

# France

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RISK & COMPLIANCE REPORT

DATE: March 2018

## Executive Summary - France

<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Medium Risk Areas:</b>	US Dept of State Money Laundering Assessment

### Major Investment Areas:

#### Agriculture - products:

wheat, cereals, sugar beets, potatoes, wine grapes; beef, dairy products; fish

#### Industries:

machinery, chemicals, automobiles, metallurgy, aircraft, electronics; textiles, food processing; tourism

#### Exports - commodities:

machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical products, iron and steel, beverages

#### Exports - partners:

Germany 16.7%, Belgium 7.5%, Italy 7.5%, Spain 6.9%, UK 6.9%, US 5.6%, Netherlands 4.3% (2012)

#### Imports - commodities:

machinery and equipment, vehicles, crude oil, aircraft, plastics, chemicals

#### Imports - partners:

Germany 19.5%, Belgium 11.3%, Italy 7.6%, Netherlands 7.4%, Spain 6.6%, UK 5.1%, China 4.9% (2012)

### Investment Restrictions:

The formal French investment regime is among the least restrictive in the world. While there is no generalized screening of foreign investment, French law (decree 2005-1739) stipulates that acquisitions in "sensitive" sectors are subject to prior notification, screening, and approval by the Finance Minister. The decree lists a total of eleven strategic sectors:

- gambling and casino activities
- private security services
- research, development and production of pathogens or toxic substances for unlawful or terrorist activities
- wire tapping and mail interception equipment
- testing and certification of security for IT products and systems
- goods and services related to the information security systems of companies managing critical infrastructure
- dual-use (civil and military) items and technologies
- encryption services
- the activities of firms entrusted with national defense secrets
- research, production or trade of weapons, ammunition, and explosive substances intended for military purposes
- any business supplying the Defense Ministry with any of the above goods or services

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## Section 1 - Background

France today is one of the most modern countries in the world and is a leader among European nations. It plays an influential global role as a permanent member of the United Nations Security Council, NATO, the G-8, the G-20, the EU and other multilateral organizations. France rejoined NATO's integrated military command structure in 2009, reversing de Gaulle's 1966 decision to take French forces out of NATO. Since 1958, it has constructed a hybrid presidential-parliamentary governing system resistant to the instabilities experienced in earlier, more purely parliamentary administrations. In recent decades, its reconciliation and cooperation with Germany have proved central to the economic integration of Europe, including the introduction of a common currency, the euro, in January 1999. In the early 21st century, five French overseas entities - French Guiana, Guadeloupe, Martinique, Mayotte, and Reunion - became French regions and were made part of France proper.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

France is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

France has been removed from the regular follow-up process and agreed that it should now report on any further improvements to its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system on a biennial basis.

### US Department of State Money Laundering assessment (INCSR)

**No longer catergorised a Jurisdiction of Primary Concern however the 2017 Report has not yet been published and, therefore, below is the 2016 report.**

France was deemed a Jurisdiction of Primary Concern by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

#### **Perceived Risks:**

Due to its sizeable economy, political stability, sophisticated financial system and commercial relations, especially with Francophone countries, France is a venue for money laundering. Public corruption, narcotics and human trafficking, smuggling, and other crimes associated with organized crime are sources of illicit proceeds.

France can designate portions of its customs territory as free trade zones and free warehouses in return for employment commitments. The French Customs Service administers these zones. France has an informal economic sector, and underground remittance and value transfer systems such as hawala are used by immigrant populations accustomed to such systems in their home countries. There is little information on the scale of such activity.

Casinos are regulated. The use of virtual money is growing in France through online gaming and social networks. Sport teams have become another significant source of money laundering.

**Do financial institutions engage in currency transactions related to international narcotics trafficking that include significant amounts of US currency; currency derived from illegal sales in the U.S.; or illegal drug sales that otherwise significantly affect the U.S.: NO**

**Criminalization of money laundering:**

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes

Are legal persons covered: criminally: YES civilly: YES

**Know-your-customer (KYC) rules:**

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES

KYC covered entities: Banks, credit and money-issuing institutions, e-money institutions, investment firms, money exchangers, investment management companies, mutual insurers and benefit institutions, insurance intermediaries and dealers, notaries, receivers and trustees in bankruptcy, financial investment advisors, real estate brokers, chartered accountants, auditors, dealers in high-value goods, auctioneers and auction houses, bailiffs, lawyers, participants in stock exchange settlement and delivery, commercial registered office providers, gaming centers, companies involved in sports betting and horse racing tips, and casinos

**REPORTING REQUIREMENTS:**

Number of STRs received and time frame: 38,419 in 2014

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks, credit and money-issuing institutions, e-money institutions, investment firms, money exchangers, investment management companies, mutual insurers and benefit institutions, insurance intermediaries and dealers, notaries, receivers and trustees in bankruptcy, financial investment advisors, real estate brokers, chartered accountants, auditors, dealers in high-value goods, auctioneers and auction houses, bailiffs, lawyers, participants in stock exchange settlement and delivery, commercial registered office providers, gaming centers, companies involved in sports betting and horse racing tips, and casinos

**money laundering criminal Prosecutions/convictions:**

Prosecutions: 464 in 2014

Convictions: 424 in 2013

**Records exchange mechanism:**

With U.S.: MLAT: YES Other mechanism: YES

With other governments/jurisdictions: YES

France is a member of the FATF.

## **Enforcement and implementation issues and comments:**

Two months after the January 2015 attacks in Paris against the Charlie Hebdo weekly newspaper and a kosher supermarket, the government announced a counter-terror plan that includes eight principal CFT measures divided into three pillars that promote additional AML/CFT countermeasures.

The first pillar focuses on "identification" and aims at reducing anonymity in the economy in order to facilitate the tracking of suspicious transactions. In a decree published in June 2015 (effective September 1, 2015), France lowered the limit on cash transactions to €1,000 (approximately \$1,100) from €3,000 (approximately \$3,300). For non-residents, the limit on cash payments will be lowered from €15,000 (approximately \$16,500) to €10,000 (approximately \$11,000). Acquiring, reloading, and using prepaid cards also will become subject to new reporting requirements. In the first quarter of 2016, an identity document (ID) will be required to buy, use, or reload a prepaid card when the transaction exceeds €250 (approximately \$275). In France, identity cards are not currently verified for non-rechargeable cards of less than €250 (approximately \$275) or for rechargeable cards of up to €2,500 (approximately \$2,750).

The "surveillance" pillar is designed to increase the exercise of due diligence by the financial community. As part of this pillar "Nickel" accounts, low-cost financial accounts that can be opened at tobacco shops, will have to be registered in the centralized national bank account register as of January 1, 2016. There are approximately 80,000 Nickel accounts in France. Additionally, currently it is possible to exchange up to €8,000 (approximately \$8,800) in currency anonymously, but as of January 1, 2016, ID will be required for foreign exchange transactions exceeding €1,000 (approximately \$1,100). Furthermore, financial institutions will have to increase vigilance over "transactions of unusually high sums" by checking the origin of the funds, the recipient's identity, and the grounds for the transaction. In November 2015, the French banking regulator, the Prudential Control Authority (ACPR) and TracFin, the French financial intelligence unit (FIU), issued new joint guidelines about vigilance and suspicious transaction reporting (STR) obligations. A decree will be enacted on January 1, 2016, requiring banks to automatically notify TracFin of deposits and/or withdrawals of more than €10,000 (approximately \$11,200) in a month. The current obligation to inform French Customs of the physical transfer of funds to and/or from another EU country by natural persons when the amount exceeds €10,000 (approximately \$11,200) will be extended to apply to freight and express freight in the first quarter of 2016. A pending bill on "Freedom of Creation and Cultural Heritage" would combat illegal trade in cultural products, like antiquities.

The "action" pillar reinforces capacities created to freeze terrorist assets. This pillar expands the government's ability to freeze the assets of entities or individuals deemed to be engaged in or planning terrorist acts. On November 23, 2015, the Finance Minister said TracFin would be authorized to track suspects' financial activity in real time. He confirmed that asset freezes will apply to movable and immovable assets, and to social/welfare benefits. The financial market authority will see expanded capacities to sanction inside trading.

COSI, the Systematic Communication of Funds Transfer Information, is a system created to improve financial information available to TracFin from designated professionals and institutions. Effective in January 2016, COSI reporting will apply to transfers of more than

€10,000 (approximately \$11,200) in a calendar month. The COSI is different from traditional suspicious transaction reports (STRs) as it cannot be used by TracFin to initiate investigations. It does not exempt institutions from their obligations to submit STRs.

In February 2015, the ACPR updated its guidelines specific to the insurance sector. TracFin continues to examine ways new anonymous electronic payment instruments, gold, and employee meal tickets (restaurant vouchers provided by employers) are used as alternatives to cash. TracFin also continues its focus on tax and social benefits fraud.

The Government of France applies the EU directive by which politically exposed persons (PEPs) from EU states may benefit from simplified vigilance procedures, but only in a limited number of cases. France should review its procedures to ensure all PEPs undergo enhanced due diligence. France should examine AML reporting requirements of company registration agents, real estate agents, jewelers, casinos, and lawyers to ensure they are complying with their obligations under the law.

### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, France does not conform with regard to the following government legislation: -

**Arrangements for Asset Sharing** - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

### **EU White list of Equivalent Jurisdictions**

France is on the EU White list of Equivalent Jurisdictions

### **Offshore Jurisdiction Blacklists**

In February 2010, France adopted its own "black list" of countries deemed "uncooperative" in tax matters, and aims to tax at 50% dividends, interest and royalties paid to entities based in these jurisdictions.

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

## Offshore Financial Centre

France is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report 2014

France continues to be a major transshipment point for drugs moving through Europe. Given France's shared borders with trafficking conduits such as Spain, Italy, and Belgium, France is a natural distribution point for drugs moving toward North America from Europe and the Middle East. France's overseas territories' presence in the Caribbean, its proximity to North Africa, and its participation in the Schengen open border system, contribute to its desirability as a transit point for drugs, including drugs originating in South America. France's own large domestic market of cannabis users is attractive to traffickers as well. Specifically, in descending order, cannabis/hashish originating in Morocco, cocaine from South America, heroin originating in Afghanistan and transiting through Turkey, Belgium, and the Netherlands, and ecstasy (MDMA) originating in the Netherlands and Germany, all find their way to France.

Most of the illicit drugs in France are produced in other areas of the world. The vast majority of cannabis products in France originates in Morocco, and cocaine available in France is produced in, and trafficked to France from South American countries. The majority of the heroin entering France is produced in Afghanistan and Pakistan.

Almost all illicit drugs abused in the United States are also abused in France, with the exception of methamphetamine, which is almost completely nonexistent in France. Spain is believed to be the main entry point for cannabis and cocaine in Europe, although to a lesser extent the Netherlands is a point of entry for cocaine. French narcotics agencies are effective, technically capable and make heavy use of electronic surveillance capabilities. In France, the counterpart to the DEA is the Office Centrale pour la Repression du Traffic Illicite des Stupefiants (OCRTIS), also referred to as the Central Narcotics Office (CNO). Penalties for drug trafficking can include up to life imprisonment. France is a party to the 1988 UN Drug Convention.

The islands of the French Caribbean serve as transshipment points for drug trafficking by air and sea between South and Central America to Europe and, to a lesser extent, the United States. The broad expanse of the Caribbean Sea and the proximity to other nations with relatively lax law enforcement and endemic corruption facilitate drug trafficking in the area.

The French Central Office for Combating Drug Trafficking (OCRTIS) is concerned with drugs originating in the Dominican Republic that transit French territories or departments in the Caribbean. Martinique and Guadeloupe are significant transshipment points for drugs moving through the region, primarily cocaine, cannabis products, and ecstasy. Over 50 percent of all of France's cocaine seizures are made on or off the coast of these two islands. Official statistics for 2013 were unavailable at the time of this report's publication, but multiple seizures of more than 100 kilograms of cocaine were made, involving organizations comprised of individuals from several different French Caribbean countries attempting to smuggle drugs to France and other European countries.

The French Navy plays a significant role in supporting drug interdiction efforts in the region. Naval assets, including two frigates based in Martinique, allow France to provide resources

for the international drug enforcement community. A French Naval liaison officer is posted at the U.S. Joint Interagency Task Force South, and French law enforcement cooperate with the U.S. Drug Enforcement Administration and the British National Crime Agency on "Project Latitude," a joint maritime operation that identifies and tracks suspicious sailing vessels and yachts transiting through the Eastern Caribbean through multi-source intelligence.

French Guyana, the islands of Martinique, Guadeloupe, the French side of Saint Martin, and St. Barthélemy are all overseas departments of France and subject to French law. They all follow French policies and programs regarding drug addiction treatment and reduction in domestic demand. They are also subject to all international and bilateral conventions signed by France and participate in regional cooperation programs initiated and sponsored by the European Union. This includes being party to the Caribbean Regional Maritime Agreement signed by France in 2006. The departments' governments can request additional resources from the central government in their fight against illegal drug smuggling. The French Police, Gendarmerie, and Customs Service play major roles in narcotics law enforcement in France's overseas departments. The reinforcement of OCRTIS resources in the Caribbean continued in 2013 with the establishment in Fort-de-France, Martinique of an OCRTIS satellite office that focuses on financial assets of criminal networks involved in drug trafficking.

#### **US State Dept Trafficking in Persons Report 2016 (introduction):**

France is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

France is a destination, transit, and a limited source country for men, women, and children subjected to forced labor and sex trafficking. Foreign victims from Eastern Europe, West and North Africa, Asia, and the Caribbean are subjected to sex trafficking and forced labor. Sex trafficking networks controlled by Bulgarians, Nigerians, Romanians, Chinese, and French citizens force women into prostitution through debt bondage, physical force, and psychological coercion, including the invocation of voodoo and drug addiction. The number of children, including students and foreigners, exploited in prostitution has increased in recent years. Migrants from Africa and the Middle East, particularly women and children, are vulnerable to sex and labor trafficking in Calais. Some migrants who could not pay their smugglers are held in debt bondage. Reports indicate children, primarily from Romania, West and North Africa, and the Middle East are victims of sex trafficking in France. The Government of France estimates the majority of the 20,000 people in France's commercial sex trade, about 90 percent of whom are foreign, are likely trafficking victims. Young women in French suburbs are vulnerable to sex trafficking. Online-advertised prostitution organized by Russians and Bulgarians has increased, along with classified ads posted by organized networks controlled by Romanians, Bulgarians, Nigerians, and Brazilians; trafficking victims are likely involved in activities described in these ads. Women and children from Suriname are victims of sex trafficking in French Guyana. Roma and unaccompanied minors in France are vulnerable to forced begging and forced theft. Women and children are subjected to domestic servitude, mostly in cases in which families exploit relatives brought from Africa to work in their households. Trafficking networks have expanded to operate in large towns outside of Paris, including Lille, Marseille, and Nice. In 2014, the French government launched

an investigation into allegations that approximately 14 French soldiers stationed in the Central African Republic forced boy refugees to perform sex acts for money and food. The Government of France fully meets the minimum standards for the elimination of trafficking. The government did not report anti-trafficking law enforcement efforts for the reporting period. Although it identified victims and continued to provide protective services for sex and labor trafficking victims, specialized services for children remained unavailable, and some services were only available for victims who cooperated with law enforcement. The government released its first annual public report detailing its anti-trafficking efforts and continued to partner with destination countries to address child sex tourism by French nationals.

