

BAROMETER

AmCham-Bain 2023

Satisfaction of American investors in France
February 2023

23rd edition

BAIN & COMPANY 



Methodology

From **December 2022 to mid-January 2023**, a questionnaire was sent to the management of subsidiaries of American companies in France



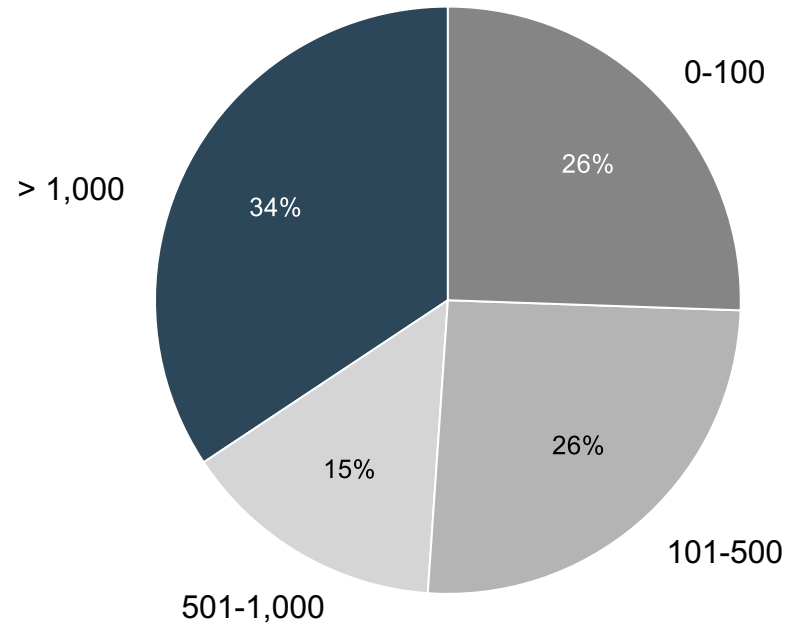
We received **135 answers** from US companies representing in total:

- More than **75,000 employees** in France
- More than **€70 billion turnover** in France

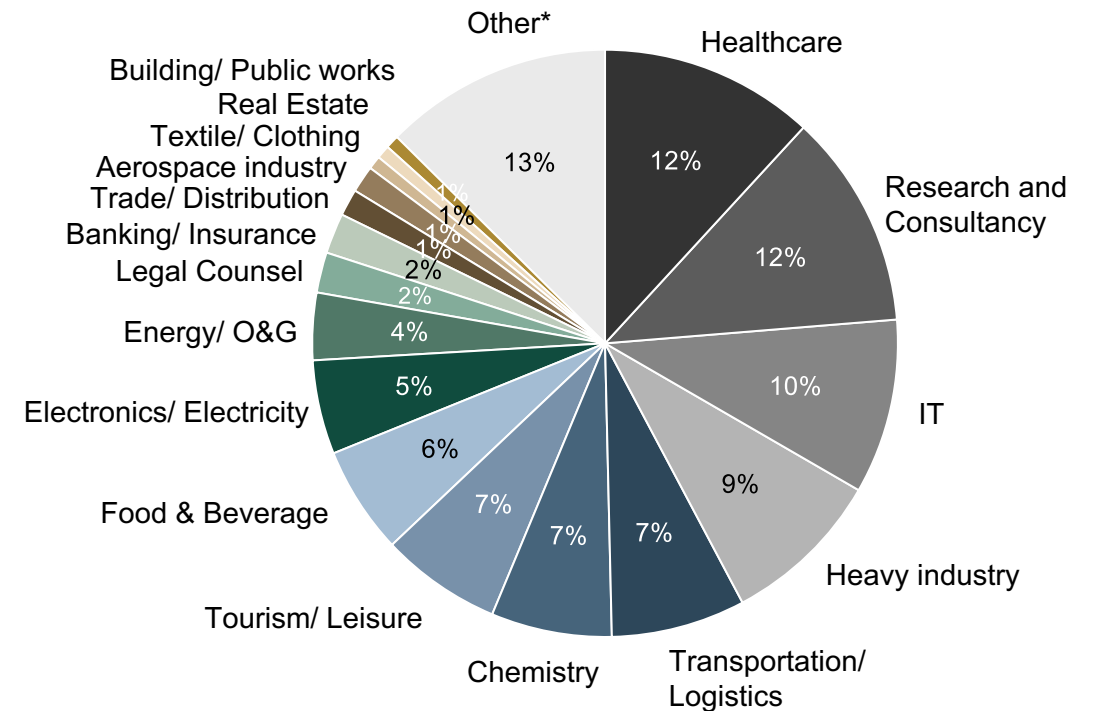


Respondents' companies by size and industry

Segmentation of sample by number of employees in France



Segmentation of sample by industry



(*) Other: Education, Non-profit organizations, business services, etc.
Source: AmCham-Bain Barometer, Bain analysis

