

# AmCham

12 PROPOSITIONS TO REINFORCE FRENCH COMPETITIVENESS INTERNATIONALLY



## SIMPLIFY



1

**SET UP REGULATORY SANDBOXES**  
to encourage breakthrough innovation

2

**FIGHT AGAINST OVER TRANSPOSITION OF EUROPEAN REGULATIONS IN FRANCE**  
to bridge the competitiveness gap with other EU member states

3

**CREATE A DIGITAL INNOVATION PORTAL**  
to support foreign investors

## FACILITATE



4

**MEET CORPORATE TAX REDUCTION COMMITMENTS**  
to ensure investor confidence

5

**REDUCE THE SOCIAL SECURITY AND PENSION CONTRIBUTIONS MADE BY EMPLOYEES AND EMPLOYERS BY 15%**  
(equally divided between the two) to boost France's competitiveness throughout Europe

6

**COMMIT TO REDUCING THE LEVEL OF PRODUCTION TAXES**  
by 33% and their number by 20% to revitalize French industry

7

**BEGIN TRANSFORMING THE RESEARCH TAX CREDIT INTO A COST ALLOWANCE**  
to stimulate more investment in innovation

8

**GIVE FRENCH AFFILIATES OF FOREIGN COMPANIES INCREASED ACCESS TO THE FILIÈRES**  
(official sectoral industrial networks defined by the French government) to better recognize their contributions to the French economy

## STREAMLINE



9

**TARGET INVESTMENT TOWARDS KEY SECTORS**  
to bolster a renewed industrial dynamic

10

**RAISE AWARENESS AND INTEREST IN INDUSTRIAL CAREER PATHS**  
through a mandatory practical experience for primary and secondary school students

11

**MAXIMIZE THE USE OF EUROPEAN FUNDING**  
by supporting companies through application processes

12

**DEVELOP A NEW ADMINISTRATIVE PROCUREMENT CULTURE**  
to position the state as a role model in the innovation ecosystem



# AMCHAM FRANCE, A REPRESENTATIVE OF 300 TRANSATLANTIC COMPANIES, IS TAKING ACTION TO IMPROVE FRENCH COMPETITIVENESS.



AmCham gathers a variety of structures and sectors, giving our organization a global vision of the issues faced by foreign investors in France. The AmCham-Bain Barometer, a survey on the morale of American investors in France - carried out for 19 years with Bain & Company - has allowed us to highlight the incentives and obstacles to French competitiveness. To expand on these results, and because AmCham members are committed to encouraging their parent companies to invest in France, we have begun a process of reflection to offer concrete propositions capable of substantially bolstering foreign investment in the fields of innovation and industry.

WE RECOGNIZE AND WELCOME THE GOVERNMENT'S REFORM EFFORTS AND WE SUGGEST GOING EVEN FURTHER BY PROPOSING 12 MEASURES TO SIMPLIFY, FACILITATE, AND STREAMLINE INVESTMENT IN FRANCE.

## 12 PROPOSITIONS TO REINFORCE FRENCH COMPETITIVENESS INTERNATIONALLY

### SIMPLIFY

1



#### SET UP REGULATORY SANDBOXES to encourage breakthrough innovation

Regulatory sandboxes would foster large-scale innovations capable of driving significant progress while preserving the appropriate safeguards guaranteed by the precautionary principle. These regulatory measures would consequently allow France to be even more competitive in the fields of technology and health.

2

#### FIGHT AGAINST OVER TRANSPOSITION OF EUROPEAN REGULATIONS IN FRANCE to bridge the competitiveness gap with other EU member states

France creates laws that add to and/or contradict European regulations. For example, the cost of compliance checks on a facility in France is 25% higher than in Germany because of over-transposition. It is necessary to give priority to the European regulation and avoid any over-transposition in France, as it leads to a loss of competitiveness for local production.

3

#### CREATE A DIGITAL INNOVATION PORTAL to support foreign investors

The dense ecosystem of innovation grants lacks clarity for foreign investors. We support the creation of a digital portal in English on the BPI France website, which would bring together all the information on innovation grants including its details and target audiences. This would provide better support for foreign investors.

