employer tends to pay up to 40% of gross salary to the state to cover health and social security. Payments contribute to health care insurance, old-age pensions, family allowance and compensation to workers where required.

Efforts are being made to remove barriers to hiring staff: social security contributions have been reduced for jobs that pay the minimum wage, and will be abolished for minimum-wage jobs in firms with up to 20 employees.

Although health and social security contributions are high compared with many EU member states, they fund public services that provide a level of service that in many countries have to be paid for, sometimes through private enterprise paying higher wages.
Developing the Business Case

The level of union membership in France is lower than in the US, and, at around 10% is amongst the lowest in Europe.

Flexibility within the Labour Market

Labour legislation in France has traditionally placed emphasis on the protection of interests of the employee more than in many other EU member states. However, as the following section describes, there is flexibility built into the legislation.

New Employment Contract: Contrat Nouvelle Embauche

This law was introduced in 2005 as part of a plan to reduce unemployment in France. It gives additional flexibility to companies employing a maximum of 20 people who are reluctant to hire new staff due to the rigidity of the redundancy provisions in the Labour Code.

It allows employers to lay-off staff without having the burden of proof in the event of litigation, unless challenged in court on grounds of discrimination. If the employer wants to end the contract, notice needs to be given to the employee, and compensation paid (around 10%). After 2 years the contract becomes permanent. The legislation has been positively received by the CGPME which is the association of SME’s, and MEDEF, the largest employers’ union.

Trial period for new employees

This allows the employer to assess the competences of a new employee before making a permanent decision. It also allows the employee to get a rounded view of the company and work conditions.

The Collective Agreement determines the specific terms around the trial period when employing a new person, although the following are the basic principles:

1. During the trial period the employer and employee both have the right to terminate the employment contract without following the specific procedures on contract termination laid out in the Employment Contract.
2. As a guide, the length of the trial tends to be around 3 months for management (cadres), 2 months for technicians and supervisors, and less for other roles.
3. Specific rules apply to length of trial period for temporary workers or contractors (it is shorter).
4. The trial can be renewed or prolonged if either the Employment Contract or Collective Agreement provides for it. This would be relevant where, for example, the employer feels they have not had an opportunity to fully assess the capabilities of the employee. Some Collective Agreements forbid trial renewal or prolongation, a stipulation that cannot be overruled by the Employment Contract.
5. The employee needs to agree in writing to a renewal or prolongation of the trial period.
6. Some Collective Agreements require that the employee is given an official warning that the trial is not proving to be a success.
7. There are certain other situations requiring specific practice which are laid out in the Collective Agreements and/or Labour Code.

Since 2004 France has imported more than it sells abroad. In 2006 its imports were valued at around $520 billion, its exports at around $480 billion.
**Temporary jobs**

French labour law allows companies to recruit temporary staff to cater for short-term needs. In general the principle is that temporary staff cannot be repeatedly recycled to fulfil a company’s regular business, and there are guidelines outlining situations where temporary contracts can be used.

**Making people redundant**

If staff layoffs are required, the process varies according to the number of staff involved. Below 10 staff, a straightforward process is outlined in the code de travail (labour code) and collective agreements. The process becomes more involved when 10 or more staff are impacted, requiring, amongst other things, a job preservation plan which outlines actions taken to prevent loss of work.

It is possible to lay off staff that are not delivering according to their job description and associated objectives, but evidence must be absolutely concrete, assembled over a period of time, and needs to constitute ‘real and serious’ reasons. Making someone redundant for underperformance involves a significant investment of management resources, and the burden of proof is on the employer should the decision be challenged in court. Realistically layoffs for poor performance often become a negotiation between the employer and representatives of the employee, and a financial transaction is agreed based on statutory redundancy payments (which vary according to industry, but as a guide are likely to be around 2% of annual salary per year worked) plus notice period and accrued annual leave and RTT days. The process is complex but well used, and will need advice from a lawyer versed in French labour law to ensure due process is followed.

The challenge then is to become so involved in core development work that we become an integral part of the team, regardless of short-term demand fluctuations.’

**Ray Bulger, CEO, Duolog Technologies**

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**Is labour law a disincentive to employing people in France?**

It shouldn’t be if your business plan suggests recruitment in France is the best way of establishing your business. That is the opinion of the foreign investors who created 40,000 new jobs in France in 2006. There is increasing flexibility built into labour legislation, coming particularly from temporary contracts and New Employment Contracts which may provide for a trial period when employing someone new. Using this flexibility, and building strong relationships with employee representative bodies, can allow new companies in France to benefit from its location, infrastructure, skills and productivity which have propelled many French companies into worldwide leading brands.

**Appetite for Reform**

In addition to the recent changes there is an appetite for further labour market reform amongst France’s political and business leaders. This is expected to result in increased liberalisation of the labour market to stimulate growth.

Laurence Parisot, head of the employers’ organisation MEDEF (similar to IBEC) referred to ‘l’illusion désastreuse des 35 heures’ proposing that working limits are not fixed within the labour code but by collective agreements giving flexibility according to the requirements of company and industry. She also proposed a new employment contract allowing employers to terminate contracts without contest from the employee, with compensation being paid to the redundant worker.3

Nicolas Sarkozy, speaking to the MEDEF in August 2007 said that he wanted to ‘go much further in loosening the 35-hour week.’

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3 Laurence Parisot, Head of Movement des Entreprises de France (MEDEF) 25th January 2007

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‘French labour legislation means manufacturers tend to provide for a level of demand they can rely on and use subcontractors when they have too much work, rather than recruit more in-house staff. We have benefited from this by doing subcontract work.'
The labour market has shown signs of responding to liberalisation through reductions in unemployment rates and it is generally expected that further liberalisation initiatives will be proposed as part of a broad programme to stimulate increased growth rates.

What are the benefits and costs of using expatriate staff in France?

One option for staffing your business in France is to re-locate staff on either a temporary or long-term basis to France. This gives the advantage of having staff on the ground experienced in your way of doing business, your products and your market.

Issues that impact your employees and need to be considered before deciding to use an expatriate option are listed below (more detail on certain points are given in the Section 6, Data File).

1. Language skills for your employee and their immediate family. They need to have or be given intensive help in acquiring practical skills in speaking French.
2. Accommodation and removal expenses for your employee and their immediate family in the short and long term.
3. Medical care for your employee and their immediate family. France has excellent health care and English speaking doctors can be found especially in Paris but it can be expensive.
4. If your employee comes from an EU country then they are free to live and work in France without a visa, residence card, work or business permit. Non-EU employees are required to provide all of the above.

5. The length of time an employee works in France affects whether they are legally seconed from your Irish business or transferred to a French operation on a French employment contract. In most case the authorities allow for expatriate status for an individual for up to five years, but this will need to be examined on a case by case basis.
6. All foreign salaried employees are entitled to the same employment rights as their French colleagues.
7. An individual is required to pay social security contributions in only one country. As a guide, an expatriate employee can continue to pay into the Irish social security system thereby protecting their continuity of contribution while they are expatriated. This should be examined on a case by case basis.
8. Your employee’s tax residence status depends on the number of days worked away from France, and whether France is the main place of residence. It is important for individuals to be given professional tax advice which deals with the following:
   a. An employee who remains non-resident for tax purposes only has their French income taxed in France. The rest of their worldwide income is still taxed in Ireland where they continue to receive eligible tax credits.
   b. An employee who is resident in France for tax purposes pays French tax on their worldwide income.
   c. Double taxation agreements exist between Ireland and France to prevent an individual paying tax on income more than once but returns will need to be completed in both countries.
   d. Some tax relief is available for expatriate employees.

Additional information on the use of expatriate staff can be found in Section 6.

France was an early investor in nuclear energy, which now accounts for nearly 80% of its electricity production.

France has more companies in the world’s top 500 than any other country bar the US and Japan.
Taxation in France

How will taxation affect my business in France?