AGENDA



France's attractiveness



French talent pool attractiveness



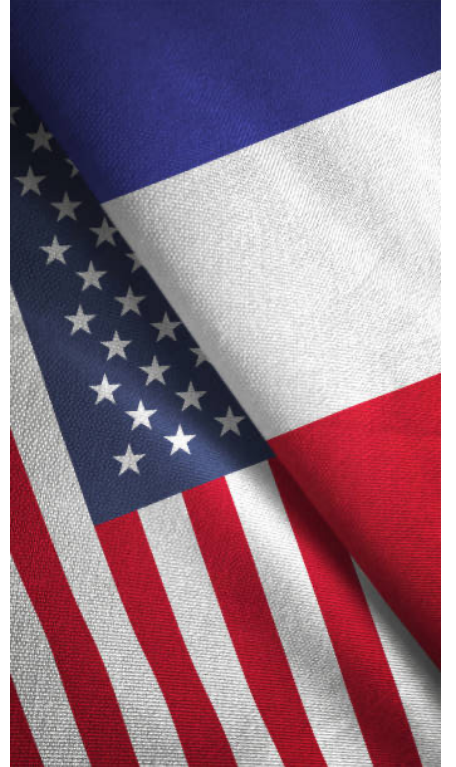
Major events impacting France's attractiveness



France's regions attractiveness



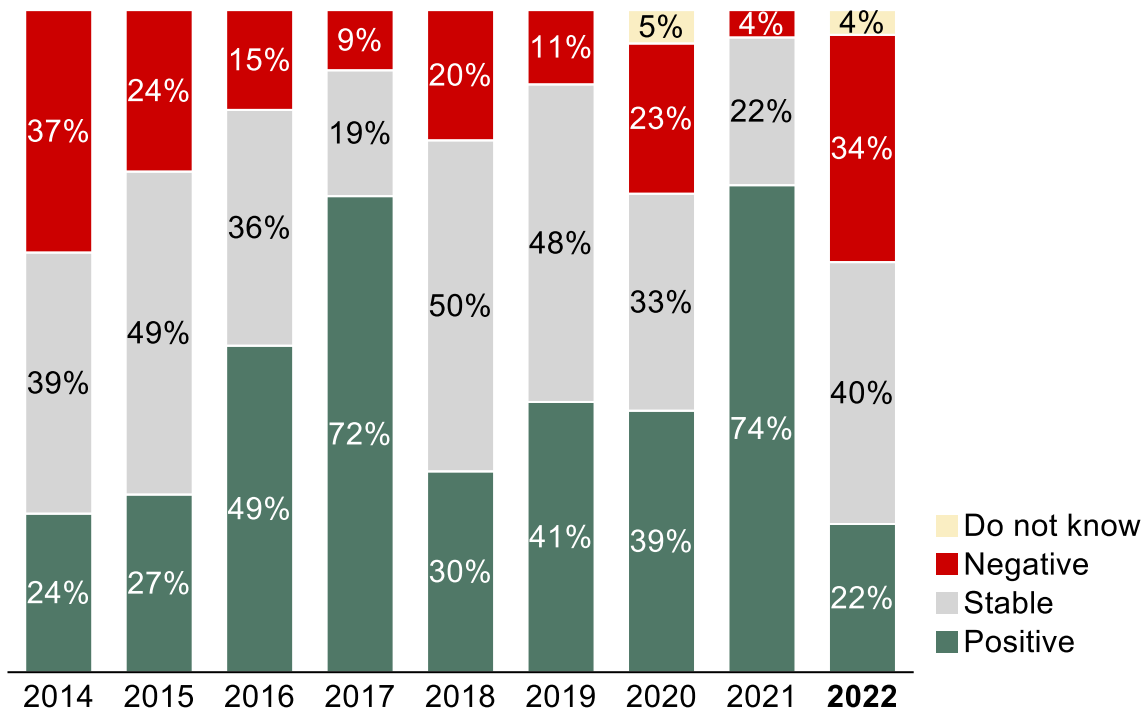
AmCham recommendations



One third of respondents expect negative changes in the French economic environment, particularly in light of inflation and labor shortages

ECONOMIC CONTEXT

In your opinion, will the evolution of the economic outlook for your industry in France over the next 2-3 years be...?



“Higher taxes on pharmaceuticals, tighter rules for the RTC* and inflation make the environment difficult for our sector.”

Financial Director, Healthcare

“In the context of inflationary energy, raw material and debt, we expect macro indicators to stagnate over the next two years to absorb these changes and revitalize the company.”