### FACILITATE

4



#### MEET CORPORATE TAX REDUCTION COMMITMENTS to ensure investor confidence

The government's plan to gradually reduce the corporate tax rate to 25% by 2022 would improve France's competitiveness. Beyond the need for European convergence, it is essential to honor the announced commitment to ensure fiscal stability and predictability, thus maintaining investor confidence.

5

#### REDUCE THE SOCIAL SECURITY AND PENSION CONTRIBUTIONS MADE BY EMPLOYEES AND EMPLOYERS BY 15% (equally divided between the two) to boost France's competitiveness throughout Europe

Social security contributions in France are the highest in Europe representing 18.6% of GDP in 2018, around 400 billion euros. With regard to employers' contributions alone, the difference with Germany is notable: 17% rate compared to 42% rate in France. A 15% decrease in value would allow 60 billion euros to be reinvested in France.

6

#### COMMIT TO REDUCING THE LEVEL OF PRODUCTION TAXES by 33% and their number by 20% to revitalize French industry

France leads the European ranking in terms of production taxes, which represented 73 billion euros in 2018 (3.7% of French GDP). To send a positive signal to investors, we suggest a 33% reduction in production taxes, representing €25 billion in savings for industry.

### STREAMLINE



11

#### MAXIMIZE THE USE OF EUROPEAN FUNDING by supporting companies through application processes

Horizon 2020 grants show that France could make more frequent use of the innovation funding offered by the European Union. For example, for the Horizon 2020 Proof of Concept 2018 call, France received 4 grants, while the United Kingdom was in first place with 13 grants, followed by Italy and Spain (8 grants each) and the Netherlands (7 grants). It is necessary to provide better support to companies to help them benefit from EU financing.

7

#### BEGIN TRANSFORMING THE RESEARCH TAX CREDIT INTO A COST ALLOWANCE to stimulate more investment in innovation

The research tax credit system requires investors to have significant cash flows available. Yet advancing funds can be difficult for start-ups or small companies, discouraging them from investing in innovation. Preempting investors' needs by advancing the required cash would better help these structures innovate. This new system could initially be implemented for start-ups and SMEs, then be extended to large companies.

8

#### GIVE FRENCH AFFILIATES OF FOREIGN COMPANIES INCREASED ACCESS TO THE FILIÈRES (official sectoral industrial networks defined by the French government) to better recognize their contributions to the French economy

Based on the positive impact of foreign companies' subsidiaries in France, both in terms of jobs created and of projects initiated, these companies should have better access to the French Filières. This improved access would encourage more foreign investment in innovation and industry.

9

#### TARGET INVESTMENT TOWARDS KEY SECTORS to bolster a renewed industrial dynamic

AmCham suggests focusing public expenses on sectors where France already has a substantial competitive advantage: food, automotive, aeronautics, luxury, electronics, health industries and technologies, and the chemical and materials industry.

10

#### RAISE AWARENESS AND INTEREST IN INDUSTRIAL CAREER PATHS through a mandatory practical experience for primary and secondary school students

Developing the relationship between schools and the private sector could help reassert the value of industrial career paths. Therefore, we suggest creating an industry day for primary school pupils, to give them the opportunity to visit a factory or a production site. Similarly, the industry week currently organized by the Ministry of Economy should be made compulsory for all secondary school students in order to showcase production sites and companies that operate in their region.

12

#### DEVELOP A NEW ADMINISTRATIVE PROCUREMENT CULTURE to position the state as a role model in the innovation ecosystem

Partners and clients - both publicly and privately owned - must become consumers of innovation. The State has a role to play as a potential driving force through calls for tenders. We therefore suggest including a systematic multi-criteria approach in these calls. This approach should take into account the innovative and sustainable aspects of technologies, more specifically the quality of innovation, its degree of progress, its added value and environmental protection, via, for example, a State certification of the ISO 20400 standard.

To sum up, AmCham proposes 12 measures that will simplify, facilitate, and streamline investment in France. This will increase foreign investments by 30%, create 200 000 jobs and decrease the trade deficit by 35% to reach a deficit of 51 billion.



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