Corporate taxes in France have been reduced in recent years to help improve competitiveness and encourage investment in businesses both regionally and internationally. France has tax treaties with most developed countries that provide protection against double taxation for foreign investors and businesses.

According to the Invest in France Agency, when overall corporate taxes are compared, ‘France at a rate of 34.9% ranks ahead of Germany (38.7%), Italy (37.3%) and Spain (35%).’ (www.invest-in-france.org)

This section provides a brief overview of the main taxes and describes specific features of the French taxation system. Detailed advice should always be sought from a tax expert. The Data File provides a guide to information on current tax rates.

Corporate Income Tax (impôt sur les sociétés)

If your company does business in France, it will be liable for French tax on its earnings in France. Whether your business is liable for corporate income tax depends on the structure so if you are self-employed or the sole shareholder of a private limited company (EURL) you will declare profit in an annual income tax return. Partnerships need to be handled case by case but can elect to be subject to corporate income tax. Other structures will generally be subject to corporate income tax.

There is a reduced rate of corporation tax for small businesses. An additional social security levy is applied to businesses that make large profits.

Unlike in Ireland, corporate tax in France directly allows for deductions of capital depreciation when computing taxable profits.

Losses can be carried forward indefinitely and current losses can be offset against previous income going back up to three years. This compares to a carry back period of one year in Ireland.

Income tax (impôt sur le revenu)

Companies with staff working in France are liable for their social charges.

Employee tax obligations differ depending whether they are resident or non-resident for tax purposes. For residents all forms of income from whatever source are subject to French tax. For non-residents only income earned in France is liable to tax in France. The Data File provides information on tax status.

Social security contributions are deducted from salary by the employer but income tax is not. Employees are responsible for filing a return and paying their income tax retrospectively. Taxable income is calculated after social security deductions and an allowance for professional expenses.

Value Added Tax (TVA - Taxe sur la Valeur Ajoutée)

Value added tax is charged on all final goods and services and is payable by the final consumer. Certain goods and services are subject to reduced or special rates.

Customs Duty

Goods move freely inside the European Union. As in Ireland, the movement of most goods between France and other countries in the European Union requires companies to file an exchange of goods declaration (Intrasat). Clearance is carried out by the customs service.

Business Tax (taxe professionnelle)

This is a local tax levied on behalf of the local municipalities and departments. It uses the rental value of the business real estate plus a percentage of the fixed assets of the business as the tax base. The rate is set locally each year and cannot exceed 3.5% of a company’s added value.

Property Tax

Two taxes are applicable if you own or rent a business premises in France. Taxe foncière is payable by the owner of a property. Taxe d’habitation is payable by the occupier. These taxes are based on the rentable value of the property as assessed by the local authority.

Tax incentives

Tax credits are available for certain types of business and, in particular circumstances, can normally be offset against corporate income tax.
Examples of tax credit available include:

1. Family tax credits.
2. Investment in new technologies tax credits.
3. Research and development tax credits.
4. Temporary business tax exemption for businesses investing in disadvantaged regions.

Additional information on taxation in France can be found in Section 6.

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The sales cycle is longer in France than in neighbouring countries, at least 12 months. So the return on the allocation of resource is comparatively slow. We find French customers require unusual quantities of supplementary information including detailed descriptions of service levels and rigorous testing procedures.

Richard Cooke, CEO, Lincor Solutions

‘We developed the French business through personal contacts in the industry built up over many years. It is essential to put real effort and time into developing your network. Our experience shows that once you have built the relationship in France it tends to last.’

Ray Bulger, CEO, Duolog Technologies

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Timescales for return on investment

The size of the market means the rewards of succeeding in France are potentially very large. Irish companies have found, though, that it can take longer to build the market in France than in neighbouring European countries. This dictates that your business case needs to forecast revenue growth with realistic timescales, consistent with a patient and persistent approach to building your business.

The view amongst Irish companies is uniform: the French market takes longer to break into than its neighbouring countries. However, once the foundations of your business are laid, they tend to last. This is for a number of reasons, many of which are described in the next section, A Practical Guide to Doing Business in France. For the purposes of establishing your business case, however, it is important that you are realistic with the timescales used to forecast revenue growth.

Cadre: ‘Cadre’ is a term used to describe someone in a function that requires a deep level of knowledge and experience in their area of expertise. It is a level of authority within a company, referenced in the employment contract and in collective agreements, and can therefore have employment terms associated with it. Executive or manager is the closest Irish equivalent.
Case study #5 The John Hinde Group

The John Hinde Group is a souvenir and gift specialist headquartered in Bray, Co Wicklow. It designs a large range of innovative souvenir products, gift and novelty lines, as well as an extensive range of Candle and aromatherapy based gifts.

It sells direct to retail in Ireland, the UK and through distributors elsewhere in Europe, the USA, Canada, Australia & New Zealand. The John Hinde Group supplemented its product range through acquisitions of a number of companies in recent years, such as the Dublin-based candle and scented giftware manufacturer Fragrance Boutique.

INTO FRANCE

The right relationships took a long time to form, but once there, are reaping benefits.

‘France has always been part of the plan’, says Geoff Scargill, Export Sales Manager. Having built business through distributors into other parts of Europe, the size and proximity of the French market meant that it was a clear target. The breakthrough would come from finding the right partner to go to market. ‘Our approach is to invest in long-term relationships with partners that feel right for our business’, he said.

The French business was fairly minor in the John Hinde landscape 18 months ago, but this is changing following significant recent growth. Two distributor relationships have changed the picture. Tempo Ideal, a France-based New Age product dealer, took an immediate liking to the ‘Something Forever’ product range which it felt it could position in independent new age shops through France. They tested the water with a €10k order towards the end of 2006, the product sold well, and was followed up by orders that will take the value of sales of this range in France to €200k in 2007. ‘We are forecasting an additional 50% growth on this product in 2008’, says Geoff.

‘This is a relationship that has worked well from the beginning. We are in constant touch and consult regularly over potential tweaks of the Something Forever range’.

Similarly, a second dealer relationship has taken the Fragrance Boutique range into a number of independent high quality gift shops in France, building a €100k business within 12 months. The relationship began at the ‘maison et objets’ trade fair in Paris in September 2006. ‘The French consumer seems to like high-end elaborate packaging and wrapping – presentation seems to be given more emphasis than in northern Europe, and this means some of our products fit very well’, says Geoff.
WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Patience and listening to your customers was the answer for John Hinde Group

‘In my experience,’ says David Buggy, General Manager of Fragrance Boutique, ‘the French dealers have immense confidence in their market knowledge. They will look at a product, make a quick judgement and not hesitate to back that judgement with orders. They have to feel 100% sure that a product will work - they are not inclined to take a chance. That’s why it’s a difficult market to break in to, and why when you’re there, the rewards are great. It’s also why open communication is so important. You need them to tell you why something will work and why something won’t in clear terms so that you build your own understanding of the market. The French market is all about listening’.

He also says that French buyers can be used as a barometer for some of the southern European countries, such as Spain, Portugal and Italy. ‘The French taste seems to be broadly representative of what works in Italy, for example’ he says, ‘so if you invest in getting it right with a product in France, that investment could pay off elsewhere too.’

ADVICE TO OTHERS ON HOW TO SUCCEED.

For the John Hinde Group the French market is a very specific one. ‘Don’t underestimate the specific characteristics of the French market, including the basic cultural aspects’, says David. ‘We’ve found it to be a more distinct market than any other, and it has paid us to alter our approaches accordingly.’

» The French consumer seems to like high-end elaborate packaging and wrapping – presentation seems to be given more emphasis than in northern Europe, and this means some of our products fit very well. «

Geoff Scargill
**A Practical Guide to Doing Business in France**

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France is one of the shapers of the global economy and constant international interaction means large organisations are fully conversant with international business culture. This means many aspects of the way French companies do business will be familiar. However, there are some notable differences between Irish and French business practice, and these are described in this section. It explores language, relationships, and other cultural aspects of doing business, drawing on the experience of Irish companies as they have established their French business.