Financial Director, Logistics

“The airline industry has seen a strong post-Covid recovery, but disruptions related to the supply chain and energy prices are to be expected.”

International Development Director, Logistics

“Government's support during the Covid crisis, including partial unemployment allowance, allowed for a fairly strong economic recovery in our industry, reinforced by the importance of tourism in France.”

CEO, Leisure/ Tourism

Note: In percentage of respondents; (*) RTC = Research Tax Credit (CIR in French)
Source: AmCham-Bain Barometer, Bain analysis

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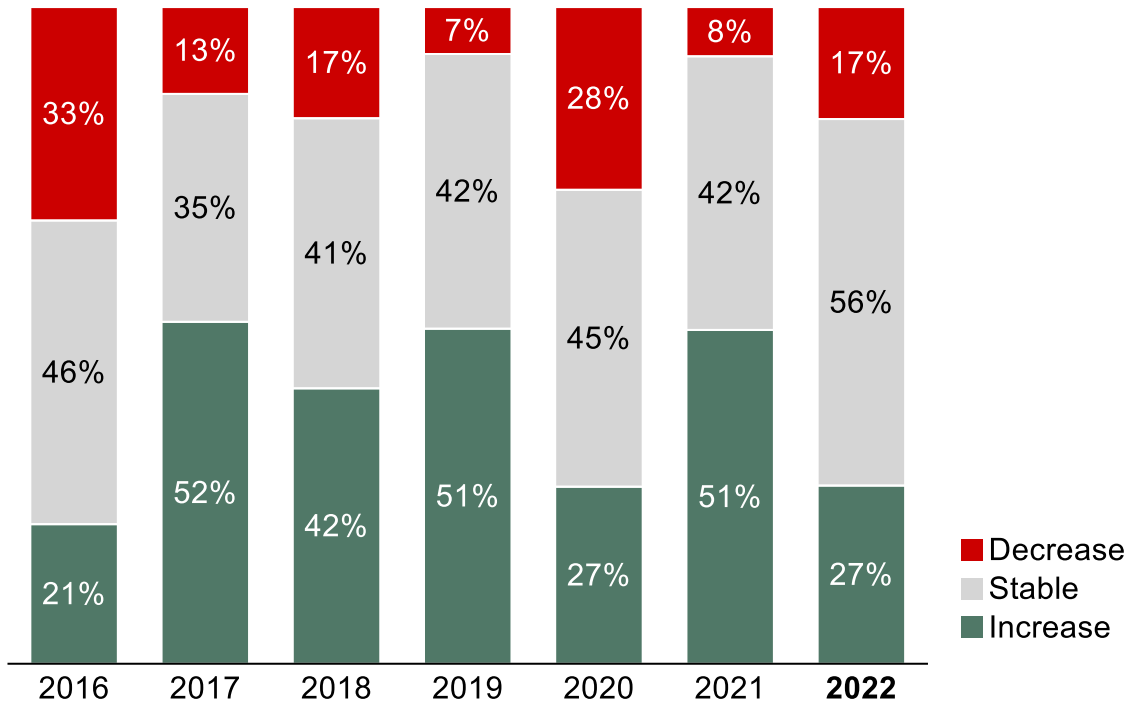
BAIN & COMPANY



The workforce looks set to remain largely stable in 2023, despite the prospect of a possible economic slowdown

ECONOMIC CONTEXT

How will the number of employees evolve in your company in France over the next 2-3 years?



*“France remains a **growth market** for us because we are **under-represented given the country's potential.**”*

M&A Director, Research and Consultancy

*“The number of employees will **increase in certain sectors** (renewable energies, R&D), to be balanced against an **expected market contraction in the fossil fuels sector.**”*

CEO, Energy

*“Our **flexible operations** have allowed us to **maintain** our workforce during the Covid crisis. However, I remain **cautious** about a **potential increase in staff** in the years to come.”*

Executive Director, Education

*“Our business has **grown significantly in 2022**, but we expect the **recession to slow our progress** over 2023-2024.”*