### US State Dept Terrorism Report 2016

**Overview:** France remained a key counterterrorism partner of the United States in 2016. It is a longstanding member of the Global Coalition to Defeat ISIS, contributing early to the air campaigns in Iraq and Syria. President Hollande renewed his commitment to the fight against ISIS in the aftermath of the July 14 ISIS-claimed terrorist attack in Nice, redeploying the aircraft carrier Charles de Gaulle to support intensified airstrikes against ISIS. France has also deployed approximately 3,500 troops to engage in Defeat-ISIS operations, as well as strike and refueling tanker aircraft. France continued its counterterrorism operations in Libya, Mali, and other parts of the Sahel region. Bilateral arrangements finalized in March and April enhanced already strong cooperation with the United States on exchanging information related to known or suspected terrorists.

France continued to face an elevated domestic terrorist threat level in 2016, most significantly from ISIS and ISIS-affiliated individuals. France is the largest European Union (EU) source of foreign terrorist fighters in Iraq and Syria. While the number of French citizens attempting to travel to Iraq and Syria decreased in 2016, officials worry this could increase the possibility of additional attacks on French soil as radicalized individuals choose to act at home, inspired by ISIS messaging.

Three significant attacks by terrorists affiliated with or inspired by ISIS claimed 89 lives and wounded more than 400 in 2016. In December 10 public remarks, Prime Minister Bernard Cazeneuve said authorities foiled 17 terrorist plots in 2016. While the January and November 2015 attacks exhibited organizational complexity, minimally-directed attacks requiring little operational overhead presented the greatest threat and caused the most damage in 2016.

**Legislation, Law Enforcement, and Border Security:** France has a system of non-jury courts for terrorism trials and a broad definition of what is considered a terrorist offence – the so-called “association of wrongdoers” offense – which allows it to cast a wide net and imprison a broad range of suspects. Under French law, foreigners can be deported if they are believed to pose a serious threat to public order. France remains under a state of emergency enacted shortly after the November 2015 attacks in and around Paris. The state of emergency was renewed for the fifth time in mid-December and is currently scheduled to expire July 15, 2017.

Legislation extending the state of emergency expanded government authorities to monitor phone and online communications, perform warrantless searches, exploit digital media found during these searches, and detain suspects without charge for up to 96 hours, among other measures. Maximum sentences for the crime of conspiracy to commit a terrorist act increased from 10 years to 20 to 30 years. A June 3 law on terrorism and organized crime increased fines and jail time for not sharing encryption methods used in the furtherance of such activity. Visiting violent extremist websites with frequency can now result in a two-year prison term.

France has two national security forces: the General Directorate of National Police (DGPN) and the Directorate General of the National Gendarmerie (DGGN), both subordinate to the Interior Ministry. The DGGN is part of the Defense Ministry but the Interior Ministry manages its policing functions. The DGPN is responsible for civil law enforcement and criminal investigations in cities and large towns and is staffed with approximately 150,000 personnel. The General Directorate of Internal Security (DGSI) combines law enforcement capabilities with domestic intelligence gathering. Since the January 2015 Charlie Hebdo attacks, between 7,000 and 10,000 regular French army forces have been deployed domestically to protect sensitive sites as part of Operation Sentinelle.

In late November, French authorities arrested five individuals – four French citizens in Strasbourg and a Moroccan citizen in Marseille – suspected of planning an attack in or around Paris in early December. The arrests were the culmination of a months-long operation by domestic security agency DGSI.

France finalized an information-sharing arrangement with the United States that has helped systemize the already strong working-level exchange of information related to known or suspected terrorists. Within the EU, France was instrumental in efforts to push through legislation in April requiring use of Passenger Name Record (PNR) information and a June 10 agreement on stricter arms trafficking controls. Currently only used for select flights originating from higher-threat countries, France aims to have full PNR information coverage by mid-2017.

**Countering the Financing of Terrorism:** France is a member of the Financial Action Task Force (FATF) and has observer or cooperating status in the following FATF-style regional bodies: the Caribbean Financial Action Task Force, the Financial Action Task Force of Latin America, the Asia Pacific Group on Money Laundering, the Eurasian Group on Combating Money Laundering and Financing of Terrorism, and the Middle East and North Africa Financial Task Force. France's financial intelligence unit, Tracfin, is a member of the Egmont Group of Financial Intelligence Units and the Anti-Money Laundering Liaison Committee of the Franc Zone.

The French government announced nine new measures in 2015 to counter terrorist financing, several of which went into effect in 2016. The measures aim to limit the size and availability of anonymous and cash transactions, improve tracking of suspicious transactions, enhance due diligence checks, and bolster the capacity to freeze assets (e.g., by extending covered assets to include vehicles).

As of January 1, deposits and withdrawals totaling more than €10,000 (US \$10,460) per month are automatically reported to Tracfin. On November 1, Tracfin gained systematic access to France's database of wanted persons, which includes lists of known and suspected terrorists.

As of December 1, customs declaration requirements were extended to include any freight shipment of money or securities valued at more than €10,000 (US \$10,460) within the EU. In November, Finance Minister Sapin issued a decree to go into effect January 1, 2017 on expanding government authorities to freeze more assets from a wider range of individuals, and constraining the use of anonymous pre-paid cards.

## International Sanctions

None applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	70
World Governance Indicator – Control of Corruption	90

Corruption is a low risk for business operating or planning to invest in France. The country's investment climate is very favorable, and there exists a strong legal framework to counter corruption. Corruption is perceived to be a problem in public procurement and whenever business and politics overlap. Cases involving illegal political funding have tainted the careers of several high-ranking French politicians. The Penal Code (in French) criminalizes active and passive bribery, the bribery of national and foreign officials, and gifts and facilitation payments. The 2017 introduction of the Sapin II law is expected to strengthen the anti-corruption fight in France and crack down on the bribery of foreign officials. Demands for irregular payments are very unlikely in France. **Information provided by GAN Integrity.**

## Corruption and Government Transparency - Report by US State Department

Transparency International (TI) ranks France 22nd on its corruption perception index, but maintains that France continues to face corruption challenges in certain areas (<http://www.transparency.org/country#FRA> Overview). According to Transparency International's chapter in France, the sectors most affected by corrupt practices are public works and the **defense** industry. TI France (<http://www.transparency-france.org>) works with French companies of all sizes to discourage and avoid corruption when investing in foreign countries. Transparency International's website has material on the international fight against corruption, and France-specific information is posted at <http://www.transparency.org/country#FRA>. There have been no specific complaints from U.S. firms of unfair competition or investment obstacles due to corrupt practices in France in recent years.

### ***UN Anticorruption Convention, OECD Convention on Combatting Bribery***

France became party to the OECD Anti-Bribery convention in 2000 and to the UN Anticorruption Convention in 2003. The Phase 3 report on France by the OECD Working Group on Bribery in International Transactions published on October 2012 chastised France for the very small number of convictions for bribery of foreign public officials (four individuals but no company) and suggested that it is partly due to the fact that victims of foreign bribery (except corruption occurring within the EU) are prohibited from being civil parties to proceedings and initiating criminal cases. The Working Group further called for stricter limits on national security confidentiality, a point also recently cited by the Council of Europe Group of States against Corruption (GRECO). At the same time, the OECD Working Group

welcomed the greater independence of public prosecutors and the efficacy of the French anti-money laundering authority TracFin in reporting cases.

### ***Resources to Report Corruption***

The Central Office for the Prevention of Corruption (*"Service Central de Prévention de la Corruption"* or SCPC) is responsible for combating corruption. The SCPC is an inter-ministerial agency formally attached to the French Ministry of Justice. Established by Law 93-122 (January 29, 1993) on the prevention of corruption and the transparency of business and public procedures, its main role is to collect information regarding corruption-related offences and use it to prevent corruption. As part of that mandate, the SCPC publishes an annual report providing detailed statistics on corruption-related offenses and convictions. In its latest report, the agency called for the introduction of a legal requirement for large companies to implement an anti-corruption program similar to that imposed on businesses under the 2010 UK Bribery Act. A 1968 French law referred to as the "blocking statute" prohibits the communication of economic, commercial, industrial, financial or technical information or documents as part of foreign judicial proceedings, but the SCPC has served as a conduit (a role it would like to be formalized in an amendment to the blocking statute) between French companies and foreign bodies like the U.S. Department of Justice and the U.S. Securities and Exchange Commission.

## Section 3 - Economy

The French economy is diversified across all sectors. The government has partially or fully privatized many large companies, including Air France, France Telecom, Renault, and Thales. However, the government maintains a strong presence in some sectors, particularly power, public transport, and defence industries. With more than 84 million foreign tourists per year, France is the most visited country in the world and maintains the third largest income in the world from tourism. France's leaders remain committed to a capitalism in which they maintain social equity by means of laws, tax policies, and social spending that mitigate economic inequality.

France's real GDP increased by 1.1% in 2015. The unemployment rate (including overseas territories) increased from 7.8% in 2008 to 9.9% in the fourth quarter of 2014. Youth unemployment in metropolitan France decreased from a high of 25.4% in the fourth quarter of 2012 to 24.3% in the fourth quarter of 2014.

Lower-than-expected growth and high spending have strained France's public finances. The budget deficit rose sharply from 3.3% of GDP in 2008 to 7.5% of GDP in 2009 before improving to 4% of GDP in 2014 and 2015, while France's public debt rose from 68% of GDP to more than 98% in 2015, and may hit 100% in 2016.

Elected on a conventionally leftist platform, President Francois HOLLANDE surprised and angered many supporters with a January 2014 speech announcing a sharp change in his economic policy, recasting himself as a liberalizing reformer. The government's budget for 2014 shifted the balance of fiscal consolidation from taxes to a total of \$24 billion in spending cuts. In December 2014, HOLLANDE announced additional reforms, including a plan to extend commercial business hours, liberalize professional services, and sell off \$6.2-12.4 billion in state owned assets. France's tax burden remains well above the EU average and income tax cuts over the past decade are being partly reversed, particularly for higher earners. The top rate of income tax is 41%. The government is allowing a 75% payroll tax on salaries over \$1.24 million to lapse.

### **Agriculture - products:**

wheat, cereals, sugar beets, potatoes, wine grapes; beef, dairy products; fish

### **Industries:**

machinery, chemicals, automobiles, metallurgy, aircraft, electronics; textiles, food processing; tourism

### **Exports - commodities:**

machinery and transportation equipment, aircraft, plastics, chemicals, pharmaceutical products, iron and steel, beverages

### **Exports - partners:**

Germany 15.9%, Spain 7.3%, US 7.2%, Italy 7.1%, UK 7.1%, Belgium 6.8% (2015)

### **Imports - commodities:**

machinery and equipment, vehicles, crude oil, aircraft, plastics, chemicals

#### **Imports - partners:**

Germany 19.5%, Belgium 10.7%, Italy 7.7%, Netherlands 7.5%, Spain 6.8%, US 5.5%, China 5.4%, UK 4.3% (2015)

### **Banking**

The French banking system underwent a fundamental structural reform in 1984, which removed most of the distinction between commercial banks and merchant banks and grouped most financial institutions under a single supervisory system. The largest commercial banks, such as Crédit Agricole - LCL, BPCE (Banque Populaire Caisse d'Épargne), Société Générale, BNP Paribas, Natixis, Crédit Mutuel - CIC group, and HSBC France rank among the largest banks in the world. These commercial banks offer all classic financing instruments, including short, medium, and long-term loans, short-and medium-term credit facilities, and secured and non-secured overdrafts. Commercial banks also assist in public offerings of shares and corporate debt, as well as mergers, acquisitions and takeovers. Banks also offer hedging against interest rate and currency fluctuations. France also has 147 foreign banks; some have sizeable branch networks.

The Bank of France (Banque de France) is a member of the European Central Bank (ECB) system and the Banque de France's governor sits on the executive board of the European Central Bank. The Banque de France introduced Euro-denominated banknotes and coins in January 2002, completing the transition to the Euro, and eliminating the French franc.

The Banque de France participates in the regulation and supervision of the French banking and financial system. Its governor is the chair of the Committee on Credit Institutions, which grants or withdraws banking licenses. The governor is also president of the Prudential Control Authority, which ensures that banks adhere to banking regulations, and supervises insurance companies.

The French government has sold its majority equity stakes in major banks and insurance companies. However, it retains ownership of the Caisse des Dépôts et Consignations and minority stakes in several major financial institutions. The French postal service, La Poste, an independent public entity, holds 10 percent of the French financial services market. La Poste has created its own bank, La Banque Postale, which in 2006 acquired the status of a regular bank.

### **Stock Exchange**

The center of the French market is the Euronext stock exchange, formed on 22 September 2000 when the exchanges of Amsterdam, Brussels and Paris merged. The Euronext group expanded at the beginning of 2002 with the acquisition of LIFFE (London International Financial Futures and Options Exchange) and the merger with the Portuguese exchange

BVL (Bolsa de Valores de Lisboa e Porto). In February 2005, Euronext Paris merged the 3 separate markets of the Paris exchange, the cash market ("Marche au Comptant"), the regulated market ("Second Marche") and the growth segment ("Nouveau Marche") with which new companies, especially smaller ones with an emphasis on growth and technology, can raise start-up capital. The new market list ("Eurolist") was split into 3 segments based on the capitalization of companies (150 million Euros, 150 million to 1 billion Euros, and more than 1 billion Euros).

In 2005, Euronext created a market, "Alternext," to offer companies a new unregulated market (based on the legal definition of the European investment services directive) with more consumer protection than the "Marche Libre" still used by some 335 small businesses for their first stock listing. Euronext also administers the financial futures market, commonly known as the MATIF ("Marché à Terme des Instruments Financiers"), for trading of standard contracts on interest rates, short- and long-term bonds, stock market indices, and commodities. It has established linkages with its German and Swiss counterparts as well as with the Chicago Mercantile Exchange. Options are traded on the "Marche des Options Négociables de Paris" (MONEP) exchange, operated by Euronext. Finally, though not nearly as developed as in the United States or the United Kingdom, venture capital has become an increasingly important way for start-up firms to raise capital. In March 2007, the NYSE merged with Euronext. NYSE Euronext's equities markets – the New York Stock Exchange, NYSE Euronext, NYSE Amex, NYSE Alternext and NYSE Arca represent 25 percent of the world's equities trading. The merger has increased international exposure to the European exchange and reduced trading fees, which should attract more investors.