Caution: trying to capture the complexity of national character in a few pages is asking for trouble! Business practice and style varies by person, company, region and industry sector, and besides, your French contacts won’t expect you to be fully versed in all aspects of their culture. Where we generalise in this chapter it is to draw attention to aspects of business practice that can be strikingly different to the way things are done in Ireland. Having grasped the basics, common sense will guide you according to the specific situations and people you deal with.
Office Hours, the Working Day, Holidays

As mentioned in Chapter 3, despite the introduction of the 35-hour week in 2000-2002 there is considerable flexibility in hours worked due to overtime arrangements and compensation for additional hours worked by the creation of RTT (Réduction du temps de travail) holidays. The impact of the 35-hour week has not been far less significant on the practice of small businesses than in the public sector and large private companies.

The average day for a worker in a small company in France tends to start later and finish later than in Ireland. As a guide imagine that work starts and finishes at roughly the same time as in Ireland, despite the hour time difference.

Roughly an hour is taken for lunch, which is sacred, and will generally be eaten away from the office environment. Eating sandwiches at your desk is frowned upon.

There are disparities in holiday allowances in France as entitlements vary according to industry and company. All workers are entitled to 5 weeks vacation, with some companies managing the introduction of the 35-hour week by introducing RTT\(^1\) holidays. This can amount to considerable additional leave (up to 15 days) but the company can decide when these days are taken to ensure minimum impact on performance during important periods.

Nicolas Sarkozy is introducing measures to liberalise the labour market and in November 2007 announced an intention to offer an option to ‘monetise’ RTT days, and to exonerate companies that agree collective salary increases for workers from the constraints of the 35-hour week. The expectation is that the 35-hour week will gradually cease to be part of the working landscape in France.

---

\(^1\) RTT: Réduction Temps de Travail - Holiday accrued in compensation for working above the statutory weekly hour rates

Public Holidays

January 1: New Year’s Day
Variable: Easter Monday
May 1: Labour Day
May 8: World War II Victory Day
17 May: Ascension Day
14 July: Bastille Day
15 August: Assumption
1 November: All Saints Day
11 November: Armistice Day
25 December: Christmas Day

Traditionally Whit or Pentecost Monday was a public holiday in France. Since 2005 the government removed public holiday status, with decisions made by sector and company whether the tradition is adhered to. Around half the companies in France work on Pentecost Monday.

Hierarchy & Formality

Traditionally French companies have been highly centralised. The Chief Executive - president directeur général (PDG) – was supported by a rigid hierarchy of executives organised on functional lines. There were significantly more layers of middle management than in Irish, British or German companies, with clear demarcation of accountability and power at each level. Communication ran vertically up to the boss, who set the direction to be implemented obediently by the teams below. Managers tended to be reasonably authoritarian, adopting the ‘here’s how it is’ rather than the ‘here’s why it is’ approach.

This is an oversimplification of how it used to be, and power is distributed in a far less rigid, more meritocratic way today. However, French business practice is still more centralised than in Irish business, and this has implications for how you deal with French companies.
'It seemed to carry a lot of weight that we introduced the CEO to the Paris Metro team when they visited our factory during the bid process. To them this small act appeared to signify that they were getting the right level of attention, which was strange because they had received attention from the full project team throughout their visit.'

Paul Neville, Sales Director, Data Display

Hierarchy, and the importance of it, should be borne in mind when initially approaching a French company. If you get your message through at the right level, it will move down through the organisation, with an accompanying endorsement or instructions for action. Conversely, don’t be fooled that junior staff who have been persuaded of the value of your offering will have the power to act on their impressions.

With hierarchy comes formality, and our experience is that French companies are more formal than Irish companies in the way they conduct themselves in external meetings. This can manifest itself in all things from an expectation that you will arrive at meetings with business cards, to the term of address used: first names shouldn’t be used unless invited.

‘In our experience there’s far more formality in French business than in Ireland. I still call contacts I’ve known for a number of years Monsieur. The formality doesn’t seem to go away, even when you know each other pretty well.’

Paul Neville, Sales Director, Data Display

Language

The younger generation is more likely to speak English than its predecessors. In some industries, such as Telecoms and IT, English is second nature within the commercial functions, and adopted with no fuss whenever a non-French speaker is present at a meeting. Nevertheless, you need to speak French to succeed in France: in fact all Irish companies interviewed during the preparation of this guide shared the opinion that speaking French is an absolute necessity. They all believed you need to represent yourselves in French to build a successful business in France.

Language: the generation gap

32% of 15-24 year olds and 29% of managers can understand and speak English at a good level, whereas 61% of people over 65 have no real understanding of English at all.2

IFOP, February 2006
The French are proud of their language, and most find it hard to hear it being abused by a novice speaker. But the appreciation of the effort tends to be greater than the pain of the result: endeavour is welcomed, especially by English speakers.

‘I found I was welcomed by customers even with my limited French. As long as you make the effort you’re forgiven for not being perfect! Whenever I needed to write in French, I received support from the French team back at the office.’

Patrick Faherty, International Development Manager, Fintrax

Having a French speaker enables you to get closer to the subtleties embedded in the network, and therefore get a better understanding of the market. It is also likely to be a pre-requisite if you are to succeed in breaking through the formality in your key relationships.

‘There is no resistance to dealing with an Irish company but that doesn’t mean you don’t need to speak French to truly understand the market and your customers. In this respect France is more inward looking than the other markets we deal with. Having a local French-speaking presence is a must.’

Phil Sheridan, Barclay Crop Protection

Building Relationships

There is a clearer distinction between business and personal lives in France than in Ireland. Non-business hours are reserved for family and personal relationships. Colleagues don’t spend too much time together outside work, so after-office pub-time or games of golf with colleagues is far less frequent in France than in Ireland. And it is rarer in France for business contacts to become long lasting personal friends.

This means that you can expect a certain distance and formality to remain with your French contacts – this is entirely normal and tends to be the case regardless of nationality and background.

The enduring formality does not, however, signify that relationships can’t be strong and loyal. The consensus is it can take longer to build a relationship in France, but once they are built, they tend to last.

‘You have to be prepared to put real effort and time into developing your network. My experience is that it is easier to make friends in America than in France, but that once you have built the relationship in France it tends to last.’

Ray Bulger, CEO, Duolog Technologies

‘The networks have been difficult to break in to. You need to be entrenched locally because in our experience the French won’t come to you – we don’t often see them at the international trade shows. Because of this the business took time to get off the ground, but has since grown well and we still see it as an important growth market for us.’

Gerard Keenan, Group Executive Chairman, Keenan System

Interpreters
If you have an interpreter at your meeting the rules of common sense apply: speak in reasonably short sentences, and then pause to let the interpreter catch up before you race off again!

Language Support
If you need language support at an introductory meeting with a target client, Enterprise Ireland will be happy to attend with you.
Case study #6 Changing Worlds

Changing Worlds was founded in 1999 to commercialize the award-winning ClixSmart personalization engine developed as part of an extensive research programme in the Smart Media Institute at University College Dublin.

The technology allows storage of mobile data user information centrally, enabling the development of a broad understanding of what the users’ interests are, and the use of this understanding to re-order the screen the user sees accordingly. In this way the technology brings the content closer to the end user, because it takes fewer clicks to get to what the user wants.

Changing Worlds employs 130 people, in Dublin, Kuala Lumpur and the US and its technology is in use in over 50 countries worldwide.

INTO FRANCE

Changing Worlds broke into France through an existing customer who sponsored discussions with its French entity.

The route to France was through Vodafone Ireland. Vodafone Ireland was the first mobile company to adopt Changing Worlds’ technology, and, happy with the results, they facilitated dialogue with the central Vodafone Group which part owns SFR in France. This resulted in a framework agreement signed by Vodafone for its ClixSmart Personalization technology to be adopted on its Vodafone Live! mobile portal.

This agreement validated the technology from the ‘central’ Vodafone perspective but SFR, the number 2 mobile operator in France, still wanted to go through the validation process themselves.