Practice Leader, Law

Note: In percentage of respondents
Source: AmCham-Bain Barometer, Bain analysis

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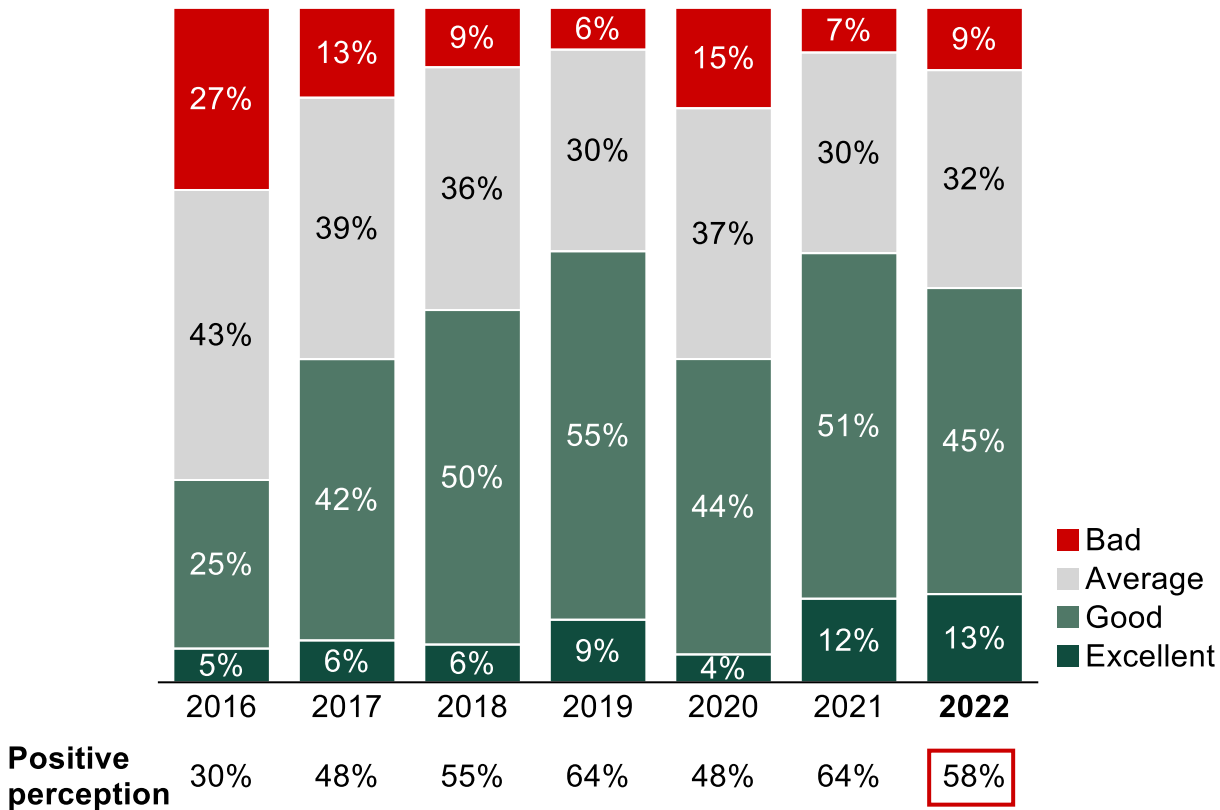
BAIN & COMPANY



58% of respondents think that the perception of France by their corporate headquarters is either good or excellent

ATTRACTIVENESS FOR AMERICAN INVESTORS

According to you, how do your corporate headquarters view France in comparison with other destinations in terms of investment?



Note: In percentage of respondents
Source: AmCham-Bain Barometer, Bain analysis

*“France is a **developed economy**, with **great capacity for innovation** and changes/reforms that are going in the **right direction to improve the attractiveness** of the country.”*

M&A Director, Research and Consultancy

*“The **low level of digitalization** of the industry suggests a **great potential of activity** for us. The government's desire to **reindustrialize the territory** is also a plus.”*

Europe Operations Director, Technology

*“The **historical link** between the USA and France, the **skills of the workforce**, the **pro-business reforms** (tax, land) and the **investment plans** are positive points. To be balanced with the **administrative complexity**, the **lack of visibility** on public orders and the **small size** of the energy market.”*

CEO, Energy

*“Americans like **security**: investing in a country that does not speak English well can be a **no-go**. We therefore prefer to organize events in London or even Frankfurt, because the **investment process is more fluid**.”*