Foreigners hold 42.3 percent of the capital of large publicly traded French companies (CAC 40) in December 2009. For a foreign company incorporated in an OECD country to be listed on the NYSE Euronext stock exchange, it must choose their point of entry (Belgium, France, Portugal or the Netherlands) and be supported by a financial intermediary, usually a bank. A company looking to be listed on Alternext must have a listing sponsor, whose status is granted by NYSE Euronext. It must also prepare a French language prospectus to get a permit from "Autorité des Marchés Financiers -AMF," the French equivalent of the SEC. Foreign companies are authorized to provide statements in English and a short summary in French. Since July 1, 2005, France has applied European regulation 809-2004 that details the content of prospectuses. An application to the AMF must include a summary in French or any other language commonly used in financial issues that describes "essential information related to the content and modalities of operations" as well as to the "organization, financial situation and development of the activity of the company".

### Executive Summary

- France welcomes foreign investment and has a reliable business climate that attracts investment from around the world. The French government devotes significant resources to attracting foreign investment, through policy incentives, marketing, its overseas trade promotion offices, and investor support mechanisms. France has an educated population, first-rate universities, and a talented workforce. It has a modern business culture, sophisticated financial markets, strong intellectual property protections, and innovative business leaders. The country is known for its world-class infrastructure, including high-speed passenger rail, maritime ports, extensive roadway networks and public transportation, and efficient intermodal connections. High speed (3G/4G) telephony is nearly ubiquitous and over 85% of French citizens have internet access.
- The investment climate in France, though complex, is generally quite conducive to U.S. investment, as illustrated by the fact that the United States is France's largest source of foreign direct investment (FDI stock). Around 1,200 U.S. companies in France (affiliates with assets, sales, or net income greater than \$25 million) are responsible for over 450,000 jobs. (Note: Business France (a French government agency) counts smaller firms and arrives at 4,800 American firms employing 460,000 people in France. End note.) In total, there are more than 20,000 foreign-owned companies doing business in France. It is home to more than 30 of the world's 500 largest companies. This year, France moved up one place to number 22 in the World Economic Forum's ranking of global competitiveness.
- The 2014 and 2015 American Chamber of Commerce France-Bain Barometer surveys on the outlook of U.S. companies in France have expressed a degree of pessimism on France's business climate, specifically citing challenges such as lack of clarity in the government's agenda, red tape and burdensome regulations, unpredictability in legislation, and the complexity of labor law. In recent years, the government has selectively intervened in corporate mergers and acquisitions and it maintains a significant stake in a few industries. Research suffers from insufficient collaboration between the public and the private sectors. Factors that can impede inward foreign investment include France's weak economic growth (0.2% GDP growth in 2014; 1.1% in 2015), unemployment stubbornly above 10%, unpredictable economic and budget policies, the complexity of tax regimes, and the fact that France has been subject to strict European Union macroeconomic surveillance due to a prolonged period of budget deficits exceeding the EU limit of 3% of GDP.
- Key sectors that have historically attracted significant foreign direct investment in France include manufacturing industries (notably the pharmaceutical, chemical, and automobile industries); financial sector; trade and repairs; information and communication; and construction and real estate. France continues to support innovation in small and medium enterprises (SMEs) via its ten-year, EUR 35 billion "Investments for the Future" (Investissements d'Avenir) program targeting green technologies, the digital economy and industrial sectors such as aeronautics, space, transportation, and shipbuilding. It developed tax incentives to spur research and innovation, such as the Research Tax Credit (CIR - Crédit Impôt Recherche) and for innovative new companies (Jeune Entreprise Innovante). Key sectors with high

potential include aerospace, food products, pharmaceuticals, microelectronics, logistics, and healthcare equipment. Call centers, biotechnology, and environment are other sectors with potential. The government has announced partial privatization of state-owned firms and plans to use proceeds to reduce indebtedness and increase investment in some sectors; it has not yet provided a detailed plan but may further reduce its stakes in electricity, gas, rail transport, and postal services.

- Key issues to watch include the government's ability to plan and implement structural reforms to boost competitiveness and employment. The government has already initiated an increase in the number of Sundays businesses can open and the deregulation of some sectors. In 2015, the government continued to introduce new measures to encourage growth and investment. In particular, it implemented the Responsibility and Solidarity Pact designed to lower firms' labor costs by EUR 30 billion by 2016, reduce corporate taxes and simplify administrative formalities. In tandem with the CICE corporate tax credit program (Crédit d'Impôt Compétitivité Emploi), the government expects the Responsibility Pact to spur the creation of approximately 500,000 jobs over the coming years. It has also recently implemented new labor laws, which strengthen vocational training and add elements of flexibility to the French labor market. In early 2016, the government unveiled – but has not yet passed into law – a package of labor market flexibility measures that would streamline legal and regulatory requirements through a revision of the labor code. One element of the 2016 labor bill (still under revision as of this writing) proposed to give companies more flexibility to set aspects of workers' workweeks or working hours at the company level, subject to employer-employee accord. The website of Business France has a chronology of measures planned and/or implemented by the government (labeled *Pro-Business Reform Agenda Highlights* on page 45 of [http://www.businessfrance.fr/wp-content/uploads/2016/03/V2\\_NEW\\_PDF\\_global\\_UK-BD\\_1703.pdf](http://www.businessfrance.fr/wp-content/uploads/2016/03/V2_NEW_PDF_global_UK-BD_1703.pdf)).
- Foreign investment represents a significant percentage of production, exports and employment in many sectors. Foreign firms employ two million individuals, account for one-third of French exports, and undertake more than 20% of corporate R&D expenditures. Rapid growth in new technologies has given way to renewed growth in traditional sectors: automobiles, metalworking, aerospace, capital goods, consultancy and services. France rejoined the top 20 largest recipients of foreign direct investment (FDI) inflows in 2014, at number 19 in annual FDI rankings published by UNCTAD (United Nations Conference on Trade and Development). FDI inflows accounted for 0.5% of GDP in 2014. According to the government agency Business France, investment projects in France were 5% lower in 2015 than the year before, but remained higher than the ten-year average. The United States accounted for 4.9% of FDI inflows in 2014, down from 18.5% the previous year. The U.S. FDI stock represents 10.4% of FDI in France or USD 76.8 billion. Based on 2013 estimates, U.S. holdings of French securities totaled USD 196 billion, down from the 2011 level of USD 217 billion. Those figures likely understate U.S. investment in France, as the U.S. investments tend to be considerably older than those of other countries, and U.S. firms often finance expansions and acquisitions on domestic French capital markets or through subsidiaries in third countries. As a result, much U.S. investment in France is not recorded in balance of payments statistics, even though it may ultimately be controlled by U.S. citizens.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	26 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
World Bank's Doing Business Report "Ease of Doing Business"	2015	27 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2015	21 of 143	<a href="http://globalinnovationindex.org/content/page/data-analysis">globalinnovationindex.org/content/page/data-analysis</a>
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 76,823	BEA
World Bank GNI per capita	2014	USD 42,950	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 1. Openness To, and Restrictions Upon, Foreign Investment

### Attitude toward Foreign Direct Investment

France is committed to encouraging foreign investment within its borders. In the current economic climate, the French government sees foreign investment as a way to create jobs and stimulate growth. Investment regulations are simple, and a range of financial incentives are available to foreign investors. A public agency named "Business France" resulted from the 2015 merger of UbiFrance (the trade promotion agency) and Agence Francaise pour les Investissements Internationaux (French Agency for International Investment or AFII, which promoted inward foreign investment in France). Business France has a staff of 1,500 in 70 countries. See <http://invest.businessfrance.fr> or <http://invest.businessfrance.fr/?lang=en> and the "Invest in France" smartphone application, through which users can "pinpoint every foreign investment location in France."

Foreign investors say they find France's skilled and productive labor force, good infrastructure, technology, and central location in Europe attractive. France's membership in the European Union (EU) and the Eurozone (as the 19 countries that use the Euro currency are known) facilitates the movement of people, services, capital, and goods. However, notwithstanding French efforts at economic reform, market liberalization, and attracting foreign investment, perceived disincentives to investing in France include the tax environment, the high cost of labor (with the minimum wage, called the SMIC for Salaire Minimum Interprofessionnel de Croissance, at EUR 1,466 per month), rigid labor markets, and occasional strong negative reactions toward foreign investors planning to restructure, downsize or close. The 2015 AmCham-Bain Barometer details U.S. businesses' concerns about some of France's economic policies under President François Hollande (in office since May 2012), notably the lack of predictability in economic and budget policy and increased complexity of the tax and labor regimes. The AmCham France recommends changes to France's labor regulations to boost employment, providing more legal stability and predictability to international investors in France, continuing to improve France's cost

competitiveness to catch up with competitors, attracting and retaining strategic functions and international talent in France, and accelerating administrative simplification without creating new complexities. See

[http://www.amchamfrance.org/assets/news\\_last\\_white\\_papers/845\\_barometre-amcham-bain-2015.pdf](http://www.amchamfrance.org/assets/news_last_white_papers/845_barometre-amcham-bain-2015.pdf) to download the 2015 AmCham-Bain Barometer study in French.

The Ministry of Foreign Affairs has a webpage devoted to economic diplomacy (<http://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade>) that lists attracting foreign investment to France as a top focus. Websites with a broader focus include: <http://m.invest-in-france.org/media/Doing-Business-in-France-2015.pdf> and [http://www.amchamfrance.org/en/special\\_business\\_reports/DOING-BUSINESS-IN-FRANCE/1](http://www.amchamfrance.org/en/special_business_reports/DOING-BUSINESS-IN-FRANCE/1).

No laws or practices discriminate against foreign investors by prohibiting, limiting or conditioning foreign investment except in a few specified sectors (refer to the section titled Limits on Foreign Control).

English summaries of regulations including labor and tax regulations applicable to foreign companies in France are available at the Business France website ([http://sayoutofrance-innovation.com/wp-content/uploads/2015/09/DB\\_BUSINESS\\_UK\\_2015\\_BD\\_2708.pdf](http://sayoutofrance-innovation.com/wp-content/uploads/2015/09/DB_BUSINESS_UK_2015_BD_2708.pdf)). French summaries are available at the Paris Chamber of Commerce and Industries' website (<http://www.inforeg.ccip.fr>).

#### Other Investment Policy Reviews

Given the relative stability of the investment climate, France is not the subject of international organizations' investment policy reviews. For example, the Organization for Economic Cooperation and Development (OECD) has not conducted a review of the French investment climate since 1996. The World Trade Organization (WTO) does not provide trade policy reviews for the individual member states of the European Union, but does provide one for the European Union as a whole (2013):

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp384\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp384_e.htm). The United Nations Committee on Trade and Development (UNCTAD) does not have a public report on the investment climate in France, though UNCTAD provides a statistical fact sheet on French FDI (inward and outward) at [http://unctad.org/sections/dite\\_dir/docs/wir2015/wir15\\_fs\\_fr\\_en.pdf](http://unctad.org/sections/dite_dir/docs/wir2015/wir15_fs_fr_en.pdf) and a country profile at <http://unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/251/index.html>.

#### Laws/Regulations on Foreign Direct Investment

There is strong respect for the rule of law in France. Whereas the United States uses a "common law" system, French law is codified. Private law governs interactions between individuals (e.g., civil, commercial, and employment law) and public law governs the relationship between the government and the people (e.g., criminal, administrative, and constitutional law). Foreign investment in France can take many forms: acquisition, merger, takeover, purchase of securities and other financial contracts, greenfield investments, etc.

The formal French investment regime is said to be among the least restrictive in the world. For a description of the French legal system applicable to foreign investment refer to [http://sayoutofrance-innovation.com/wp-content/uploads/2015/07/DB\\_BUSINESS\\_UK\\_2015\\_BD.pdf](http://sayoutofrance-innovation.com/wp-content/uploads/2015/07/DB_BUSINESS_UK_2015_BD.pdf) (English). For a brief introduction, see

the video called "The A-Z of investing in France with the IFA" ([http://www.dailymotion.com/video/xmmknp\\_the-a-z-of-investing-in-france-with-the-ifa\\_news](http://www.dailymotion.com/video/xmmknp_the-a-z-of-investing-in-france-with-the-ifa_news)).

The French government has a website called "Guichet Entreprises" (Business Window) that aims to be a one-stop shop for creating a business: <https://www.guichet-entreprises.fr/article/10-etapes-de-la-creation-dentreprise/> and a similar one (in French) at <https://www.cfe.urssaf.fr>, Centre de Formalités des Entreprises, for registering.

Questions about foreign investment operations that require notification to the Banque de France (the French central bank) should be addressed to the bank:

Banque de France (<http://www.banque-france.fr>)  
Service de la Balance des Paiements  
31, rue Croix-des-Petits Champs  
Tel: 01-4292-4292

### *Business Registration*

A. Companies, including foreign companies, may use the online business process which has been created to simplify formalities: <https://www.guichet-entreprises.fr>. A government organ formerly known as "Agence pour la Création d'Entreprises" (Business Creation Agency), but now called "Agence France Entrepreneur" (France Business Agency) also has information on creating a business: <https://www.apce.com/pid224/8-les-formalites-de-creation.html>. The World Bank's "Investing Across Borders" webpage on France (<http://iab.worldbank.org/data/exploreconomies/france>) provides quantitative indicators on the country's laws, regulations and practices affecting how foreign companies invest across sectors, start businesses, access industrial land, and arbitrate disputes. "Centre de formalités des entreprises" (CFE or "business formalities center"), which are generally Chambers of Commerce and similar organizations located throughout France, are equipped to accept registration applications. Note some required formalities are not handled by a CFE, notably related to the domiciliation of business, the protection of the name of the business, and business insurance. In the best case, registration may take only a week. For further explanation on business registration, foreign investors may also refer to Chapter 1 "Setting up in France successfully" in [http://sayoutofrance-innovation.com/wp-content/uploads/2015/07/DB\\_BUSINESS\\_UK\\_2015\\_BD.pdf](http://sayoutofrance-innovation.com/wp-content/uploads/2015/07/DB_BUSINESS_UK_2015_BD.pdf) (also available in French).

B. France's investment promotion agency is named "Business France." The agency is open to foreign investors (<http://en.businessfrance.fr/our-services/invest/>). Services are open to all businesses, regardless of size.