Conversations started in 2003. SFR engaged in very detailed acceptance testing, and demanded a very high level of service for their customers. The discussion took time and needed resourcing significantly, but resulted in a contract which now makes France the 4th biggest territory for Changing Worlds.

Changing Worlds trades to France from Ireland, and does not employ people in France. It does, however, have French speakers in the team on the support desk to provide a French-based service if required.
WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Ian Finnegan, EMEA Sales Director at Changing Worlds, has found SFR professional to the point that discussions have needed to be resourced more heavily than with other operators. ‘The level of testing that SFR underwent was more than with any other operator, and the depth of it was actually quite useful for us,’ he said. He has also found the French market in general to be very clear on what it wants, to have strong opinions and to expect suppliers to listen hard and respond to those opinions. ‘That’s why we have always felt it makes sense to be prepared to be in France for face-to-face meetings. Doing that has also built up the personal relationship’, he said.

Despite Changing Worlds’ success in France Ian has found that it has had to work hard to understand some of the political organisational aspects that could have meant business being placed locally rather than with Changing Worlds. ‘You need to be on-the-ball, and stay in constant contact to ensure that the relationship is strong’.

Now Changing Worlds has a strong insight into what it takes to be successful in France it has its next mobile customer target clearly within its sights.

» Changing Worlds trades to France from Ireland, and does not employ people in France. It does, however, have French speakers in the team on the support desk to provide a French-based service if required. «
'You could categorise business in France as being relationship based, whereas in the US it is procurement based. In France the buying process for hi-tech decisions is very involved, and once you’ve been through it the relationship tends to stay built for a while. In the US, economics rule, with history and process standing for little.'

Connell Gallagher, President, Parallel Graphics

This is a recurring theme in the discussions we had with Irish companies trading in France. Especially with the larger buyers, the investment that both parties put into establishing the relationship - bespoke contracts, user acceptance testing, and customer-specific service level agreements – can be so involved that the relationship strengthens by necessity and presents a barrier to entry for competitors.

‘In comparison to other markets, in France you need to over invest up front in relationships in order to provide the comfort factor your customers need before they’re prepared to contract with you.’

Richard Cooke, CEO, Lincor Solutions.

The famous French working lunch remains a legitimate and effective way to leave the formality of the office behind and build the relationship in a more relaxed environment. Building relationships over lunch is highly recommended from both a business and culinary experience perspective!

Winning Business

An Irish person beginning work in France will often find the most striking cultural difference in the workplace is the emphasis French workers place on logic, method and analysis. French decisions are made from following a clear thread of logic from starting point to its natural conclusion, with no room for distraction by outside factors.

This can mean strategic shifts, albeit for solid business reasons, can be difficult to align to if the shift is inconsistent with yesterday’s strategy – the chain of logic has been broken. French workers need to be persuaded of the logic and consistency behind decisions before they can really engage with them. It can also mean they are prepared to tolerate impractical working situations as long as the origins of the situation stem from a consistent train of events.

Placed alongside the pragmatic, ‘no procrastination’ attitude of the Irish, the French mentality can appear rigid and frustrating. Its origins are complex: the schooling structure can be inflexible and authoritarian, with more emphasis placed on traditional rather than creative disciplines. In 2003 38% of 15 year olds had re-sat a year at some point in their schooling career. Strength in mathematics is highly valued, and a career in engineering carries gold status amongst the professional classes.

There are distinct advantages in the French mindset as well as challenges. For example, given a discreet project, a French team has amazing capacity to press on and get it done, regardless of external circumstances.

The reliance on ‘method’ and analysis shows itself clearly in the buying process, through levels of rigour and attention to detail rarely encountered in Ireland or many other parts of Europe.

‘The level of testing that our French customer underwent was more than with any other operator, and the depth of it was actually quite useful for us.’

Ian Finnegan, Sales Director, EMEA, Changing Worlds

We’ve found the French market to be very rigorous in terms of how they buy and manage their suppliers. They tend to want to see at first-hand how things are done, which normally can mean full project teams coming to Ireland to view production and the underlying processes. It’s not enough that you may have very strong reference from customers - they want to see for themselves. We once had a team from the Paris Metal Exchange visit simply so that they could physically measure a display for themselves.

Le Monde, 13th March 2007
We are ISO accredited, but another customer still wanted to come to Ireland and do their own quality audit on our processes. We welcome this if it makes them more comfortable, but it’s interesting that ISO wasn’t enough.

**Paul Neville, Sales Director, Data Display**

We have found that French companies run a very organised buying process, will study a proposition hard, and compare all aspects of it to at least one alternative. For that reason you should pay real attention to presenting a detailed proposal which addresses all questions thoroughly.

**Patrick Faherty, International Development Manager, Fintrax**

**And the basics for success...**

All companies interviewed in researching this guide emphasised the importance of the preparation phase before deciding that France is the right market for you to approach. Having established in Chapter 3 that timescales for a return on investment are generally longer than in neighbouring markets, you need to be absolutely sure of your business plan before making that investment decision.

‘You have to research the market as much as possible before deciding whether it is right for you. That means understanding how you will access your customers in real detail, what price points you will need to trade at, and whether regulatory or other administrative constraints will make time to market too long.’

**Lisa Sheeran, Managing Director, Barclay Crop Protection**

‘We understood that France represents a key market for Lincor for two main reasons. Firstly, the ratio of hospital beds to population is higher than in other nearby markets, so the basic opportunity is big. Secondly, under the government sponsored ‘Plan Hôpital 2012’ the French healthcare industry has a very clear view of how it aims to develop excellence in patient care and medicine. This programme involves a €10 billion investment, with IT developments such as our own very much part of the scope.’

**Richard Cooke, CEO, Lincor Systems**

Once you’ve studied the market and are aware of the adaptations you will need to make for your business model to succeed, you then need to understand whether those changes undermine the basics of your proposition.

‘As we’ve begun trading in different countries we’ve sometimes been told that practice is so different that we need to take a radically different approach to our business. Of course your model will need adapting to suit the local market, but in our experience it’s a question of adaptation of something that has proved to work, rather than starting again. The basic principles of your business need to work whichever market you’re in, and if they don’t, you shouldn’t be there.’

**Gerard Keenan, Group Executive Chairman, Keenan System**

An essential part of the preparation process should be that you check and validate your strategy with one of your target customers before you make the commitment to France.
Data Display was founded in 1980 and is a leading supplier of electronic display solutions across the world. It has been trading in France in different forms for many years, and now has products in airports, railway stations, on metro platforms, rugby grounds and in factories.

**INTO FRANCE**

Data Display had been selling in France for a while through a distributor who knew their product and with whom they had built up trust over a number of years. France has a history of maintaining a world class road, rail and air network, which are all big users of electronic displays, so deeper involvement seemed a natural path to follow. The two companies decided to bring their businesses together resulting in Data Display taking control of what became a wholly owned subsidiary.

Around this time technology was changing the industry: where there had once been a requirement for single line signs, there was now an emerging need for systems with dynamic data providing real-time information from multiple sources across the screen. Data Display needed to try to breakthrough into some of the large customers at this critical time.

There have been a number of key sales:

‘To start with we were asked to provide a letter on each spoke of the Carrousel put up outside the Louvre to mark the year 2000’ says Paul Neville, Sales Director. ‘This was a high profile win. Then 6 years ago we were awarded a contract to provide signs on metro platforms to tell travellers estimated times of train arrivals. This was a very specific design, made from enamel to prevent graffiti, with a diagnostics system built into the board. We had a large team of people come from Paris to discuss precise requirements, and were given weeks to make a prototype. We won the bid.’ The contract was to provide the boards on line 1 of the metro network, and it followed that Data Display would pick up more business as the other lines followed suit.

Since then contracts have been won with the Paris Airports, and, importantly, the SNCF (rail network). ‘To succeed with the SNCF you need your products to be listed in the catalogue from which all key buying decisions are made. To make this happen we needed a 6 month period to develop precisely what was needed. Our bet was that over time the investment will prove to be worthwhile’.

**WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?**

‘We’ve found the French market to be very rigorous in terms of how they buy and manage their suppliers,’ says Paul. ‘They tend to want to see first-hand how things are done, which can mean full project teams coming to Ireland to get a view of production and the underlying..."
processes. It’s not enough that you may have very strong reference customers - they want to see for themselves. We once had a team from the Paris Metal Exchange visit simply so that they could physically measure a display.’

On another occasion one customer wanted to go to Ireland to do their own quality audit on Data Display’s processes, despite the fact that Data Display is ISO 9001 accredited. ‘We welcome this level of engagement if it’s what’s needed to make a customer more comfortable,’ says Paul, ‘but it does mean that the sales cycle can be long, and the cost of sale high.’

Data Display finds that there’s significant importance given to hierarchy in France. ‘It seemed to carry a lot of weight to the Paris Metro team that they met the CEO when they were over in the factory during the bid process. To them this small act appeared to signify that they were getting the right level of attention, which was strange because they had received attention from the full project team throughout their visit.’

Paul also finds there’s more formality in France than he sees in other markets. ‘I still call contacts I’ve known for a number of years Monsieur. The formality doesn’t seem to go away, even when you know each other pretty well.’

ADVICE TO OTHERS ON HOW TO SUCCEED.

Paul echoes others in the priority he thinks needs to be given to recruiting the right people. ‘Because of the physical and cultural distance between France and Ireland you are enormously reliant on having people to represent you effectively. You can’t get a real feel for what’s going on day-to-day. Invest time in doing whatever you need to do to get the right people.’

» Because of the physical and cultural distance between France and Ireland you are enormously reliant on having people to represent you effectively. «

Paul Neville
'My advice is that regardless of what your research tells you, get on a plane and come and test your thinking in front of one of your key target customers. You will learn lots from sitting down over lunch, explaining your plans, and listening. If you don’t speak French, bring someone with you who does. You’ll get a real feel for what it means to do business here. And leaving a bottle of Irish whisky as a gift always goes down well when you leave as a token of appreciation for their time!'

Patrick Faherty,
International Development Manager, Fintrax
How Enterprise Ireland can help

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Introducing the Enterprise Ireland France Team 67
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Enterprise Ireland France’s main objective is to help Irish companies increase business volumes in France. It does this by providing country and industry specific expertise from Market Advisors employed to help companies which are preparing, implementing or looking to grow their presence in France.

Critically, most success has come where there has been in-depth teamwork between the client and Enterprise Ireland France. The diagram opposite illustrates the areas in which Enterprise Ireland can most add value to your plans.
Effective teamwork: Clear demarcation delivers the best results

**You**

You have already decided to research France as an export market

1. You have explored the size of your addressable market, and rough pricing structure
2. You have an initial go-to-market structure in mind
3. You have built a business case which you need to test

You have approved the business case and are now implementing the plan

1. The network: You have begun to build your network in France to support your go-to-market strategy
2. The Launch: You have a budget to support your launch through focused marketing activity to promote your company in France

Your French business is well-established but you have now reached the ‘accelerate’ phase

You have decided to change your go-to-market model or to diversify to drive the next phase of growth

**Enterprise Ireland**

Enterprise Ireland will work with you to fine-tune your Business Case

1. EI Market advisors can stress-test your revenue & cost forecast through knowledge of addressable market size, typical sales cycle length, competitor intelligence and through verifying pricing & cost through the in-country network
2. Go-to-Market structure can be tested through arranging ‘warm-up’ discussions with distributors or agents
3. Legal and regulatory advice can be provided in support of business plan

Enterprise Ireland can provide in-market support to help establish your business in France

1. The network: EI can propose and set-up meetings with potential distributors, agents or buyers that are active in your market. EI can support recruitment activity through recommendation of established agencies
2. The launch: EI has experience in planning & managing customer workshops, networking events, trade fair attendance, and can introduce and advise on PR agencies and trade press

Enterprise Ireland can work with you to grow your French operation

EI can:
- Introduce you to potential value added services partners if you are looking to increase the market for your product;
- Introduce you to French venture capitalists if you require funding for your plan;
- Work with you to deepen your network through, for example, planning an approach to one of the ‘competitive cluster’ bodies to increase exposure to r&d bodies.
Fintrax developed a ‘double-sale’ model which took all administrative responsibility of the process from the retailer by dealing with the government and customer directly. Success in Ireland meant that it wasn’t long before they cast their attention to overseas markets.

INTO FRANCE

‘France was the natural first overseas target as it has more tourists per year than any other country’, says Patrick Faherty, International Development Manager, ‘but we looked into the market in real detail before we moved here.’ Preliminary research showed that the market could respond well because it wasn’t particularly competitive for VAT refund systems, and yet transaction volumes were very high. It was clear Fintrax could make a difference for the retailer. But first, they needed to ensure that the system they had developed would be acceptable by French customs and excise, a key part of the refund process. They employed an external consultancy to do that.

Fintrax set up a subsidiary in Paris in 1990 (via incorporating a Société Anonyme), and recruited a Director in France who built a small team of sales people and administrators with the aim of breaking into the top French brands and department stores.

Year 1 was disappointing. ‘We failed to break into the top merchants’, says Patrick who had by this time moved from Ireland to the Paris office to join the team, ‘and we realised that we didn’t have the right team to do the job, which meant starting again’. Luckily, some spadework initiated from Ireland to break into Marks & Spencer’s in France had paid off, which meant that the Paris office was bringing in business even if the initiative hadn’t come from there.

‘We learned a couple of things from our early experience in France’, says Patrick. ‘Firstly it’s essential you take the time to recruit the right people for your business. Don’t rush the decision. In addition, if you can extend existing customer relationships back home out to France to ensure you’ve at least got some business coming in during the start-up phase, that helps’.

Phase 2 was more positive. ‘We adopted a more personal sales approach. This was possible because we had excellent back-office staff, which meant that management and sales could focus purely on building the customer relationships

Fintrax was founded in 1985. Its key service offering was a VAT refund service provided to retailers who, up until that point, were responsible for administering themselves a refund of VAT to eligible tourists who bought products in their stores for transport back home.
knowing that the systems and administrative workload was being managed. We broke into some key target customers and began to build our business’.

Interestingly Patrick, who had arrived in France with very little French and was now General Manager, was by this stage conducting business in the local language. ‘I found that I was welcome even with my limited French. As long as you make the effort you’re forgiven for not being perfect!’ Whenever he needed to correspond in writing, he received support back at the office.

Success in France paved the way for further expansion into other markets, initially Spain, Italy and Belgium.

Now Fintrax has a team of about 50 people in Paris, around 45 of them French. It has also recruited someone located in the south to cover the lucrative Côte d’Azur market. The focus in France is now on sustaining its joint leadership position, along with launching its new product Fintrax Payment Services into the market.

WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Patrick says ‘At times it has been very difficult to break into a target customer. This is because in our experience people are loyal to their relationships in France. What this means is that once you break through, you receive the benefit of that loyalty, and the biggest risk to your business can be when your contact changes jobs and you have a new face to get to know.’

Fintrax have also found that the decision process can be lengthy. They have found that French companies run a very organised buying process, will study a proposition hard, and compare all aspects of it to at least one alternative. For that reason Patrick advises that real attention is paid to presenting a detailed proposal addressing all questions thoroughly.

ADVICE TO OTHERS ON HOW TO SUCCEED.

Patrick offers some clear advice. ‘Regardless of what your research tells you, get on a plane and come and test your thinking in front of one of your key target customers. You will learn lots from sitting down over lunch, explaining your plans, and listening. If you don’t speak French, bring someone with you who does. You’ll get a real feel for what it means to do business here. And leaving a bottle of Irish whisky as a gift always goes down well when you leave as a token of appreciation for their time!’