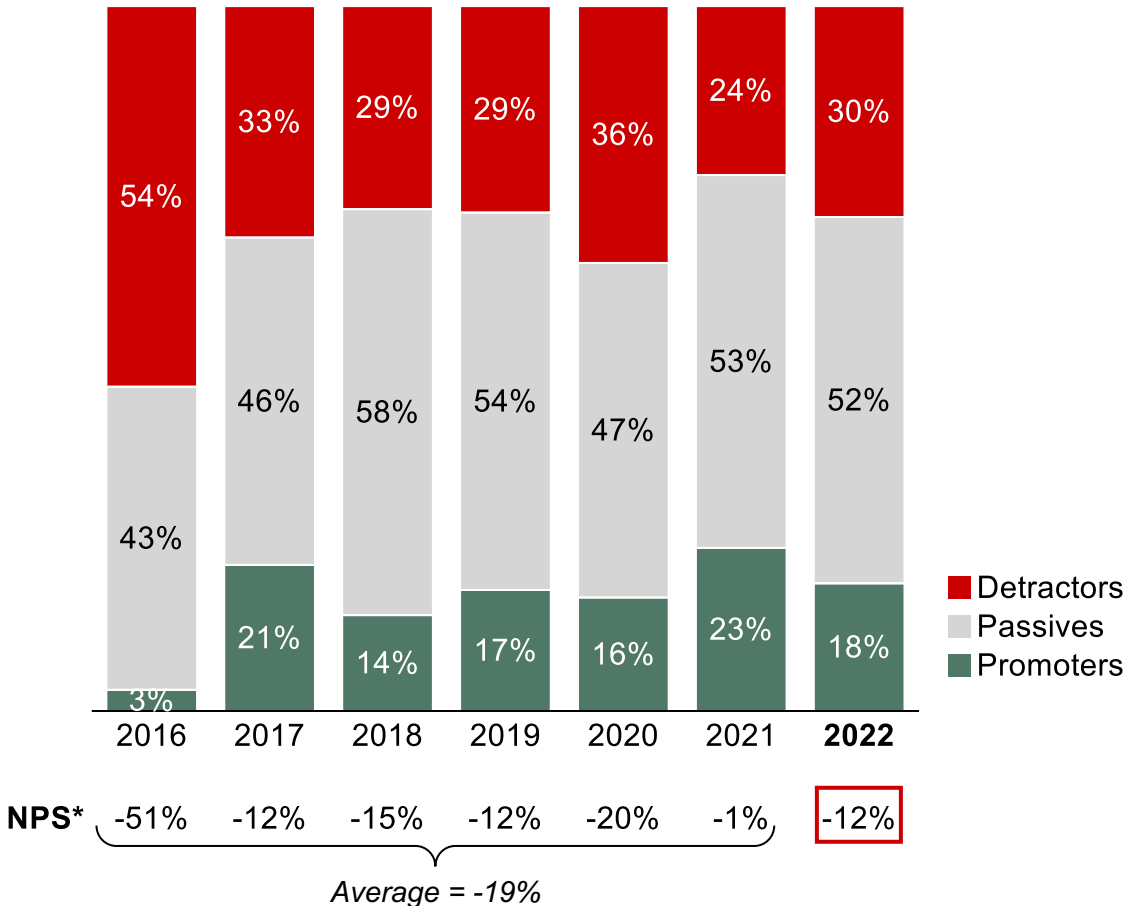
France Director, Leisure/ Tourism

#AmChamBainBarometer

The country's NPS as an investment destination eroded to -12%, but remains above the average of past years despite a difficult economic environment

ATTRACTIVENESS FOR AMERICAN INVESTORS

On a scale of 0 to 10, would you recommend France to a US company seeking to establish business abroad? (10 being the best rating)



(*) Net Promoter Score (NPS) = % promoters (grade 9 to 10) - % detractors (grade 0 to 6)
Note: In percentage of respondents
Source: AmCham-Bain Barometer, Bain analysis

*"French **infrastructure** is undeniably an asset. Roissy-CDG, for example, is a multimodal hub that is **very well connected** to Europe, with **quality facilities** and **expansion capacities** that other European hubs no longer have."*

CEO, Logistics

*"France has made **great progress** in terms of **attractiveness**, but it still lags behind its main competitors: **taxation, regulations, social legislation**... There is a strong **lack of coherence** and **pragmatism** in the face of a competition that will become even **fiercer**."*

CEO, Energy

*"France remains a **high value-added market** with untapped potential. However, **administrative, fiscal and cultural constraints** can be a real obstacle for American companies."*

France Director, Leisure/ Tourism

*"We are very concerned about the **stability of tax legislation**. Whether it is a question of taxes or contributions, one can never predict what will be adopted in the end, which **obstructs the long-term vision of a company implementation**."*