C. In France, companies are categorized by size. No specific legal structure exists for micro-entreprises but they do benefit from a specific tax status and accounting rules. (The French term "micro-entreprise" has replaced "auto-entrepreneur," as self-employed small business owner or sole proprietorships were previously known in France). Small and medium enterprises (SMEs) are businesses with fewer than 250 employees and sales lower than €50 million or balance sheets not exceeding €43 million. In 2015 and 2016 the French government announced a number of measures in favor of very small enterprises (VSEs, or TPEs in French) and SMEs (PMEs in French) to encourage them to hire and invest. Benefits may apply to foreign-owned businesses. VSEs and SMEs are the back bone of the French economy, accounting for 99.8% of French businesses and employing 50% of workers.

The World Bank webpage on starting a business in France provides information on the ease of starting a limited liability company (<http://www.doingbusiness.org/data/exploreeconomies/france/starting-a-business/>).

### Industrial Promotion

In September 2013, President Hollande unveiled a EUR 35 billion plan to finance an “Investments for the Future” (Investissements d’Avenir) program targeting 34 priority industrial sectors. In 2014, he added another EUR 12 billion, bringing the total to EUR 47 billion. That same year, newly-appointed Minister of Economy, Industry and Digital Affairs Emmanuel Macron focused the program on six “strategic priorities”: Excellence in Higher Education, Training, and Research; Commercializing Research; Health and Biotech; the Digital Economy; Innovative Industry and Transport; and Sustainable Development. Unlike past government-led industrial policies, these plans were developed by the private sector up to EUR 22.5 billion, with the government merely “leveraging the funds to be invested by companies taking part in these initiatives,” which are also open to foreign investors. In 2015, Minister Macron launched Phase 2 of the “Investments for the Future” program, targeting the digital sector (onboard software and connected objects, digital security and high-end computing and digital simulation). More information on these initiatives is available at: <http://www.gouvernement.fr/investissements-d-avenir-cgi> or <http://www.economie.gouv.fr/vous-orienter/industrie/nouvelle-france-industrielle>.

President Hollande also launched an Innovation 2030 program in 2013 via a global contest called the “Worldwide Innovation Challenge,” open to all entrepreneurs investing in France regardless of nationality. In March 2014, the Innovation 2030 Commission selected 58 preliminary stage winners who received an initial EUR 200,000 to get their ventures going. The French government earmarked EUR 300 million to co-finance innovative entrepreneurs between now and 2030 in the following sectors: energy storage, the recycling of metals, the development of marine resources, plant proteins and plant chemistry, personalized medicine, the silver economy (products and services for older people), big data, and public security and threat protection. The first round of applications closed in March 2015; a second call for proposals ran through December 2015. Other details are available on the “Worldwide Innovation Challenge” website: <http://www.entreprises.gouv.fr/innovation-2030/> (in French and English).

In the same vein, the French government inaugurated the French Tech initiative in 2014 to promote the development of France’s tech brand, and promote France as a location for start-ups and high-growth digital companies, with the goal of turning France into a “Start-Up Republic.” The French Tech initiative includes an “acceleration” investment by the French government of EUR 200 million to foster start-up ecosystems in and outside France and a EUR 15 million yearly budget to promote French innovation globally. The first two French Tech hubs were set up in the United States in 2014, in San Francisco and Boston. A “French Tech” conference is also organized every June in New York City. As part of the French Tech initiative, the French government launched in 2015 the “Paris French Tech Ticket” package to attract foreign entrepreneurs wishing to create or develop their start-up in Paris. This package includes a work visa, a \$14,000-\$28,000 grant (€12,500-€25,000) for each team member, free office space in an incubator in Paris, as well as an English-speaking administrative advisor to get through the red tape. Every six months, some 50 people will be awarded this French Tech Ticket. The first group of foreign start-ups was chosen in March 2016, and 23 of them,

including 5 Americans, were greeted by President Hollande. See <http://www.frenchtechticket.paris/7/faq>.

France continues to support innovation in small and medium enterprises (SMEs) via a EUR 400 million national seed fund (Fonds National d'Amorçage or FNA) managed by public financial institution Caisse des Dépôts et Consignations (CDC). The FNA fund is part of the French government's EUR 35 billion ten-year (2010-2020) Investments for the Future program (Investissements d'Avenir). More information is available at: <http://www.caissedesdepots.fr/fonds-national-damorçage> and <http://www.bpifrance.fr/Bpifrance/Nos-metiers/Fonds-propres/Les-fonds-de-fonds/Fonds-national-d-amorçage-FNA>.

France's Public Investment Bank (Banque Publique d'Investissement – Bpifrance) has been described by the French government as its "offensive" industrial policy tool. It also supports innovation in small and medium-sized companies and launched an accelerator for small companies in 2015 and will do the same for medium-sized companies in 2016. In 2014, it disbursed EUR 14 billion in interest-free loans, reimbursable advances, guarantees and equity investment to small and medium-sized companies at every stage of their development. The Public Investment Bank was formed in 2013 by merging a strategic investment fund named the "Directorate for Medium-Sized and Large Companies" ("Direction des ETI et Grandes Entreprises"), the Oséo fund for small business development, and the business lending arm of the government's financial institution (CDC or Caisse des Dépôts et Consignations). The government determines BPI's broad strategic objectives and offers each French region a partnership setting out its priorities through its 90 regional funds and 38 regional establishments. The bank's management actively searches for companies throughout France needing funding and has begun publishing yearly regional reports. See <http://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/facts-about-france/facts-about-french-economy/article/tailored-funding-with-the-public>.

#### Limits on Foreign Control and Right to Private Ownership and Establishment

With a few exceptions in certain specified sectors (see "Screening of FDI" below), there are no statutory limits on foreign ownership of companies. Foreign entities have the right to establish and own business enterprises, and engage in all forms of remunerative activity. However, French government officials occasionally try to insert themselves into merger and acquisition talks or try to exert pressure on executives involved in major cross-border deals.

No laws or practices discriminate against foreign investors by prohibiting, limiting or conditioning foreign investment except in a few specified sectors (see "Limits on Foreign Control below").

#### Privatization Program

France (like many other European governments) undertook a major privatization program in the 1990s. Today, the government owns a minority stake in several companies, listed in the section titled "Competition from State-Owned Enterprises." The government has not announced plans to completely privatize any of the remaining state-owned enterprises (SOEs), but it has drawn down its shareholdings in several companies, and hopes to earn EUR 5 to 10 billion by selling stakes in regional airports and companies in which it holds double

voting rights (e.g., electric utility EDF and national lottery company Française des Jeux). The government plans to sell its 60% stakes in Nice and Lyon airports in 2016.

Foreign investors are allowed to participate in privatizations. The government's stakes in state-owned companies are sometimes sold through market-based public offerings, but more commonly through an off-market bidding process. In either case, the Ministries of Finance and Economy makes determinations based on bidders' business plans and with the advice of the quasi-independent "Commission des Participations et des Transferts" (formerly known as the Privatization Commission). The confidential nature of off-market sales can raise suspicions about the equal treatment of foreign and French bidders, cooling interest from foreign investors. In the past, a policy of selling holdings to "core" shareholders to avoid splitting up companies or selling sensitive state assets to foreign investors favored French firms.

A 1993 privatization law gives the government the option to maintain a so-called "golden share" when privatizing national companies in order "to protect national interests." A golden share gives the government the right to: require prior authorization from the Ministries of Finance and Economy for any investors acting in concert to own more than a certain percentage of a firm's capital; name up to two non-voting members to the firm's board of directors; and block the sale of any asset to protect "national interests."

In June 2002, the European Court of Justice reaffirmed the basic principle of free movement of capital in the EU and stated that the use of golden shares was a serious impediment to that principle. Nonetheless, a 2006 French law allowing the government (on energy security grounds) to keep a golden share in Gaz de France (GDF) following its merger with Suez was accepted by the European Commission. As of April 2016, the government now has double voting rights in GDF-Suez, now known as Engie. The French government has likewise reserved the right to retain a golden share in any restructuring of Areva, the French nuclear and renewable energy company.

#### Screening of FDI

The Business France website's "Doing Business in France" section explains French regulations on foreign direct investment (see <http://invest.businessfrance.fr/mediatheque/doing-business-2015-2/?lang=en>). While there is no generalized screening of foreign investment, French law stipulates that acquisitions in certain sectors are subject to prior notification, screening, and approval by the Economy Minister. From 2005 to 2014, the eleven specified sectors were gambling; private security services; research, development and production of certain pathogens or toxic substances; wiretapping and communications interception equipment; testing and certification of security for IT products and systems; goods and services related to the information security systems of companies managing critical infrastructure; dual-use (civil and military) items and technologies; encryption services; the activities of firms entrusted with national defense secrets; research, production or trade of weapons, ammunition, and explosive substances intended for military purposes; and any business supplying the Defense Ministry with any of the above goods or services.

In May 2014, six new areas were added to the specified sectors list: energy infrastructure; transportation networks; public water supplies; electronic communication networks; public health protection; and installations/works vital to national security. (See [http://www.tresor.economie.gouv.fr/4183\\_Textes-de-reference](http://www.tresor.economie.gouv.fr/4183_Textes-de-reference) for the legal text.)

The French government must review any investment (in the aforementioned specified sectors) that acquires control of a French firm, surpasses a 33-percent ownership threshold, or involves any part of such a firm that has established headquarters in France. Some investments in sensitive sectors require the consent of several ministries. The foreign investor submits a formal application for prior authorization to the Minister of the Economy who will make a decision within two months of the date of receipt of a full and complete formal application for authorization. If the Minister of the Economy fails to make a decision, the authorization is deemed granted. The formal review process and communications with the foreign investor are carried out by departments of the Ministry of Economy in relation with other governmental agencies corresponding to the sensitive sector(s) involved.

As a condition of authorization, the French Minister of the Economy may impose certain conditions on the foreign investor to mitigate risks that the contemplated transaction could adversely affect public order, public safety or national security. Foreign investors may contest the conditions imposed for authorization, or the refusal to authorize, before the administrative law courts.

### Competition Law

Direct investments in the form of mergers and acquisitions are subject to antitrust review by the French Competition Authority (Autorité de la Concurrence) as provided by the Economic Modernization Law of August 4, 2008. The Competition Authority handles any operation meeting the following three conditions: the pre-tax global revenue of all the combined companies or entities is above EUR 150 million; the pre-tax revenue in France is above EUR 50 million; the operation does not fall within the scope of 2004 EU Regulation 139 on merger regulation. Information in English is available at: [http://www.autoritedelaconcurrence.fr/user/standard.php?id\\_rub=79](http://www.autoritedelaconcurrence.fr/user/standard.php?id_rub=79).

An August 6, 2015 law on economic growth, activity and equal opportunities (known as the "Macron Law") vested the Competition Authority with the power to review concentrations between retailers ex-ante (beforehand). The law provides that all contracts binding a retail business to a distribution network shall expire at the same time. This enables the retailer to switch to another distribution network more easily. Furthermore, distributors are prohibited from restricting a retailer's commercial activity via post-contract terms. The civil fine incurred for restrictive practices can now amount to up to 5% of the business's revenue earned in France.

The Competition Authority has also played a key consultative role in opening up new sectors to competition. For example, the Authority's President, Bruno Lasserre, counseled Minister of Economy Emmanuel Macron to liberalize the long-distance, intercity bus market in France as part of the aforementioned "Macron Law." To date, the government estimates that this law has created some 1,000 jobs in five intercity bus companies, including two foreign (British and German) firms.

The Competition Authority is also active in highly regulated industries such as energy. Together with the energy regulator CRE (Commission de Régulation de l'Énergie), the Authority submits a report every five years to the government on the implementation and effects of the Regulated Access to Incumbent Nuclear Electricity (ARENH) mechanism, particularly regarding its impact on the wholesale and retail markets, as well as investments in electricity production facilities. The ARENH mechanism entitles suppliers to purchase electricity from EDF at a regulated price, in volumes determined by the CRE. In its opinion

published on February 16, 2016, the Authority urged the government to give a clear indication that it would start progressively phasing out this mechanism, which is due to expire on December 31, 2025. The Authority has deemed the current system not conducive to “effective competition in the French basic energy production market.”

In a similar vein, in the rail sector, the government followed the advice of a January 2015 Competition Authority report advising the government to bolster the autonomy of SNCF Réseau (the rail network management company) from its sister company, SNCF Mobilités (the railway operator) in order to promote greater economic efficiency. The Authority judged that keeping railway infrastructure management independent from railway operations was “essential for the development of fair competition,” but had previously been lacking.

A tradition of state intervention in the French economy can pose challenges to both French and foreign investors, as corporate governance and employment decisions occasionally attract political attention. French labor unions tend to see U.S. firms as focused on short-term profits at the expense of employment and not sufficiently committed to social dialogue or respect for their legal obligations to employees when restructuring.

## **2. Conversion and Transfer Policies**

### Foreign Exchange

France is one of nineteen countries (known collectively as the Eurozone) that use the euro currency. Exchange rate policy for the euro is handled by the European Central Bank in Frankfurt, Germany. After spending most of 2013 and the first half of 2014 in the range of USD 1.30 to USD 1.40, the euro began to fall against the dollar in mid-2014, reaching a low USD 1.05 in March 2015. During 2015 and first quarter 2016, the euro vacillated between USD 1.05 and USD 1.15.

For more information on the exchange rate policies of the Eurozone, please see the U.S. Treasury's semiannual *Report to Congress on International Economic and Exchange Rate Policies* at: <http://www.treasury.gov/resource-center/international/exchange-rate-policies/Pages/index.aspx>.

### *Remittance Policies*

France's investment remittance policies are stable and transparent.

All inward and outward payments must be made through approved banking intermediaries by bank transfers. There is no restriction on the repatriation of capital. Similarly, there are no restrictions on transfers of profits, interest, royalties, or service fees. Foreign-controlled French businesses are required to have a resident French bank account and are subject to the same regulations as other French legal entities. The use of foreign bank accounts by residents is permitted.

For purposes of controlling exchange, the French government considers foreigners as residents from the time they arrive in France. French and foreign residents are subject to the same rules; they are entitled to open an account in a foreign currency with a bank established in France, and to establish accounts abroad. They must report all foreign accounts on their annual income tax returns, and money earned in France may be transferred abroad.

France established its own tax-haven black list in February 2010, and updates it periodically. France uses its powers under national law to freeze terrorist's assets, and cooperates internationally and at the United Nations on terrorist financing issues. As part of international efforts to combat money laundering and the financing of terrorism, France has introduced regulations tightening reporting on checks, their amounts, origins and destinations. In 2015, the government added another series of such measures (see <http://www.economie.gouv.fr/lutte-contre-financement-terrorisme-bilan-des-mesures>), including stricter regulation of prepaid cards, higher vigilance in the banking sector on high amount transactions, lower limits on legal cash transactions, and the ability to freeze a wider range of terror suspects' assets.