» In our experience people are loyal to their relationships in France. What this means is that once you break through, you receive the benefit of that loyalty. «

Patrick Faherty
Companies in Action with Enterprise Ireland France

Here are some specific examples of projects worked on by the Enterprise Ireland France team within the last 12 months:

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<th>Challenge</th>
<th>Initiative</th>
<th>Outcome</th>
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<tr>
<td><strong>The official launch:</strong> The company had established its name in France but needed to increase its visibility and credibility amongst key buyers.</td>
<td>Enterprise Ireland arranged a breakfast meeting at the Irish Embassy attended by 25 potential customers within the industry.</td>
<td>A number of deals were initiated at this event and subsequently closed. The event also led to discussions with some heavyweight channel partners with whom the company now has a distribution agreement.</td>
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<td><strong>Opening the door to key buyers:</strong> Carrefour, Auchan, Intermarché, System U and Casino are major supermarket outlets that have over 13,000 stores between them. There were several Irish companies producing equipment relevant in this sector, but introductions to the right people were needed to begin the relationship.</td>
<td>Enterprise Ireland engaged a well-connected industry specialist to sponsor introductions to the right people within the target organisations.</td>
<td>Relationships are now established with all 5 organisations with proposal and tender processes under way.</td>
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<td><strong>Recruitment:</strong> After trying to launch their French business from Ireland, an engineering company decided that they needed someone based in France, fully dedicated to building the French business.</td>
<td>Enterprise Ireland presented the company with a potential candidate with a very strong profile to fulfil the role.</td>
<td>The contact was recruited with minimum delay and is now fully operational.</td>
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<tr>
<td><strong>Strengthening the relationship:</strong> The founder and former president of a major French biotech company was visiting Ireland. This represented an opportunity for an Irish biotech company to deepen the relationship with one of its key customers.</td>
<td>Enterprise Ireland organised a dinner with major actors in the Irish biotech industry to provide a platform for the two companies to build a stronger relationship.</td>
<td>Business has doubled between the companies in the months following the meeting.</td>
</tr>
<tr>
<td><strong>Negotiating through red tape:</strong> An agricultural chemical company had been waiting for French regulatory approval of a product since 2000, suffering constant delays due to reorganisations within the approvals body.</td>
<td>Enterprise Ireland met and lobbied the regulators to explain the costs of the delay and to request prioritisation of the file.</td>
<td>Enterprise Ireland has been told the file is being dealt with and its evaluation will be achieved in early 2008.</td>
</tr>
<tr>
<td><strong>Improving visibility within the network:</strong> Two Irish companies which provide different services into the specialised ‘clean room’ biotech sector needed to embed themselves deeper into the network in France.</td>
<td>A monthly community of interest meeting takes place within this sector in France amongst industry and research bodies to look at scientific and practice developments. Enterprise Ireland approached the group to understand how it could involve Irish companies in this forum.</td>
<td>The two companies have now both attended the meetings. There is significant advantage to having deeper engagement within the French network, such as getting earlier visibility of upcoming projects through discussions that take place at the forum.</td>
</tr>
<tr>
<td><strong>Growing through diversification:</strong> A biotech company wanted to enrich its product portfolio in France, and had found a product produced in the US to distribute. However, it first needed to have it validated by the French regulators.</td>
<td>The company worked with Enterprise Ireland France to negotiate the validation of the product with the regulatory body.</td>
<td>The product was approved by the regulator, with the launch date planned for mid-2008.</td>
</tr>
</tbody>
</table>
Coordinating an approach to the Aerospace Cluster

Enterprise Ireland was aware of the potential between Irish business and the aerospace cluster in the South West of France. Some companies were already successfully building relationships and Enterprise Ireland thought that a formal approach through Enterprise Ireland could potentially support these efforts. It arranged an EADS event in Dublin with the objectives of introducing Irish companies working in the aerospace field to EADS, and clarifying the structure of EADS, a large and complex organisation. The event was attended by Irish companies, research groups and academia, and key staff from EADS.

It was followed up by the formalisation of a relationship between Enterprise Ireland and EADS through an MOU, committing both parties to levels of future business.

Subsequent events to help structure an approach for Irish companies into the aerospace cluster have happened in France, with some notable success in the shape of deals signed.

Recruitment: Successful recruitment in France requires specialist industry knowledge and networks. Enterprise Ireland can facilitate the recruitment of roles in France by engaging with industry specialist recruitment agencies. Please contact Enterprise Ireland if you would like support in this area.
Most of us have bought flat-pack furniture before, and therefore understand the limitations of a 2D instruction booklet. Parallel Graphics provides software to turn CAD and other data into 3D animation to simulate complex mechanical procedures – providing ‘visual know-how’ - for engineers assembling or maintaining parts for companies such as Boeing, Airbus, NASA, General Atomics, Daimler Chrysler and Volkswagen.

Boeing was already the number one customer and Airbus was the obvious next target. But the approach to break into Airbus would be different.

‘We knew that to succeed with Airbus would require a campaign which began by building visibility of our capability right at the top of the organisation,’ says Connell. ‘With Boeing there was value in making approaches at a number of levels in the hierarchy, but in France we knew that the only way to succeed was to get buy-in and sponsorship from the top down.’

The approach took time, but it worked. First stop was the CTO of EADS, the parent company of Airbus, who was impressed and sponsored an introduction to the EADS Research Centre in Paris. Through this relationship they were introduced at a senior level to Airbus, who set-up a research group to analyse and understand the value Parallel Graphics could bring. This led to a specific project to develop a manual for the A380, which is now in use. ‘It was clear we were being taken seriously from the beginning’, says Connell. ‘We were sponsored through to the next stage every step of the way, and now Airbus is our second biggest client’.

The Airbus business has led to Parallel Graphics developing a relationship with a French partner which adds value to their proposition. The relationship is involved, with joint discussion on next stage developments.

The depth of this relationship means that Parallel Graphics doesn’t need its own team on the ground in France.
WHAT WAS ESPECIALLY CHALLENGING ABOUT THE FRENCH MARKET?

Connell has found relationships in France are of a different nature to those in the US. “You could categorise business in France as being relationship based, whereas in the US it is procurement based,” he says. “In France the buying process for hi-tech decisions is very involved, and once you’ve been through it the relationship tends to stay built for a while. In the US, economics rule, with history and process standing for little.”

He also finds that whilst in the US it is perfectly natural to build and maintain relationships over the ‘phone and e-mail, perhaps due to the sheer size of the country, in France that doesn’t really work: face-to-face contact is the only effective way to build relationships.

» In France the buying process for hi-tech decisions is very involved, and once you’ve been through it the relationship tends to stay built for a while. «

Connell Gallagher
Xiam helps mobile operators increase data revenue by providing them with software to automatically capture and analyse subscriber usage on their mobile phones.

By building up a profile of behaviour patterns of mobile data usage – for example which news sites a user visits, which downloads are most requested – the operator can order the menu according to usage history, personalising and facilitating the user experience in the process.

The behaviour pattern also gives the operator insight on what other media the user may like, information which is of course also interesting to advertisers who can use the user profile for targeted product placing.

France is one of the key markets for Xiam given the size of population and mobile penetration (53 million users in 2007, >80% of population).

Xiam has worked in stages with most of the key operators to build knowledge and awareness of its capabilities, a process which Neil Webzell, Sales Director for Europe, Middle East and Africa, acknowledges has taken time. ‘It takes a while to build credibility around your brand in France, even if you have strong reference customers elsewhere in the world. We have found there needs to be significant direct contact with the end users over a period of time before you get real traction.’

Xiam had some early success in Bordeaux with a games company, but the big targets were the key operators SFR, Orange, Bouygues.

Some initial momentum was built through a direct approach managed through travelling from Ireland for meetings, but Xiam took a decision to approach the operators indirectly through channel partners. Given the in-market scale of some of the channel partner options, this was a natural progression.