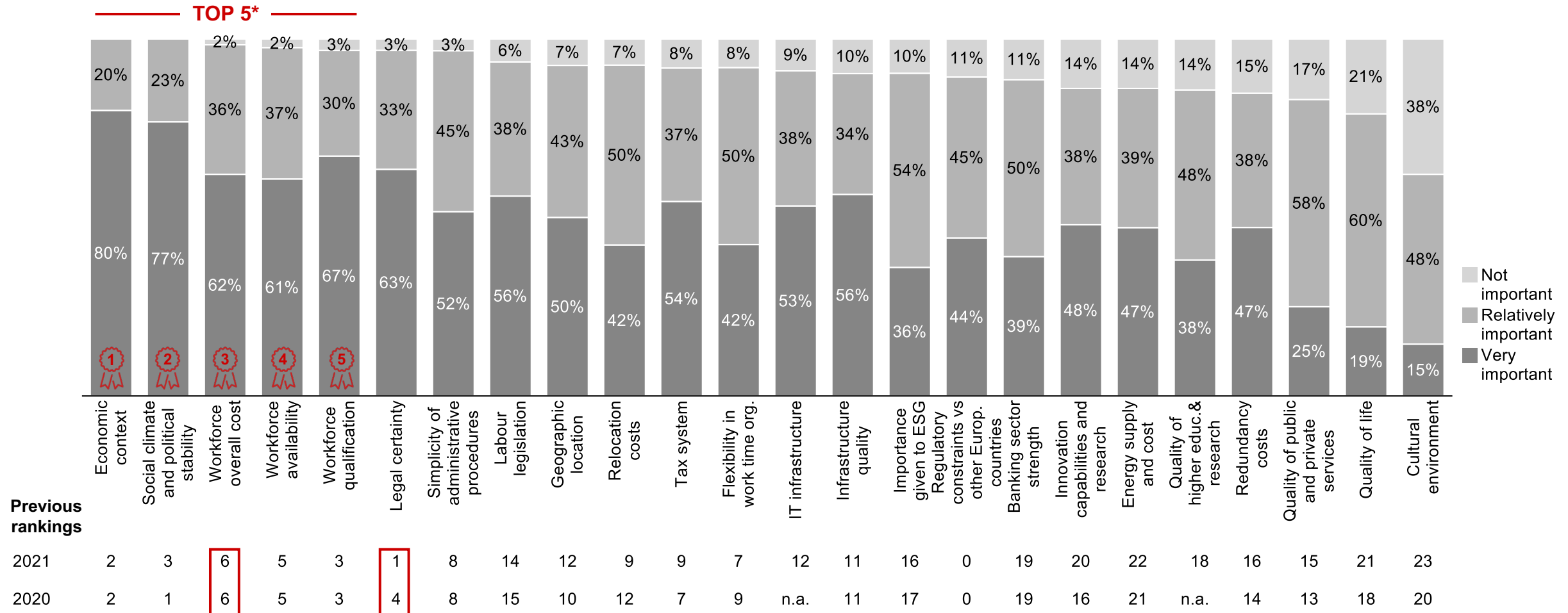
Institutional relationships, Food & Beverage

 #AmChamBainBarometer

In 2022, the economic context, the social climate and the cost of labor are the main investment decision criteria

ATTRACTIVENESS FOR AMERICAN INVESTORS

How important are the following factors in your company's investment decisions?



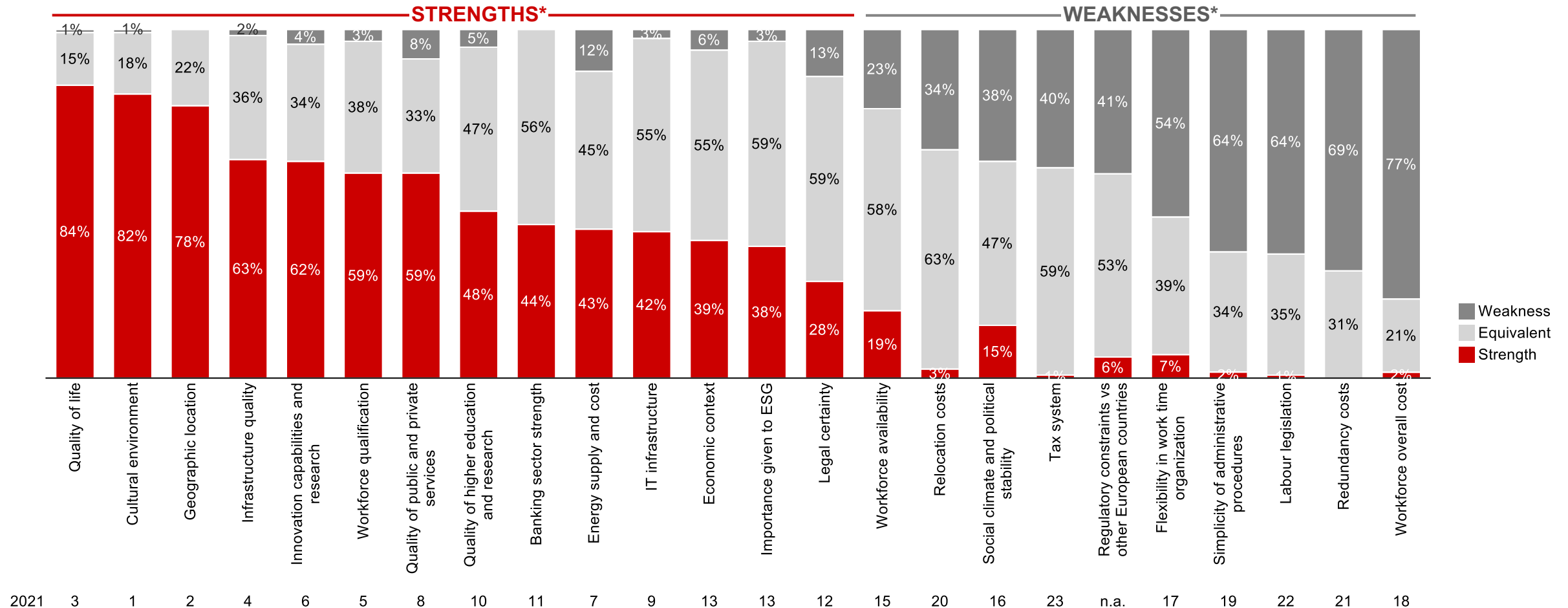
Note: In percentage of respondents, (*) Ranking = Very Important + Relatively Important
Source: AmCham-Bain Barometer, Bain analysis