France is a founding member of the OECD-based Financial Action Task Force (FATF, a 34-nation intergovernmental body). As reported in the Department of State's France Report on Terrorism, the French government has a comprehensive anti-money laundering/counterterrorist financing (AML/CTF) regime and is an active partner in international efforts to control money laundering and terrorist financing. Since 2011, the French government has considerably expanded its financial intelligence unit, Tracfin. Tracfin also became more active within international organizations, and has signed new bilateral agreements with foreign countries. In April 2012, France's bank supervisor, the Prudential Control Authority (ACPR, Autorité de Contrôle Prudential et de Résolution) updated its guidance on vigilance measures concerning fund transfers. In March 2014, ACPR, which supervises the banking and insurance sectors in France, published guidelines regarding anti-money laundering and terrorism financing in the field of wealth management in the banking and insurance sectors. In January 2014, ACPR stated that the exchange in France of bitcoins against a currency requires a license as payment services provider.

### **3. Expropriation and Compensation**

Under French law, private investors are entitled to compensation if their properties are expropriated, and such compensation must be prompt and adequate. This is reflected in France's bilateral investment treaties. There have been no recent disputes involving expropriation of U.S. investments. There are no high-risk sectors prone to direct or indirect expropriation actions.

### **4. Dispute Settlement**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Whereas the United States uses a common law system (based on precedent), French law is codified into what is sometimes referred to as the Napoleonic Code, but is officially the Code Civil des Français, or French Civil Code. Private law governs interactions between individuals (e.g., civil, commercial, and employment law) and public law governs the relationship between the government and the people (e.g., criminal, administrative, and constitutional law).

France's Commercial Tribunal (Tribunal de Commerce or TDC) specializes in commercial litigation. Magistrates of the commercial tribunals are lay judges, who are well-known in the business community and have experience in the sectors they represent. Decisions by the commercial courts can be appealed before the Court of Appeals. France also has an administrative court system to challenge a decision by local governments and the national government; the State Council (Conseil d'Etat) is the appellate court.

France enforces foreign legal decisions such as judgments, rulings and arbitral awards through the procedure of exequatur introduced before the Tribunal de Grande Instance (TGI), which is the court of original jurisdiction in the French legal system.

France has a distinctive system of protection of intellectual and industrial property rights, applicable not only to artistic or creative rights approximately equivalent to copyright, but also to designs, drawings, patents and trademarks. Firms can register and protect innovation on French territory with the centralized authority for registering industrial property rights, the INPI (Institut National de la Propriété Industrielle, <http://www.inpi.fr>). French attorneys are qualified and specialized in the specific field of intellectual property. No French commercial court has a monopoly on intellectual property rights. The French Courts are frequently called upon to decide claims from holders of intellectual property rights.

With regard to French patents, actions are generally brought before the High Court (Tribunal de Grande Instance), however questions of jurisdiction may arise concerning foreign patents. The French judicial system is independent, competent, and substantively fair and reliable. Firms can also protect their rights on the European territory or in foreign countries. Cases related to intellectual property rights on a European community brand can be brought to the European courts or the European Court of Justice. French courts must recognize and enforce judgments of foreign courts.

#### Bankruptcy

France has extensive and detailed bankruptcy regulations. Any creditor, regardless of the amount owed, may file suit in bankruptcy court against a debtor. Foreign creditors, equity shareholders and foreign contracts holders have the same rights as their French counterparts. Monetary judgments by French courts on firms established in France are generally made in euros. Not bankruptcy itself, but bankruptcy fraud -- the misstatement by a debtor of his financial position in the context of a bankruptcy -- is criminalized. The French bankruptcy law was amended in 2012 to prevent managers and other entities responsible for the bankruptcy of a French company from escaping liability by shielding their assets (Law 2012-346). Also in 2012, France passed a law that enables debtors to implement a restructuring plan with financial creditors only, without affecting trade creditors. In the World Bank's 2016 Doing Business rankings, France dropped two places to number 24 (out of 189) on ease of resolving insolvency (after having jumped 20 slots from 42 to 22 in 2015).

#### Investment Disputes

In the past ten years, investment disputes involving U.S. or other foreign investors have been relatively rare though not unheard of.

French regulations in reaction to various potential or proven risks to the environment or human health have made market access for some U.S. energy and biotech companies more difficult. France banned hydraulic fracturing of rock for gas exploration and extraction (fracking) in 2011 and denied the transfer of exploration licenses acquired by U.S. firms, including Schuepbach Energy LLC and Hess Oil, in 2013. France's constitutional court ruled that a July 13, 2011 law banning fracking was "pursuing a legitimate goal in the general interest of protecting the environment." In April 2014, the government suspended the debate within the government on the pros and cons of fracking.

U.S. biotech producers Monsanto, Pioneer/Hi-Bred (DuPont company), and Dow Agro Sciences are present in France, and subject to on-again/off-again bans on genetically modified organisms (GMO) and application of the “precautionary principle” (under which protections can be relaxed only if further scientific findings emerge that provide sound evidence that no harm will result).

#### International Arbitration

France was one of the first countries to enact a modern arbitration law in 1980-1981. In 2011, the French Ministry of Justice issued Decree 2011-48 which introduced further international best practices into French arbitration procedural law. As a result of that decree, parties are free to agree orally to settle their disputes through arbitration, and the arbitrators to apply their chosen procedure, subject only to minimum standards of due process and a newly enacted principle of procedural celerity and fairness. The President of the Tribunal de Grande Instance (High Civil Court of First Instance) of Paris has the authority to issue orders related to ad-hoc international arbitration (i.e., not institutional arbitration). Paris is the seat of the International Chamber of Commerce’s International Court of Arbitration, composed of representatives from 90 countries. Basic texts governing international arbitration in France can be found at <http://www.parisarbitration.com/documentation.php#basic-legal-texts>.

#### *ICSID Convention and New York Convention*

France is a member of both the International Centre for Settlement of Investment Disputes (ICSID) convention and a signatory to the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention) which means local courts must enforce international arbitral awards.

#### Duration of Dispute Resolution – Local Courts

The timeframe for dispute resolution varies considerably -- up to two years (all forms of appeal included). For emergency situations, a so-called référé procedure is available provided there is a danger of irreparable harm; this expedited procedure takes just a few days.

### **5. Performance Requirements and Investment Incentives**

#### WTO/TRIMS

France is a party to the World Trade Organization’s (WTO) Trade-Related Investment Measures (TRIMS) agreement. While developing new draft legislation, the French government submits a copy to the World Trade Organization for review to ensure the prospective legislation is not inconsistent with its WTO obligations.

#### Investment Incentives

France offers a range of financial incentives, generally equally available to both French and foreign investors.

The French government introduced a competitiveness and employment tax credit (Crédit d'Impôt pour la Compétitivité et l'Emploi - CICE), effective January 2013, that reduces payroll taxes paid by businesses, and temporarily exempts some firms based on geographic location (urban tax-free zones, rural regeneration zones, etc.) or status as an innovative start-up. Detailed information is provided in English on the Economic Ministry website at

<http://www.economie.gouv.fr/ma-competitivite/tax-credit-for-encouraging-competitiveness-and-jobs> or in French at <http://www.ma-competitivite.gouv.fr>.

The Responsibility and Solidarity Pact, adopted by the National Assembly in July 2014, will provide firms established in France cuts in payroll taxes totaling EUR 40 billion by 2017, including the elimination of payroll taxes on minimum wage earners, the phasing-out of the corporate social solidarity contribution (C3S) starting in 2015, the abolition of the exceptional corporate income tax payment for large corporations starting in 2016, and a gradual reduction in the rate of corporation tax as of 2017.

Recognizing that French corporate taxes are higher compared to those in other leading industrial countries, the government plans to gradually reduce the nominal corporate tax rate from 33% to 28% by 2020, on top of tax credits already in place. For more information on investment incentives and overall French economic objectives, see:

[http://ec.europa.eu/europe2020/europe-2020-in-your-country/france/national-reform-programme/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-your-country/france/national-reform-programme/index_en.htm)

A new simplification rule whereby a lack of response from the public authorities is tantamount to a tacit agreement, set out by law in 2013, came into force on 12 November 2014. This new principle overturns the 'silence implies rejection' rule that had been in place for 150 years.

For movie producers, the French government increased the maximum tax credit per foreign film, known as the Tax Rebate for International Production (TRIP), from EUR10 million to EUR30 million in 2015. The rate of the international cinema and audiovisual tax credit has been raised from 20 to 30%. The aim of this is to relocate and attract to France those productions which, purely for tax reasons, would have been produced elsewhere.

On December 18, 2014, Parliament approved, via a 2014 Amending Finance Law, the government's plan to incentivize corporate venture investment in small companies. Under the

plan, a French company or French subsidiary of a foreign company that invests in cash for a minority shareholding (less than 20%) in a small, innovative SME, either directly or indirectly (i.e., through a fund), would benefit from a five year, linear amortization of their investment. To qualify, SMEs must allocate at least 15% of their spending on research, or their product's processes or technique must have been recognized as innovative by the Public Investment Bank (<http://www.bpifrance.fr> and <http://www.bpifrance.fr/Investors-Center>).

One of the missions of Business France's overseas offices is to assist foreign companies that want to invest in France. In the United States, Business France has offices in New York, Boston, Atlanta, Detroit, Chicago, Houston, and San Francisco. (See <http://www.youbuyfrance.com/us/> and <http://sayoutofrance-innovation.com/?lang=en>.)

### *Research and Development*

Incentivizing research and development (R&D) and innovation is a priority for the French government, with the French commercial agency Business France reporting that the percentage of foreign investment projects in R&D rose to 28% in 2014, accounting for 9% of all foreign investment decisions in 2014, and resulting in 6% of all jobs created by foreign investors. New innovation outlays from foreign firms created an estimated 1,700 R&D jobs in

France in 2014. Inward R&D investments increased 18% in 2014 in key sectors such as pharmaceutical and biotechnologies, electronics, video games, and medical surgical equipment.

R&D continues to be a major component that attracts foreign investment. International companies may join France's 71 innovation clusters increasing access to both production inputs and technical benefits of geographical proximity. In addition, the annual TNS Sofres-IFA 2014 poll pointed to France's innovation policy as an attractive factor for foreign investment. The Research Tax Credit (Crédit Impôt Recherche - CIR), innovative new company status (Jeune Entreprise Innovante – JEI), National Investment Program, and La French Tech form part of this innovation policy. Additional programs include La French Tech Ticket and the French Young Entrepreneurs Initiative (YEI).

The Research Tax Credit (Crédit Impôt Recherche - CIR) offsets R&D expenditures undertaken by both domestic and foreign firms operating in France, regardless of size or business sector, covering both R&D spending and innovation expenses incurred by small and medium-sized enterprises. The French government provides tax credits to support up to 30% of a firm's first EUR 100 million in R&D costs, and an additional 5% in credits above this threshold. Additionally since 2013, an "innovation tax credit" is available that reduces the cost of innovation expenditure by 20% up to EUR 400,000. The research tax credit and innovation schemes are set until 2017.

France boasts 71 innovation clusters or "competitiveness poles" that bring together universities, private companies and research centers, as well as new technology research institutions benefiting from public/private joint investments. More than 30 of these clusters are attracting international partnerships, and 17 cooperation projects with American partners are already in place. The government's cluster policy involves many public players, such as the National Research Agency (Agence Nationale de la Recherche or ANR), the Public Investment Bank (Bpifrance), the Environment and Energy Conservation Agency (ADEME), the financial institution CDC (Caisse des Dépôts et Consignations or CDC) and investment promotion organization Business France. (For more information in English, see: <http://competitivite.gouv.fr/les-brochures-de-presentation-des-poles/french-poles-de-competitivite-clusters-serving-business-and-job-growth-787.html> and [http://competitivite.gouv.fr/documents/commun/Documentation\\_poles/brochures\\_poles/anglais/brochure-ang-internet.pdf](http://competitivite.gouv.fr/documents/commun/Documentation_poles/brochures_poles/anglais/brochure-ang-internet.pdf)).

The New Innovative Company status (Jeune Entreprise Innovante – JEI) offers tax advantages to SMEs that are less than eight years old and whose R&D expenditures account for at least 15% of total spending. Scale-backs in 2011 were restored in 2014 along with a "new university company" status which encourages researchers to start new businesses.

The EUR 47 billion National Investment Program supports growth in innovation and specialist sectors, development and distribution of generic technologies, training, energy transition, and development of the living economy and healthcare. Innovative projects with high growth potential and manufacturing projects are selected by an independent panel that often includes experts with international backgrounds.

La French Tech initiative launched in 2013 to support the growth of startups and digital companies by providing funding under the umbrella of the National Investment Program. La French Tech accelerates the growth of startups throughout France, accrediting nine French Tech cities in 2014, and investing EUR 200 million in acceleration programs for digital

companies. Additionally, La French Tech aids in the internationalization of startups and aims to attract foreign investors, corporations, startups, and talent. French Tech Hubs in foreign cities help French companies to expand to the global marketplace.

La French Tech Ticket is a Paris-based program that focuses on bringing international startups to France by offering benefits which include a residence permit, a grant of EUR 25,000 and free mentoring in a Parisian startup incubator. Following the first selection of winners in March 2016, the program was expanded to cover 200 selected startups in 13 French cities.

Based in Boston, the French Young Entrepreneurs Initiative (YEi) further encourages American startups to set up their businesses in France. Since 2005, the program has facilitated networking opportunities for leaders of 61 startups, linking American entrepreneurs with French incubators and research centers. After participating in the program, 13 American companies have launched their startups in France. The YEi initiative expects to expand its French network to include more incubators and Business France, the French agency responsible for promoting foreign investment in France.

For OECD's review of France's Innovation Policy, see <http://www.oecd.org/publications/oecd-reviews-of-innovation-policy-france-2014-9789264214026-en.htm>.

#### Performance Requirements

While there are no mandatory performance requirements established by law, the French government will generally require commitments regarding employment or R&D from both foreign and domestic investors seeking government financial incentives. Incentives like PAT regional planning grants (Prime d'Aménagement du Territoire pour l'Industrie et les Services) and related R&D subsidies are based on the number of jobs created, and authorities have occasionally sought commitments as part of the approval process for acquisitions by foreign investors. For 2014-2020, PAT has been revised to benefit SMEs with the objective of promoting the development of businesses in priority regional zones. In 2015, this direct government subsidy amounts to EUR30 million (see <http://www.cget.gouv.fr/prime-damenagement-territoire-pat>).

The French government imposes the same conditions on domestic and foreign investors in cultural industries: all purveyors of movies and television programs (i.e., television broadcasters, telecoms operators, internet service providers and video services) must invest a percentage of their revenues to finance French film and television productions. They must also abide by broadcasting content quotas (minimum 40% French, 20% EU).