This approach has seen some good success with a key operator engaging in a trial of Xiam’s capability through a channel partner. However Xiam still felt it needed additional sight and traction within the French market. In discussion with Enterprise Ireland France Xiam decided to make a further commitment to the French market through the Business Accelerator programme.

This programme connects Irish companies looking for accelerated expansion and development in a specific market with an in-market ‘Business Accelerator’ - an industry expert with the contacts and knowledge to support the in-country growth strategy. They are chosen on the basis of their extensive industry experience and track record of success. Enterprise Ireland is prepared, in certain instances, to share the funding of the consultant based on guidelines available.¹

Through this programme Xiam now has a deeper commitment to building its business in the French market, which is manifesting itself initially through on the ground support of its key channel partner.

¹ http://www.enterprise-ireland.com/Grow/Finance/businessaccelerationprogramme.htm

Neil Webzell
**Introducing the Enterprise Ireland France Team.**

Enterprise Ireland France has expertise in specific industry sectors built from years of working and building networks in those sectors in France. The biographies of some of the team highlight this experience.
Enterprise Ireland France Team

Gary Fallon, Manager

Date joined EI: June 2003 (Berlin), December 2006 (Paris)

Experience
Before joining the Berlin office of Enterprise Ireland where he was responsible for the Life Science sector in the German-speaking region, Gary worked in France for a period of 8 years starting out with a Paris based market research company in the IT sector, Debaecker et Associés. In 1996, Gary joined Glenross as their European Sales Manager, responsible for developing sales into large retail accounts in France, Benelux and parts of Germany for 3 years before moving into Cable & Wireless France as an account development manager. In 2000, following their acquisition of some 19 Internet Service Providers across continental Europe, Gary moved into the Paris-based European team, with responsibility for Business Development in the Internet Provider channel, involving integrating activities undertaken in different countries. During this time, Gary was also responsible for setting up a new partnership based sales channel called the Capability Exchange which was a specialist activity whereby partner-hosted applications were bundled with C&W infrastructure for onward sale to C&W accounts.

Market focus in France
Financial Services, Professional Services

» I think the French market is probably one of the most misunderstood in Europe by foreign companies. Contrary to common perceptions, France is an outward looking, trade driven economy with a thriving and diverse industrial base of world-leading companies. French businesses are generally early adopters of new technology and will embrace foreign business partnerships as much as domestic ones. «
Enterprise Ireland France Team

Smruti Inamdar

Date joined EI: December 2007, El Paris

Experience

Before joining EI in Paris, Smruti worked as Project Manager and Account Manager with Lionbridge Technologies, the leading provider of globalisation and outsourcing solutions. Smruti was responsible for managing and developing strategic accounts in various industry sectors including Telecoms, Software, Pharmaceutical & Medical and Cosmetics. Smruti has actively worked on improving client relations through a collaborative working relationship (L’Oreal, Autodesk, Baxter, Perkin Elmer) with emphasis on process improvement through timely deliveries to market and increased profitability on these accounts. Smruti’s experience also includes consulting for Sage business management software and web-based CRM solutions for the Pharmaceutical industry.

Market Focus in France

Industrial – Aerospace, Automotive, Engineering, Electronics & Materials handling.

» Knowing the market and investing in your customer relationships is key to success in the French market. Unlike some of the neighbouring markets, France requires a high level of commitment and considerable patience before you can reap the rewards. «
Enterprise Ireland France Team

Karen Hallez

Date joined EI: June 2004, EI Paris

Experience
Before joining EI in Paris, Karen was Commercial Development Manager at Cable & Wireless France responsible for supporting the account management team on commercial matters for large carrier accounts such as Completel, Noos and Telecom Italia. Prior to that, Karen worked as a Commercial Manager in the UK organisation providing commercial support to the Global Enterprise Markets division. During her time at Cable & Wireless UK, Karen represented the commercial development team on two large, strategic global bids (Deutsche Bank and UBS) and was responsible for the margin improvement program ensuring incremental margin for the Global Enterprise Markets division from existing accounts.

Market Focus in France
Software, Services and Emerging Sectors – telecoms and digital media.

» There is an abundance of opportunity in France for Irish technology companies; we just have to be smart at finding it and engaging durably with key French customers. This may take a little more time and patience, but the wait is rewarded with a high level of repeat business and of course recommendations across personal and professional networks. «
Enterprise Ireland France Team

Henri Allain

Date joined EI: June 2006, EI Paris

Experience
Before joining Enterprise-Ireland, Henri worked as a marketing manager at Beckman-Coulter, an American leader in diagnostics, where he was responsible for the promotion of the bio-robotics and proteomics product ranges. This marketing-oriented position followed six years spent in business development for both academic and private organisations. Henri worked at Transgene, the gene-therapy subsidiary of the BioMerieux Group, where he was in charge of trading several products undergoing clinical exploration. He also negotiated a subcontracting deal whereby Transgene manufactured clinical lots for a leading player in the vaccine sector. Prior to Transgene, he was in charge of Institut Pasteur’s patent portfolio in the fields of diagnostics, oncology and neurosciences. Acting as an expert, project manager and negotiator, he signed several deals with key-players of the life sciences industry including Abbott and Roche.

Market Focus in France
Life Sciences, Environmental Technologies

» In France, there is a tremendous curiosity and admiration for the Irish economic boom, which enriches the traditionally good images that French people have of Ireland. So, Irish exporters should release their fears about the French market and be confident about what France has to offer. «
The French team is based at 33 Rue de Miromesnil which is in the 8th Arrondissement, a vibrant business area a stone’s throw from the Champs-Elysées. The office has a large boardroom which is available for use as required.

Details of how to find the office, along with hotels in the neighbourhood, can be found at the Enterprise Ireland France site:

http://www.enterprise-ireland.com/Contact/Overseas+Offices/Paris+office

» The office has a large boardroom which is available for use as required.«
### Data File and Further Reading

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Some Key Trade Fairs by Industry

**Agricultural**
Space – [www.space.fr](http://www.space.fr)

**Electronics**
Forum de l’électronique – [www.mesureexpo.com](http://www.mesureexpo.com)
Midest – [www.midest.com](http://www.midest.com)

**Public works**
Intermat – [www.intermat.fr](http://www.intermat.fr)

**Automotive**
Mondial de l’automobile – [www.mondial-automobile.com](http://www.mondial-automobile.com)

**HVAC**
Interclima – [www.interclimaelec.com](http://www.interclimaelec.com)

**Building Products**
Batimat – [www.batimat.com](http://www.batimat.com)

**Medical Devices**
Hopital Expo – [www.hopitalexpo-intermedica.com](http://www.hopitalexpo-intermedica.com)
Geront Expo – [www.gerontexpo.com](http://www.gerontexpo.com)

**Biotech**
Eurobio – [www.eurobio-event.com](http://www.eurobio-event.com)

**Pharma**
Biosquare – [www.biosquare.com](http://www.biosquare.com)
Biovision – [www.biovision.org](http://www.biovision.org)

**Life Sciences**
Forum Labo – [www.forumlabo.com](http://www.forumlabo.com)

**Diagnostics**

**Technologies in Education**
ILearning Forum – [www.ilearnforum.eu](http://www.ilearnforum.eu)

**Home Engineering and Heating**
Interclima – [www.interclimaelec.com](http://www.interclimaelec.com)

**Research and Innovation**
Salon Européen de la Recherche et de l’Innovation – [www.salon-de-la-recherche.com](http://www.salon-de-la-recherche.com)

**Environment**
Pollutec – [www.pollutec.com](http://www.pollutec.com)

**Fashion / Clothing**

**Decoration, Furniture**

For up to date details of upcoming tradeshows by sector visit: [http://www.biztradeshows.com/france/](http://www.biztradeshows.com/france/) or [http://www.salons-online.com](http://www.salons-online.com), which lists trade fairs in France by sector and region.
Additional information on the use of expatriate staff in France:

This information supplements the information provided in Section 3 under the heading ‘What are the benefits and costs of using expatriate staff in France’. Numbers or letters indicate the part of the main text being expanded.