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France's assets include its quality of life, culture, geographic position, infrastructures, innovation and workforce qualification

ATTRACTIVENESS FOR AMERICAN INVESTORS

How does France compare with other European countries regarding the following factors?



(*) Strength if proportion of strong > weak; Weakness of proportion of weak > strong

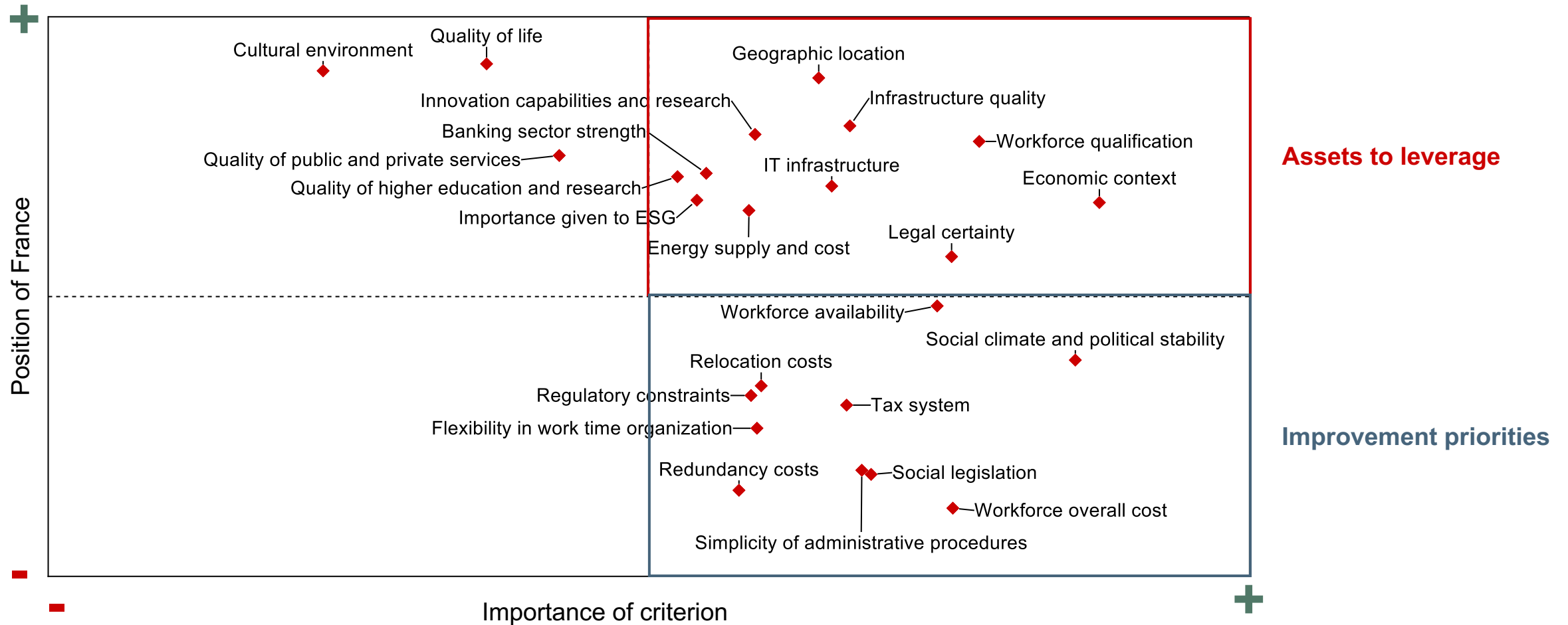
Note: In percentage of respondents, ranking of Strengths = % strong, ranking of Weaknesses = % weak