#### Data Storage

France has not implemented data localization measures (i.e., rules on maintaining a certain amount of data storage within the country), but there is ongoing discussion among government, civil society, and corporate stakeholders regarding the desirability and feasibility of proposals to encourage data localization.

France's existing criminal code punishes failure to comply with orders to decrypt data or give up encryption keys to the authorities with three years in jail and a fine of €45,000 (\$51,300), or five years in jail and a fine of €75,000 (\$85,400) if complying with the order would have prevented a crime. As of April 2016, both chambers of France's legislature had approved different versions of a draft bill on "Combating Organized Crime, Terrorism, and their

Financing” with amendments that could increase fines, and possibly prison sentences, for failure to decrypt and hand over data to investigators in terrorism-related cases. A joint parliamentary committee will meet in early May 2016 to reconcile the chambers’ versions of the bill.

## **6. Protection of Property Rights**

### Real Property

Real property rights are regulated by the French civil code and are enforced. In the World Bank’s Doing Business Report (DBR), France is ranked 85 of 189 on registering property. French civil-law notaries (notaires) -- highly specialized lawyers in private practice appointed as public officers by the Justice Ministry -- handle residential and commercial conveyancing and registration, contract drafting, company formation, successions and estate planning. The official system of land registration, the “cadastre” (cadaster, in English) is maintained by the French public land registry under the auspices of the French tax authority (Direction Générale des Finances Publiques - DGFIP); available online at <https://www.cadastre.gouv.fr>. Mortgages are widely available, usually for a 15-year period.

### Intellectual Property Rights

France is a strong defender of intellectual property rights. Under the French system, patents and trademarks protect industrial property, while copyrights protect literary/artistic property. By virtue of the Paris Convention and the Washington Treaty regarding industrial property, U.S. nationals have a priority period following filing of an application for a U.S. patent or trademark in which to file a corresponding application in France: twelve months for patents and six months for trademarks.

Counterfeiting is a costly problem for French companies, and the government of France maintains strong legal protections and a robust enforcement mechanism to combat trafficking in counterfeit goods -- from copies of luxury goods to fake medications -- as well as the theft and illegal use of intellectual property. The French Intellectual Property Code has been updated repeatedly over the years to face the challenge. On February 26, 2014, the French parliament passed a law reinforcing France’s anti-counterfeiting law, which is based on an October 29, 2007 law that implements the April 29, 2004 EU directive on intellectual property rights. The new legislation increases the euro amount for damages to companies that are victims of counterfeiting and extends trademark protection to smartcard technology, certain geographic indications, plants, and agricultural seeds. The new legislation also increases the statute of limitations for civil suits from three to ten years and strengthens the powers of customs officials to seize fake goods sent by mail or express freight. Finally, the 2014 legislation requires the establishment of a database that will centralize all relevant information from French customs and mail and freight operators.

The government also reports on seizures of counterfeit goods.

France’s top private sector anti-counterfeiting organization, UNIFAB, dedicated its 2016 counterfeiting report to exposing the links between crime, terrorism, and counterfeiting. The report (available at [http://www.unifab.com/images/Rapport-A-Terrorisme-2015\\_GB.pdf](http://www.unifab.com/images/Rapport-A-Terrorisme-2015_GB.pdf)) makes clear that terrorist networks and criminal organizations raise money from selling counterfeit goods (including via both legitimate and illicit e-commerce sites).

France has robust laws against online piracy. The government agency called the High Authority for the Dissemination of Artistic Works and the Protection of Rights on Internet (Haute Autorité pour la Diffusion des Œuvres et la Protection des droits sur Internet - HADOPI) administers a “graduated response” system of warnings and fines. It has taken enforcement action against several online pirate sites, including Megaupload. HADOPI cooperates closely with the U.S. Patent and Trademark Office (USPTO) as well as with the White House Office of the Intellectual Property Enforcement Coordinator, including pursuing voluntary arrangements that target intermediaries that facilitate or fund pirate sites. (Note that one of HADOPI’s tasks is to ensure that the technical measures used to protect works do not prevent the right of individuals to make private copies of television programs for their private use.) Despite HADOPI’s efforts, Institute Médiamétrie estimates 13.5 million people watched pirated movies or television shows in France in 2014, up 1.8% from the year before.

For additional information about treaty obligations and points of contact at French IP offices, please see the World Intellectual Property Organization’s (WIPO) country profiles at <http://www.wipo.int/directory/en/>.

#### *Resources for Rights Holders*

Intellectual Property Rights Officer, Economic Affairs Section, U.S. Embassy Paris. Tel: +33-1-4312-2702.

<http://france.usembassy.gov/business/france.html>

<http://france.usembassy.gov/judicial.html>

<http://www.amchamfrance.org/en/contact>

[http://www.amchamfrance.org/en/business\\_center/living\\_and\\_working\\_in\\_france/5](http://www.amchamfrance.org/en/business_center/living_and_working_in_france/5)

## **7. Transparency of the Regulatory System**

The French government has made considerable progress in recent years on the transparency and accessibility of its regulatory system. A major reform in 2009 extended the investigative and decision-making powers of France’s Competition Authority, and in 2011 the Authority published its methodology for calculating fines imposed on companies charged with abuse of a dominant position. In 2012, it issued specific guidance on competition law compliance, and government ministers, companies, consumer organizations and trade associations now have the right to petition the authority to investigate anti-competitive practices. While the Authority alone examines the impact of mergers on competition, the Minister of the Economy retains the power to request a new investigation or reverse a merger transaction decision for reasons of industrial development, competitiveness, or saving jobs.

The French government generally engages in industry and public consultation before drafting legislation or rulemaking through a regular but variable process directed by the relevant ministry. However, the text of draft legislation is not always publicly available before parliamentary approval. The French government has recently experimented with new procedures such as online industry consultations for input related to the U.S.-EU Transatlantic Trade and Investment Partnership (TTIP) and the EU-Japan FTA as well as mandatory impact assessments. Although more open than before, French practices appear to be somewhat less transparent and less systematic than EU public notice and comment procedures, according to industry feedback.

To increase transparency in the French legislative process, since 2009 all ministries are required to attach an impact assessment to their draft bills. The Prime Minister's Secretariat General (SGG for Secrétariat Général du Gouvernement) is responsible for ensuring that impact studies are undertaken in the early stages of the drafting process. The State Council (Conseil d'Etat), which must be consulted on all draft laws and regulations, may reject a draft bill if the impact assessment is inadequate.

In June 2014, Prime Minister Manuel Valls set up the position of State Secretary for State Reform and Simplification to make French regulations simpler. The State Secretary consults with companies prior to the drafting of legislation that may affect them. He works in close cooperation with two other agencies under the Prime Minister: the Prime Minister's Secretariat General and the Secretariat General for European Affairs. (This policy is part of a wider effort by the European Union to reduce regulatory burdens under the European Commission's REFIT program.) Some 40 of 92 proposed simplification measures have been adopted so far, including the "tell us once" initiative for e-government-related services and the provision on "zero additional cost" for all new measures. This means that the impact on businesses of any change in regulations or legislation will be quantified by independent experts, or representatives of the business community, and any new cost should be offset by a "reduction at least equivalent to it." The State Secretary for Simplification is also charged with promoting open access to public data.

Foreign companies have expressed concern regarding France's standard-setting procedures. Rigorous testing and approval procedures are sometimes required before goods approved in the United States are cleared for sale in France. The United States and the EU have negotiated mutual recognition agreements covering the testing and certification of some products, but French standards apply where EU-wide standards do not exist. More information on these agreements can be found on the websites of the International Bureau of Weights and Measures at <http://www.bipm.org>, the U.S. Commerce Department's International Trade Administration (ITA) at <http://www.trade.gov>, and the U.S. National Institute of Standards and Technology at <http://www.nist.gov>. U.S. firms may also find it useful to become members of industry associations, which can play an influential role in developing government policies. Even "observer" status can offer insight into new investment opportunities and greater access to government-sponsored projects.

## **8. Efficient Capital Markets and Portfolio Investment**

There are no administrative restrictions on portfolio investment in France, and there is an effective regulatory system in place to facilitate portfolio investment.

France's open financial market allows foreign firms easy access to a variety of financial products both in France and internationally. France continues to modernize its marketplace; as markets expand, foreign and domestic portfolio investment has become increasingly important.

As in most EU countries, French listed companies are required to meet international accounting standards. Some aspects of French legal, regulatory and accounting regimes are less transparent than U.S. systems, but they are consistent with international norms.

Euronext Paris (also known as Paris Bourse), the primary French stock exchange, created Alternext in 2005 to offer small and medium-sized companies an unregulated market (based on the legal definition of the European investment services directive) with more consumer

protection than the *Marché Libre* still used by a couple hundred small businesses for their first stock listing. A company seeking a listing on Alternext must have a sponsor with status granted by NYSE-Euronext, and prepare a French language prospectus for a permit from the *Autorité des Marchés Financiers* (AMF or Financial Markets Authority), the French equivalent of the U.S. Securities and Exchange Commission. Since May 2013, small and medium-size enterprises (SMEs) may list on EnterNext, a new subsidiary of the Euronext Group. Drawing on its pan-European presence, EnterNext brings together all Euronext Group initiatives for companies listed in the B compartment (valued between EUR 150 million and EUR 1 billion) and the C compartment (market capitalization of less than EUR 150 million) of its regulated European markets and on Alternext. EnterNext launched a new communication platform on tech financing through capital markets, which offers information to investors. Foreign companies can provide statements in English with a short summary in French. Details may be found on the AMF web site (<http://www.amf-france.org>), and more information is available on the Paris Stock Exchange website (<http://www.boursedeparis.fr> and <https://www.euronext.com/en>).

Foreigners held 45.3% of the capital of large publicly traded French companies (CAC 40) as of September 2015. An intricate network of cross-shareholdings and interlocking boards among French corporations has often been seen as a barrier to foreign acquisition; often, two French companies will own a significant share of each other, with the same executives sitting on both Boards of Directors. This has grown less common in recent years under pressure from the marketplace.

#### Money and Banking System, Hostile Takeovers

France's banking system recovered gradually from the 2008-2009 global financial crises. French banks are now largely healthy. The assets of France's largest banks totaled EUR 6.3 trillion (USD 8.5 trillion) at the end of 2014. Foreign investors have access to all classic financing instruments, including short, medium, and long-term loans, short-and medium-term credit facilities, and secured and non-secured overdrafts offered by commercial banks. They assist in public offerings of shares and corporate debt, as well as mergers, acquisitions and takeovers, and offer hedging services against interest rate and currency fluctuations. Foreign companies have access to all banking services. Although subsidies are available for home mortgages and small business financing, most loans are provided at market rates.

The *Banque de France* (Bank of France), France's central bank, is a member of the Euro system, the central banking system of the Eurozone.

French takeover law is designed to limit hostile takeovers of publicly traded companies. Shareholders are required to disclose holdings in French listed companies to both the Financial Markets Authority (*Autorité des Marchés Financiers* or AMF) and the listed company whenever holdings reach or exceed 5% of the company's shares or voting rights, and thereafter every time the holding reaches or exceeds 10, 15, 20, 25, 33 1/3, 50, 66 2/3, 90 or 95 percent.

Anticipating revisions to the EU Transparency Directive, the AMF implemented a law requiring cash-settled instruments to be aggregated in calculations of major shareholdings of French listed companies, and included in declarations of intent. Measures to transpose the revised Transparency Directive are included in the law bringing a number of provisions into line with European Union economic and financial law (DDADUE law). However, some implementing measures of the revised directive are still being discussed at a European level and will come

into force at a later date. This is the case for the implementation of a storage mechanism on a European level (2018) and the implementation of a single format for publishing annual reports (2020). (For more information: [http://www.amf-france.org/en\\_US/Reglementation/Dossiers-thematiques/Societes-cotees-et-operations-financieres/Marches-d-actions/Directive-Transparence-revisee---finalisation-de-la-transposition.html?langSwitch=true](http://www.amf-france.org/en_US/Reglementation/Dossiers-thematiques/Societes-cotees-et-operations-financieres/Marches-d-actions/Directive-Transparence-revisee---finalisation-de-la-transposition.html?langSwitch=true)).

A hostile takeover of a French company by a foreign investor could face public and even governmental scrutiny. French companies can suspend implementation of a takeover when targeted by a foreign company whose country of origin does not apply reciprocal rules, and French regulations allow a U.S.-style poison pill takeover defense, including granting existing shareholders and employees the right to increase their leverage by buying discounted shares through stock purchase warrants.

In 2013, the French Minister of Industry expressed the desire of the French government to take new measures designed to protect French companies against hostile takeover bids. Measures focus on the fight against creeping takeovers, the development of long-term shareholder equity and the softening of the conditions governing the issuance of so-called "poison pills." The bill called "Law aimed at reconquering the real economy" (Loi visant à reconquérir l'économie réelle) was published in the official gazette (Le Journal Officiel) on April 1, 2014.

U.S. financial regulations do not restrict foreign banks' ability to hold accounts for U.S. citizens. Anecdotal evidence suggests, however, that U.S. citizens may be constrained in their ability to open bank accounts at some institutions, as some Americans have been turned away by banks reportedly as a result of the additional reporting requirements associated with the U.S. Foreign Account Tax Compliance Act (FATCA) and other U.S. financial regulations. The U.S. Embassy routinely encounters U.S. citizens with complaints about not being allowed to open accounts. There have also been cases of U.S. citizens with existing accounts who have been asked by their banks to close them. U.S. Citizens are encouraged to alert the nearest U.S. Embassy of any such practices they encounter with regard to the provision of financial services.

## **9. Competition from State-Owned Enterprises**

The French government has shareholdings in 77 companies (see [http://www.economie.gouv.fr/files/files/directions\\_services/agence-participations-etat/Rapport\\_APE.pdf](http://www.economie.gouv.fr/files/files/directions_services/agence-participations-etat/Rapport_APE.pdf)) of which 13 are listed entities (see [http://www.economie.gouv.fr/files/files/directions\\_services/agence-participations-etat/Portefeuille\\_cote\\_-\\_30\\_mars\\_2016.pdf](http://www.economie.gouv.fr/files/files/directions_services/agence-participations-etat/Portefeuille_cote_-_30_mars_2016.pdf)). State owned enterprises (SOEs) dominate common carrier transportation (rail, bus, air) and are active in energy, defense, and the media. The 13 listed entities in which the French State maintains stakes are Aéroports de Paris (50.63%), Airbus Group (10.94%), Air France-KLM (15.88%), Areva (holds 28.83%; controls 86.52%), CNP Assurances (holds 1.10%; controls 66%), Dexia (5.73%), EDF (84.49%), Engie (32.7%), Orange (a direct 13.45% stake and a 13.5% stake through BPI France), PSA (14.13%), Renault (19.74%), Safran (18.03%), and Thalès (holds 26.36%; controls 36.51% of voting rights). Unlisted companies owned by the State include SNCF (rail), RATP (public transport), CDC (Caisse des dépôts et consignations) and La Banque Postale (bank). The government also has majority and minority stakes in small firms in a variety of sectors.