4. Administrative requirements for expatriated non-EU staff:

If your member of staff is a non-EU employee then they must have a long-stay visa, a work permit and a residence card. Families can simultaneously be issued with necessary documents for entry to France. There is a streamlined procedure for issuing work permits and residence cards for Senior Executives.

These would be issued at the local prefecture.

If a non-EU and non-OECD member of staff is granted power of signature for your French operation then they will need to obtain a business permit from the local prefecture for their activities in France.

7. Health and Social Security

The French social security system covers healthcare, family benefits and pensions. The system is designed to ensure that foreign employees working in France are covered by the French health care system.

It is possible to continue paying into the Irish social security system on an annually renewable basis for up to 6 years on obtaining a certificate from the Irish authorities to submit to the French authorities.

Beyond 6 years, an employee can then switch exclusively to the French system or also retain links with the home system.


Ireland: PRSI Special Collection Service, Social Welfare Service Office, Government Offices, Cork Road, Waterford. Tel. 00 35351 874177

8. Criteria for determining French tax residency:

An employee can be considered to be resident in France if they fulfil one of the following criteria:

- It is the habitual place of residence of the individual and his family for at least 183 days a year
- It is the main place of occupation for the individual
- They have French citizenship

Criteria for determining Irish tax residency:

In order to be classified as tax resident in Ireland an individual must meet one of the following criteria:

- Spend 183 days or more in Ireland for any purpose in that tax year.
- Spend 280 days or more for any purpose over two consecutive years then they will be regarded as resident for the second year.

Implications of non-residency for Irish taxation:

An individual who is non-resident for a tax year, but is ordinarily resident (this refers to an individual’s pattern of residence over a number of years and is distinct from resident) is effectively regarded as being resident for that year. This remains the case until the end of the third consecutive year in which they are not resident.

Individuals who are ordinarily resident are taxable as if they are still resident with the exceptions of income from work carried out abroad.

An individual who is both non-resident and not ordinarily resident will normally only be liable for Irish income tax on Irish source income.
d. Tax relief is available for expatriates in the following forms:

» tax exemption on expatriate bonuses for up to 5 years.
» A ‘temporary assignment’ clause in the employment contract can exempt bonuses and reimbursed expenses for work outside France from French tax.
» Charges for supplementary health and retirement plans can be deducted from taxable income in France providing the employee had not been resident in France for tax purposes for the 5 years prior to arrival.
» Where reciprocal agreements exist, payments made to social security in home countries can be deducted from taxable income in France.

Further information is available from: Tax office for non-residents, 10 rue de Centre, 93465 Noisy-le-Grand cedex.

Tel. 00 33 1 57 33 88 88

Additional information on Taxation in France

This information supplements the information provided in Section 3 under the heading ‘Taxation in France.’

Corporate Income tax (Impôt sur les Sociétés)

The standard rate of corporate income tax is 33.33%.

Small businesses pay a reduced rate of 15% on the first €38,112 of profits and the standard rate thereafter.

If taxable profits exceed €2,289,000 then an additional social security levy of 3.3% is also applied.

Income tax (Impôt sur le revenue)

The 2007 rates of income tax for 2007 were:

- Below 5614€: 0%
- 5615€ – 11198€: 5.5%
- 11199€ - 24872€: 14%
- 24873€ - 66679€: 30%
- Above 66679€: 40%

Source: www.legifrance.gouv.fr

Value added tax (TVA)

The standard TVA rate in France is 19.6%.

Certain rates are subject to a reduced rate of 5.5% these include food (except beverages), agricultural products, books, passenger transport, hotels, and travel agencies. A special rate of 2.1% is levied on newspapers, periodicals and pharmaceutical products.
Media References in France

Readership of daily newspapers in France favours regional rather than national publications, and overall readership of dailies in France is less than in Ireland, Britain, and the US.

A Harris poll carried out in June 2007 showed that 26% of French adults read newspapers at least 5 days a week. This compares to 35% of British adults, and 39% of American adults, while 1.9m adults in Ireland regularly read a daily newspaper.

Daily Newspaper Readership in France:

National dailies: 7.76m readers
Regional dailies: 17.4m readers
Free dailies: 3.5m readers

The most read daily nationals are, in order of readership, L'Equipe (2.36m), Le Parisien/Aujourd'hui en France (2m), Le Monde (1.8m), Le Figaro (1.19m), La Liberation (0.8m), Les Echos (0.6m).

Source: Epiq (Etude de la Presse d'information quotidienne).

Major Newspapers are:
Le Monde: Daily left of centre paper. www.lemonde.fr/
Le Figaro: Daily right of centre paper. www.lefigaro.fr/
La Liberation: Leftwing daily paper. www.liberation.fr/
L'Equipe: Sports daily. www.lequipe.fr/

Weeklies:

With 460 copies sold for every 1,000 residents, France ranks first in the world for magazine readership. Five national weeklies exert considerable influence on opinion, attitudes and taste:

Paris Match – has the largest circulation and specialises in photo journalism
L'Express – newsmagazine from the political centre
Le Nouvel Observateur – newsmagazine, from the political left of centre
Le Point – newsmagazine, from the political right
Le Figaro Magazine – published in conjunction with the Saturday Figaro newspaper.

Major National Radio Stations are:

Radio France International: http://www.rfi.fr/
France Info. 2 hour news: http://www.france-info.com/
Europe 1. News, sport, entertainment: www.europe1.fr/
RTL: News, sport, entertainment: http://www.rtl.fr/
France Culture: http://www.radiofrance.fr/chaines/france-culture2/sommaire/
List of public stations can be found and listened to at: http://www.radiofrance.fr/

Terrestrial TV stations:

France2 – Public terrestrial channel. www.france2.fr/
TF1 – Terrestrial free private channel. www.tf1.fr/
Canal Plus – Private channel, paid for, specialises in sport and cinema. www.canalplus.fr/
France 24 – 24 hours news, cable and satellite channel. www.france24.com/
**Further Reading**

**Doing Business in France:**
Invest in France Agency

**Industry cluster information in France:**
Invest in France Agency

**National Institute for Statistics and Economic Studies:**
http://www.insee.fr/. This site provides indicators and statistics on France

**France in Figures: Edition 2007. INSEE Publications**

**2006 Report on Foreign Direct Investment in France:**
Invest in France Agency

**Hiring staff: One stop shop -**
http://www1.due.urssaf.fr/declarant/home.jsp

**The Economist: The Art of the Impossible, A survey of France, October 2006.**
http://www.economist.com/countries/France/

**France, Business Locations. Financial Times, October 03, 2007**

**French Legislation**

www.legifrance.gouv.fr:
This is a government site with access to much of the French legislation, including labour law. English versions are available on the site.

**EU Portal**

http://europa.eu/index_en.htm:
EU portal covering legislation and policy

**Useful websites:**

**Irish Embassy:**
www.embassyofireland.fr

**Franco-Irish Chamber of Commerce:**
www.franceireland.com

**British Embassy in France:**
http://www.britishembassy.gov.uk

**Ministry of Foreign and European affairs:**
http://www.diplomatie.gouv.fr/en/:
This site provides useful general information on France

**Agency for Creation of Enterprises (in French)**
http://www.apce.com/

**Official website of the French tourist office**
http://uk.franceguide.com/

**On-line dictionary**
www.wordreference.com

**Weather**
www.meteofrance.com

**Train services**
www.sncf.fr

**Guide to Life in France**
http://www.expatica.com/fr/main.html

Paris public transport network (metro, buses and overland trains)
www.ratp.fr
HOW TO USE THIS GUIDE...

This guide has been designed to provide you with information to help you decide whether to establish your business in France, or support you in planning how to grow your existing French business.

Any strategic decision making on establishing or growing a business in France is likely to require the creation of a business case.

The chart highlights the central questions that need to be answered as you create your business case. The guide is structured so each section maps on to each group of questions so, step-by-step, it helps you through the process of building the case to help your business succeed in France.