Private enterprises have the same access to financing as SOEs, including from state-owned banks and any sovereign wealth fund or other state-owned investment vehicle. SOEs are subject to the same tax burden and tax rebate policies as their private sector competitors. SOEs may get subsidies and other financial resources from the government (see “Rapport sur les Entreprises et les Etablissements Publics” at [http://www.finances.gov.ma/Docs/DB/2016/depp\\_fr.pdf](http://www.finances.gov.ma/Docs/DB/2016/depp_fr.pdf)).

France, as a member of the European Union, is a party to the Agreement on Government Procurement (GPA) within the framework of the World Trade Organization.

#### OECD Guidelines on Corporate Governance of SOEs

Companies owned or controlled by the state behave largely like other companies in France and are subject to the same laws and tax code. The Boards of SOEs operate according to accepted French corporate governance principles as set out in the (private sector) AFEP-MEDEF Code of Corporate Governance. SOEs are required by law to publish an annual report, and the French Court of Audit conducts financial audits on all entities in which the state holds a majority interest. The French government appoints representatives to the Boards of Directors of all companies in which it holds significant numbers of shares, and manages its portfolio through a special unit attached to the Economics Ministry, the shareholding agency APE (Agence de Participations de l'Etat). A recent APE annual report highlighted the government's strategy to keep a sufficient level of control in strategically important companies while scaling back its shareholdings in traditional industrial sectors to invest in growth companies in key sectors for economic growth. In 2014 and 2015, the government sold some of its holdings in Toulouse airport, GDF Suez, and jet engine firm Safran, with proceeds used to reduce public debt and invest in its Public Investment Bank (BPI). The government plans to sell its stakes in the Nice and Lyon airports in 2016. The BPI has begun acquiring minority stakes in companies, for shorter periods than is generally the case for the government, to promote regional growth, support innovation, and help finance environmental technologies and industries of the future.

#### Sovereign Wealth Funds

France has no sovereign wealth fund per se (none that use that nomenclature), but does operate funds with similar intent. The Strategic Investment Funds (Fonds Stratégique d'Investissement - FSI) was created in 2008. It was owned by the government and the state-owned Caisse des Dépôts et Consignations (CDC). In 2012, FSI was merged with OSEO (involved in financial support to small businesses) and CDC Entreprises to form the Public Investment Bank (Banque Publique d'Investissement – BPI, now known as Bpifrance). Bpifrance's role is to support small and-medium term enterprises (SMEs), larger enterprises (Entreprises de Taille Intermédiaire) and innovating businesses. The government strategy is defined at the national level and aims to fit with local strategies. BPIexport was created in 2013 as part of an initiative to encourage SMEs to export. All investment made by Bpifrance is domestic. Bpifrance may hold direct stakes in companies, hold indirect stakes via generalist or sectorial funds, venture capital, development or transfer capital. It has taken minority stakes in firms and 250 investment funds, including 90 local investment funds that invest in businesses. See <http://www.bpifrance.fr/content/download/12844/178861/version/1/file/Bpifrance%20Financement%20Investors%20Presentation%20March%202015.pdf> for more information. Bpifrance continued to invest in French firms in 2016 (see <http://www.bpifrance.fr/Vivez-Bpifrance/Actualites/Investissement-les-entreprises-soutenues-par-Bpifrance-en-janvier.->

23118; <http://www.bpifrance.fr/Vivez-Bpifrance/Actualites/Investissement-les-entreprises-soutenues-par-Bpifrance-en-fevrier-23583>) and is planning to invest EUR 8 billion by 2017.

## **10. Responsible Business Conduct**

France has been a long-time advocate of corporate social responsibility (CSR) principles, both internationally and domestically, and there is an exceptionally high degree of awareness of CSR among both producers and consumers. France has played an active role in negotiating the ISO 26000 standard (2010), the International Finance Corporation Performance Standards (revised 2010), the OECD Guidelines for Multinational Enterprises (revised in 2011), and the UN Guiding Principles on Business and Human Rights (2011). France was one of the first European countries to support the Extractive Industries Transparency Initiative (EITI) launched at the Evian G7 Summit in 2003 although it has not yet implemented it. In June 2012, France, together with Brazil, Denmark and South Africa, launched the Group of Friends of Paragraph 47 of the Rio+20 outcome document on sustainable development, which seeks to promote greater transparency through corporate social and sustainability reporting.

Since 2012, all large companies in France are required to publish an annual report on CSR activities. France's National Contact Point for promoting the OECD Guidelines for Multinational Enterprises can be contacted through this website:

<http://mneguidelines.oecd.org/ncps/france.htm>

## **11. Political Violence**

France is a politically stable country and political violence is relatively uncommon. Occasionally, large demonstrations and protests occur (sometimes organized to occur simultaneously in multiple French cities), and they sometimes (though fairly rarely) lead to violence.

When faced with imminent business closures, on rare occasions French trade unions have resorted to confrontational techniques such as setting plants on fire, planting bombs or kidnapping executives or managers -- as was the case in 2014 at a Goodyear plant in northern France. (The now-former Goodyear employees received jail sentences in January 2016.) So-called boss-napping of senior managers also occurred at three U.S. industrial groups in 2009 although none resulted in injury. A labor dispute in October 2015 between Air France management and unionists resulted in assault charges, but no serious injuries. To remedy the situation and switch from a confrontational approach on labor disputes to a more conciliatory, compromise-oriented one, the current government introduced a labor law in 2014 that aimed to encourage negotiated settlements over conflict.

## **12. Corruption**

Transparency International (TI) ranks countries from cleanest (number 1) to least clean (number 168); France ranked 23rd on TI's 2015 corruption perceptions index, but maintains that France continues to face corruption challenges in certain areas ([http://www.transparency.org/country#FRA\\_Overview](http://www.transparency.org/country#FRA_Overview)). According to Transparency International's chapter in France, the sectors most affected by corrupt practices are public works and the defense industry. TI France (<http://www.transparency-france.org>) works with French companies of all sizes to discourage and avoid corruption when investing in foreign countries. Transparency International's website has material on the international fight against

corruption, and France-specific information is posted at <http://www.transparency.org/country#FRA>. In April 2016, the French parliament had begun debating a bill (nicknamed "Sapin 2") that would reorganize its anti-corruption mechanism around a new anti-corruption agency. The U.S. embassy in Paris has received no specific complaints from U.S. firms of unfair competition or investment obstacles due to corrupt practices in France in recent years.

#### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

France became party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in 2000 and to the UN Anticorruption Convention in 2003. The Phase 3 report on France by the OECD Working Group on Bribery in International Transactions published in October 2012 chastised France for the very small number of convictions for bribery of foreign public officials (four individuals but no company) and suggested that it is partly due to the fact that victims of foreign bribery (except corruption occurring within the EU) are prohibited from being civil parties to proceedings and initiating criminal cases. The Working Group further called for stricter limits on national security confidentiality, a point also recently cited by the Council of Europe Group of States against Corruption (GRECO). At the same time, the OECD Working Group welcomed the greater independence of public prosecutors and the efficacy of the French anti-money laundering authority Tracfin in reporting cases.

In February 2015, the OECD chastised France for the significant rise in the number of acquittals, dismissals and case closures. As mentioned above, a bill that parliament had begun debating in April 2016 would create a new anti-corruption agency.

#### *Resources to Report Corruption*

The Central Office for the Prevention of Corruption (Service Central de Prévention de la Corruption or SCPC) is responsible for combating corruption. The SCPC is an inter-ministerial agency formally attached to the French Ministry of Justice. Established by Law 93-122 (January 29, 1993) on the prevention of corruption and the transparency of business and public procedures, its main role is to collect information regarding corruption-related offences and use it to prevent corruption. As part of that mandate, the SCPC publishes an annual report providing detailed statistics on corruption-related offenses and convictions. In its latest report, the agency called for the introduction of a legal requirement for large companies to implement an anti-corruption program similar to that imposed on businesses under the 2010 UK Bribery Act. A 1968 French law referred to as the "blocking statute" prohibits the communication of economic, commercial, industrial, financial or technical information or documents as part of foreign judicial proceedings, but the SCPC has served as a conduit (a role it would like to be formalized in an amendment to the blocking statute) between French companies and foreign bodies like the U.S. Department of Justice and the U.S. Securities and Exchange Commission.

Contact information for the SCPC (Central Office for the Prevention of Corruption):

Mailing Address:

Service Central de Prévention de la Corruption  
13, Place Vendôme

75042 Paris Cedex 01  
Email : scpc@justice.gouv.fr

Physical Address:

Service Central de Prévention de la Corruption  
5, boulevard de la Madeleine  
75001 Paris  
Tel : (+33) 1 44 77 69 65

Contact information for Transparency International's French affiliate:

Transparency International France  
14, passage Dubail  
75010 Paris  
Tel: (+33) 1 84 16 95 65; Email: [contact@transparency-france.org](mailto:contact@transparency-france.org)

### **13. Bilateral Investment Agreements**

Bilateral Taxation Treaties

The United States and France have enjoyed a Navigation and Commerce Treaty since 1822 which guarantees national treatment of U.S. citizens.

Investments in France by other EU member states are governed by the provisions of the Treaty of Rome and by European Union Law. France has Bilateral Investment Treaties (BITs) with the following 96 countries: Albania, Algeria, Argentina, Armenia, Azerbaijan, Bahrain, Bangladesh, Bosnia and Herzegovina, Bulgaria, Cambodia, Chile, China, the Democratic Republic of the Congo, Costa Rica, Croatia, Cuba, Czech Republic, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Estonia, Ethiopia, Georgia, Guatemala, Haiti, Honduras, Hong Kong, Hungary, India, Iran, Israel, Jamaica, Jordan, Kazakhstan, Korea (South), Kuwait, Kyrgyz Republic, Laos, Latvia, Lebanon, Liberia, Libya, Lithuania, Macedonia (FYRM), Madagascar, Malaysia, Malta, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Nepal, Nicaragua, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Qatar, Romania, Russian Federation, Saudi Arabia, Senegal, Serbia, Seychelles, Singapore, Slovakia, Slovenia, Sri Lanka, Sudan, Tajikistan, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen, and Zambia.

Bilateral Investment Treaties between France and the following countries have been signed but are not in force: Belarus, Brazil, Chad, Colombia, Ghana, Iraq, Kenya, and Zimbabwe. France previously had BITs with Mauritius and Syria; new BITs with these two countries have been signed but have not yet entered into force. The list of ratified and non-ratified BITs is on the UNCTAD website (<http://investmentpolicyhub.unctad.org/IIA/CountryBits/72#iialInnerMenu>).

French BITs generally cover the following:

- Just and equitable treatment no less favorable than that accorded to domestic investors or the most favored investors from a third country;
- Restrictions on expropriation of investments, and requirements that, in the case of expropriation, compensation is prompt and adequate;

- Free transfers of capital;
- The ability to resolve investor-state disputes through binding international arbitration

The United States and France have a bilateral tax treaty addressing, among other things, double taxation and tax evasion. The two countries signed a bilateral information exchange agreement related to the U.S. Foreign Account Tax Compliance Act (FATCA), which aims to combat off-shore tax evasion by U.S. taxpayers. Effective July 1, 2014, French banks and financial institutions must disclose names and addresses of U.S. account holders, as well as balances, receipts, and withdrawals to the U.S. Internal Revenue Service (IRS).

#### 14. Foreign Trade Zones/Free Ports/Trade Facilitation

France is subject to all European Union free trade zone regulations. These allow member countries to designate portions of their customs territory as free trade zones and duty-free warehouses in return for commitments favoring employment. France has several, which benefit from exemptions on corporate taxes, payroll taxes, and real estate taxes. The French Customs Service administers them, and provides details on its website (<http://www.douane.gouv.fr>). French legal texts are published online at <http://legifrance.gouv.fr>.

#### 15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	2,833,000	2014	2,829,192	<a href="http://www.banquedefrance.fr">www.banquedefrance.fr</a> <a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2014	83,200	2014	76,823	BEA data available at <a href="http://bea.gov/iTable/iTable.cfm?ReqID=2&amp;step=1#reqid=2&amp;step=1&amp;isuri=1">http://bea.gov/iTable/iTable.cfm?ReqID=2&amp;step=1#reqid=2&amp;step=1&amp;isuri=1</a>
Host country's FDI in the United States (\$M USD, stock positions)	2014	250,800	2014	223,164	<a href="http://bea.gov/iTable/iTable.cfm?ReqID=2&amp;step=1#reqid=2&amp;step=1&amp;isuri=1">http://bea.gov/iTable/iTable.cfm?ReqID=2&amp;step=1#reqid=2&amp;step=1&amp;isuri=1</a>

Total inbound stock of FDI as % host GDP	2014	28.1%	2014	28.2%	Numbers at left are Total inbound stock of FDI from all countries into France ÷ French GDP from Banque of France. (797.9÷2,833=28.1%) //and// Total inbound stock of FDI based on IMF data ÷ French GDP from WB: (729÷2,829= 28.2%)
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\*First column GDP data from INSEE, the National Institute for Statistics and Economic Studies; First column FDI data from Banque de France (French central bank).

Table 3: Sources and Destination of FDI

IMF data below are not consistent with France's data in terms of amounts and rankings. According to the Bank of France total inward direct investment totaled USD 706.3 billion, not USD 783.7 billion in 2013. The new method used by the Bank of France -- the OECD revised Benchmark Definition for FDI -- results in a significant decrease in direct investment flows and stocks compared to previous estimates based on the IMF definition. FDI data published by the Bank of France have been revised as part of an EU-wide adoption of this new definition, according to which loans between companies of the same group are classified according to the residence of the group's headquarters. This is intended to filter out transactions between shell companies, or special-purpose entities, and intra-company transfers; for example, a loan from a Dutch subsidiary of a French group to another subsidiary of the same group in France is no longer counted as a Dutch direct investment in France, but as a French disinvestment in the Netherlands.

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	729,147	100%	Total Outward	1,279,089	100%
Luxembourg	136,606	19%	United States	229,218	18%
Netherlands	112,770	15%	Belgium	184,319	14%
United Kingdom	78,445	11%	Netherlands	129,403	10%
United States	76,056	10%	United Kingdom	124,189	10%
Germany	75,633	10%	Germany	64,072	5%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	2,658,583	100%	All Countries	783,653	100%	All Countries	1,874,930	100%
Luxembourg	300,847	11%	Luxemburg	192,584	25%	Italy	252,033	13%
Italy	281,726	11%	U.S.	94,160	12%	Netherlands	225,649	12%
Netherlands	271,855	10%	Germany	92,642	12%	UK	197,716	11%
UK	266,300	10%	UK	68,584	9%	Spain	176,794	9%
U.S.	261,914	10%	Ireland	50,321	6%	U.S.	167,753	9%

Source: IMF's Coordinated Portfolio Investment Survey. Data are from June 2015

IMF data for total portfolio investment assets are consistent with France's data: the rankings are the same, and amounts in USD are only slightly different (exchange rate for the Euro is the average exchange rate in 2014 published by the ECB). However the breakdown by equity securities and total debt securities does not show the same results. A portion of portfolio investment may come from tax havens in 2014. France has a black list of tax havens, and removes countries when they agree to provide tax information.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

civil law; review of administrative but not legislative acts

### International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council (observer), Australia Group, BDEAC, BIS, BSEC (observer), CBSS (observer), CE, CERN, EAPC, EBRD, ECB, EIB, EITI

(implementing country), EMU, ESA, EU, FAO, FATF, FZ, G-20, G-5, G-7, G-8, G-10, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRC, IGAD (partners), IHO, ILO, IMF, IMO, IMSO, InOC, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, MINUSTAH, MONUSCO, NATO, NEA, NSG, OAS (observer), OECD, OIF, OPCW, OSCE, Paris Club, PCA, PIF (partner), Schengen Convention, SELEC (observer), SPC, UN, UN Security Council, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, Union Latina, UNMIL, UNOCI, UNRWA, UNSC (permanent), UNTSO, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

## Section 6 - Tax

### Exchange control

In principle, inbound non-resident investments in France are free of prior review unless they are in a sensitive economic sector where prior authorisation must be obtained from the French Treasury.

### Treaty and non-treaty withholding tax rates

France has signed **143 agreements (114 DTC and 29 TIEA agreements)** providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Albania	DTC	24 Dec 2002	1 Oct 2005	Unreviewed	No	
Algeria	DTC	17 Oct 1999	20 Dec 2002	Unreviewed	No	
Andorra	TIEA	22 Sep 2009	22 Dec 2010	Yes	Yes	
Anguilla	TIEA	30 Dec 2010	15 Dec 2011	Yes	Yes	
Antigua and Barbuda	TIEA	26 Mar 2010	28 Dec 2010	Yes	Yes	
Argentina	DTC	4 Apr 1979	1 Mar 1981	Yes	No	
Armenia	DTC	9 Dec 1997	1 May 2001	Unreviewed	No	
Aruba	TIEA	14 Nov 2011	1 Apr 2013	Yes	Yes	
Australia	DTC	20 Jun 2006	1 Jun 2009	Yes	Yes	
Austria	DTC	26 Mar 1993	1 Sep 1994	Yes	Yes	
Azerbaijan	DTC	20 Dec 2001	1 Oct 2005	Unreviewed	No	
Bahamas, The	TIEA	7 Dec 2009	13 Sep 2010	Yes	Yes	
Bahrain	DTC	10 May 1993	10 Aug 1994	Yes	Yes	
Bangladesh	DTC	9 Mar 1987	1 Sep 1988	Unreviewed	No	
Belgium	DTC	10 Mar 1964	17 Jun 1965	Yes	Yes	
Belize	TIEA	22 Nov 2010	19 Dec 2011	Yes	Yes	
Benin	DTC	27 Mar 1975	8 Nov 1977	Unreviewed	No	
Bermuda	TIEA	8 Oct 2009	28 Oct 2010	Yes	Yes	
Bolivia	DTC	15 Dec 1994	1 Nov 1996	No	No	
Bosnia and Herzegovina	DTC	28 Mar 1974	1 Aug 1975	Unreviewed	No	
Botswana	DTC	15 Apr 1999	14 Jun 2003	No	No	
Brazil	DTC	10 Sep 1971	10 May 1972	Yes	No	
Brunei Darussalam	TIEA	30 Dec 2010	not yet in force	No	Yes	
Bulgaria	DTC	14 Mar 1987	1 May 1988	Unreviewed	No	
Burkina Faso	DTC	11 Aug 1965	15 Mar 1967	Unreviewed	No	
Cameroon	DTC	21 Oct 1976	19 Jul 1978	Unreviewed	No	
Canada	DTC	2 May 1975	29 Jul 1976	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Canada	DTC Protocol	2 Feb 2010	not yet in force	Yes	Yes	
Cayman Islands	TIEA	5 Oct 2009	13 Oct 2010	Yes	Yes	
Central African Republic	DTC	31 Dec 1969	1 Mar 1971	Unreviewed	No	
Chile	DTC	7 Jun 2004	10 Jul 2006	Yes	No	
China	DTC	30 May 1984	21 Feb 1985	Yes	No	
Congo, Republic of the	DTC	27 Nov 1987	1 Sep 1989	Unreviewed	No	
Cook Islands	TIEA	15 Sep 2010	16 Oct 2011	Yes	Yes	
Costa Rica	TIEA	16 Dec 2010	14 Dec 2011	Yes	Yes	
Croatia	DTC	19 Jun 2003	1 Sep 2005	Unreviewed	No	
Curaçao	TIEA	10 Sep 2010	1 Aug 2012	Yes	Yes	
Cyprus	DTC	18 Dec 1981	1 Apr 1983	Yes	No	
Czech Republic	DTC	28 Apr 2003	1 Jul 2005	Yes	No	
Côte d'Ivoire	DTC	6 Apr 1966	1 Jan 1967	Unreviewed	No	
Denmark	EEC directive	30 Mar 2011	1 Jan 1978	Yes	No	
Dominica	TIEA	24 Dec 2010	14 Dec 2011	No	Yes	
Ecuador	DTC	16 Mar 1989	25 Mar 1992	Unreviewed	No	
Egypt	DTC	1 May 1999	1 Jun 2004	Unreviewed	No	
Estonia	DTC	28 Oct 1997	1 May 2001	Yes	No	
Ethiopia	DTC	15 Jun 2006	17 Jul 2008	Unreviewed	No	
Finland	DTC	11 Sep 1970	1 Mar 1972	Yes	No	
Former Yugoslav Republic of Macedonia	DTC	10 Feb 1999	1 May 2004	Yes	No	
Gabon	DTC	20 Sep 1995	1 Mar 2008	Unreviewed	No	
Georgia	DTC	7 Mar 2007	1 Jun 2010	Unreviewed	No	
Germany	DTC	21 Jul 1959	4 Oct 1961	Yes	No	
Ghana	DTC	5 Apr 1993	1 Apr 1997	Yes	No	
Gibraltar	TIEA	22 Sep 2009	9 Dec 2010	Yes	Yes	
Greece	DTC	21 Aug 1963	31 Jan 1965	Yes	No	
Grenada	TIEA	31 Mar 2010	9 Jan 2012	Yes	Yes	
Guernsey	TIEA	24 Mar 2009	4 Oct 2010	Yes	Yes	
Guinea	DTC	15 Mar 1999	1 Oct 2004	Unreviewed	No	
Hong Kong, China	DTC	21 Oct 2010	1 Dec 2011	Yes	Yes	
Hungary	DTC	28 Apr 1980	1 Dec 1981	Yes	No	
Iceland	DTC	29 Aug 1990	1 Jun 1992	Yes	No	
India	DTC	29 Sep 1992	1 Aug 1994	Yes	No	
Indonesia	DTC	14 Sep 1979	13 Mar 1981	Yes	No	
Iran	DTC	7 Nov 1973	10 Apr 1975	Unreviewed	No	
Ireland	DTC	21 Mar 1968	15 Jun 1971	Yes	No	
Isle of Man	TIEA	26 Mar 2009	4 Oct 2010	Yes	Yes	
Israel	DTC	31 Jul 1995	18 Jul 1996	Yes	No	
Italy	DTC	5 Oct 1989	1 May 1992	Yes	No	
Jamaica	DTC	9 Aug 1995	21 May 1998	Yes	No	
Japan	DTC	11 Jan 2007	1 Dec 2007	Yes	Yes	
Jersey	TIEA	23 Mar 2009	11 Oct 2010	Yes	Yes	
Jordan	DTC	28 May 1984	1 Apr 1985	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Kazakhstan	DTC	3 Mar 1998	1 Jul 2000	Unreviewed	No	
Kenya	DTC	4 Dec 2007	not yet in force	Yes	Yes	
Korea, Republic of	DTC	19 Jun 1979	1 Feb 1981	Yes	No	
Kosovo	DTC	28 Mar 1974	1 Aug 1975	Unreviewed	No	
Kuwait	DTC	27 Jan 1994	1 Mar 1995	Unreviewed	No	
Latvia	DTC	14 Apr 1997	1 May 2001	Unreviewed	No	
Lebanon	DTC	14 Jul 1962	2 Jan 1964	No	No	
Liberia	TIEA	6 Jan 2011	30 Dec 2011	Yes	Yes	
Libya	DTC	22 Dec 2005	1 Jul 2008	Unreviewed	No	
Liechtenstein	TIEA	22 Sep 2009	19 Aug 2010	Yes	Yes	
Lithuania	DTC	7 Jul 1997	1 May 2001	Yes	No	
Luxembourg	DTC	24 Nov 2006	27 Dec 2007	Yes	Yes	
Madagascar	DTC	22 Jul 1983	1 Oct 1984	Unreviewed	No	
Malawi	DTC	14 Dec 1950	31 Jul 1951	Unreviewed	No	
Malaysia	DTC	24 Apr 1975	23 Jun 1976	Yes	Yes	
Mali	DTC	22 Sep 1972	1 Jan 1975	Unreviewed	No	
Malta	DTC	25 Jul 1977	1 Oct 1979	Yes	Yes	
Mauritania	DTC	15 Nov 1967	1 Mar 1969	Unreviewed	No	
Mauritius	DTC	11 Dec 1980	17 Sep 1982	Yes	Yes	
Mexico	DTC	7 Nov 1991	31 Dec 1992	Yes	No	
Monaco	DTC	18 May 1963	1 Sep 1963	Yes	Yes	
Mongolia	DTC	18 Apr 1996	1 Dec 1998	Unreviewed	No	
Montenegro	DTC	28 Mar 1974	1 Aug 1975	Unreviewed	No	
Morocco	DTC	18 Aug 1989	1 Dec 1990	Unreviewed	No	
Namibia	DTC	29 May 1996	1 May 1999	Unreviewed	No	
Netherlands	DTC	16 Mar 1973	29 Mar 1974	Yes	No	
New Zealand	DTC	30 Nov 1979	19 Mar 1981	Yes	No	
Niger	DTC	1 Jun 1965	1 Jul 1966	Unreviewed	No	
Nigeria	DTC	27 Mar 1990	2 May 1991	Yes	No	
Norway	DTC	19 Dec 1980	10 Sep 1981	Yes	No	
Oman	DTC	1 Jun 1989	1 Aug 1990	Unreviewed	Yes	
Pakistan	DTC	15 Jun 1994	1 Sep 1996	Unreviewed	No	
Panama	DTC	30 Jun 2011	1 Feb 2012	Yes	Yes	
Philippines	DTC	9 Jan 1976	24 Aug 1978	Yes	Yes	
Poland	DTC	20 Jun 1975	12 Sep 1976	Yes	No	
Portugal	DTC	14 Jan 1971	18 Nov 1972	Yes	No	
Qatar	DTC	4 Dec 1990	1 Dec 1994	Yes	Yes	
Romania	DTC	27 Sep 1974	27 Sep 1975	Unreviewed	No	
Russian Federation	DTC	26 Nov 1996	9 Mar 1999	Yes	No	
Saint Kitts and Nevis	TIEA	1 Apr 2010	16 Dec 2010	Yes	Yes	
Saint Lucia	TIEA	1 Apr 2009	20 Jan 2011	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	13 Apr 2010	21 Mar 2011	Yes	Yes	
San Marino	TIEA	22 Sep 2009	2 Sep 2010	Yes	Yes	
Saudi Arabia	DTC	18 Feb 1982	1 Mar 1983	Yes	Yes	
Senegal	DTC	29 Mar 1974	1 Jan 1975	Unreviewed	No	
Serbia	DTC	28 Mar 1974	1 Aug 1975	Unreviewed	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Singapore	DTC	9 Sep 1974	1 Aug 1975	Yes	Yes	
Sint Maarten	TIEA	10 Sep 2010	1 Aug 2012	Yes	Yes	
Slovakia	DTC	1 Jun 1973	25 Jan 1975	Yes	No	
Slovenia	DTC	7 Apr 2004	1 Mar 2007	Yes	No	
South Africa	DTC	8 Nov 1993	1 Nov 1995	Yes	No	
Spain	DTC	10 Oct 1995	1 Jul 1997	Yes	No	
Sri Lanka	DTC	17 Sep 1981	18 Nov 1982	Unreviewed	No	
Sweden	DTC	27 Nov 1990	1 Apr 1992	Yes	No	
Switzerland	DTC	9 Sep 1966	26 Jul 1967	No	Yes	
Syrian Arab Republic	DTC	17 Jul 1998	1 May 2009	Unreviewed	No	
Thailand	DTC	27 Dec 1974	29 Aug 1975	Unreviewed	No	
Togo	DTC	24 Nov 1971	1 Apr 1975	Unreviewed	No	
Trinidad and Tobago	DTC	5 Aug 1987	1 Apr 1989	No	No	
Tunisia	DTC	28 May 1973	1 Apr 1975	Unreviewed	No	
Turkey	DTC	18 Feb 1987	1 Jul 1989	Yes	No	
Turks and Caicos Islands	TIEA	24 Sep 2009	15 Jul 2011	Yes	Yes	
Ukraine	DTC	31 Jan 1997	1 Nov 1999	Unreviewed	No	
United Arab Emirates	DTC	19 Jul 1989	15 Nov 1989	Yes	No	
United Kingdom	DTC	19 Jun 2008	18 Dec 2009	Yes	Yes	
United States	DTC	31 Aug 1994	30 Dec 1995	Yes	Yes	
Uruguay	TIEA	28 Jan 2010	31 Dec 2010	Yes	Yes	
Uzbekistan	DTC	22 Apr 1996	1 Oct 2003	Unreviewed	No	
Vanuatu	TIEA	31 Dec 2009	7 Jan 2011	No	Yes	
Venezuela	DTC	7 May 1992	15 Oct 1993	Unreviewed	No	
Viet nam	DTC	10 Feb 1993	1 Jul 1994	Unreviewed	No	
Virgin Islands, British	TIEA	17 Jun 2009	18 Nov 2010	Yes	Yes	
Zambia	DTC	14 Dec 1950	31 Jul 1951	Unreviewed	No	
Zimbabwe	DTC	15 Dec 1993	5 Dec 1996	Unreviewed	No	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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