Source: AmCham-Bain Barometer, Bain analysis

#AmChamBainBarometer

Labor and redundancy costs, social legislation and administrative procedures are the priorities for improving France's attractiveness

ATTRACTIVENESS FOR AMERICAN INVESTORS

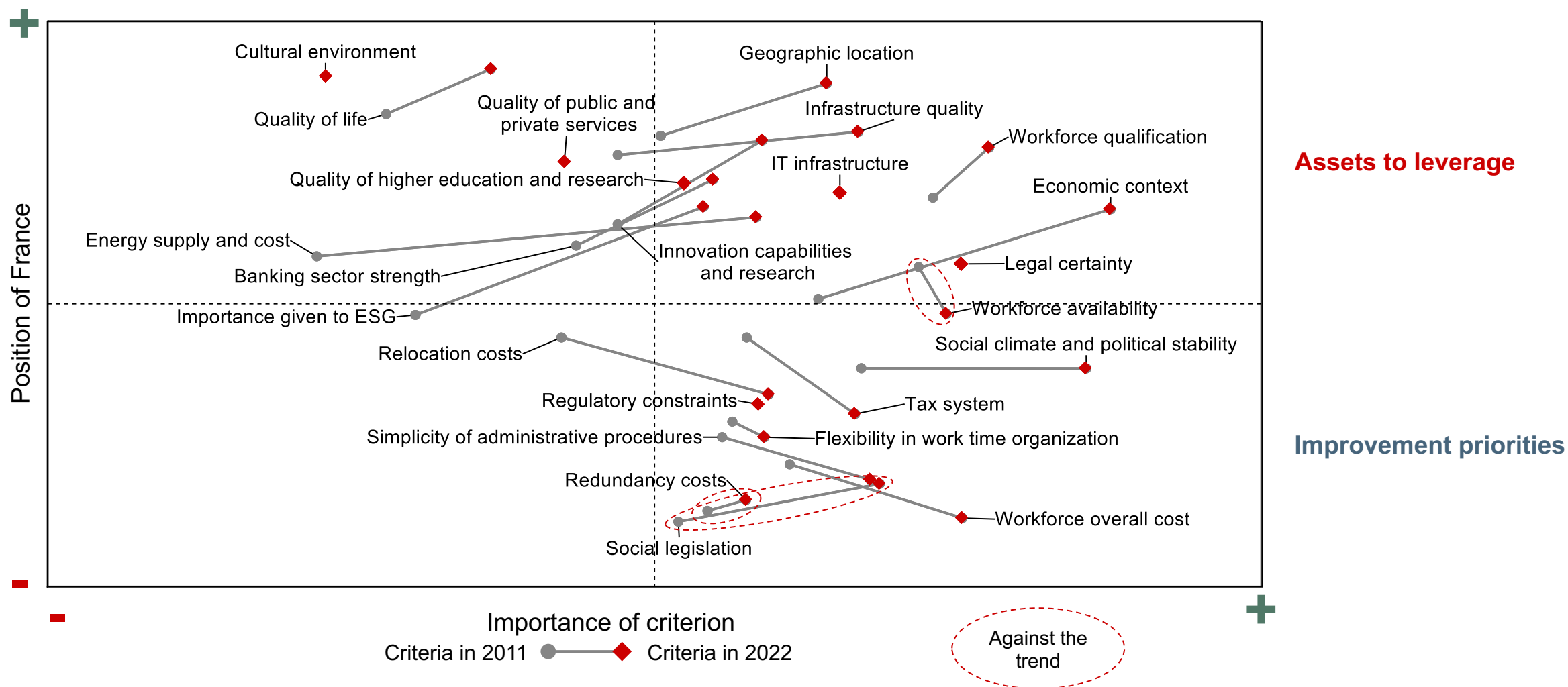


Note: Position of France = % strengths - % weaknesses, Importance of criterion = % very important - % not important
Source : AmCham-Bain Barometer, Bain analysis

#AmChamBainBarometer

Over the past decade, France's position has generally improved on its key assets and has eroded on its historical weaknesses, except for social legislation

ATTRACTIVENESS FOR AMERICAN INVESTORS



Note: Position of France = % strengths - % weaknesses, Importance of criterion = % very important - % not important
Source : AmCham-Bain Barometer, Bain analysis

[#AmChamBainBarometer](#)

In 2022, the Netherlands, Germany and Switzerland are France's main competitors for attracting foreign investment in Europe

ATTRACTIVENESS FOR AMERICAN INVESTORS

In your opinion, regarding the following factors, what European countries would you say are more competitive than France?

Macro-economic context



Germany



Netherlands



Switzerland



Human capital



Germany



United Kingdom



Netherlands



Tax & costs



Ireland



Luxembourg



Netherlands



Quality of life and local culture



Italy



Spain



Switzerland



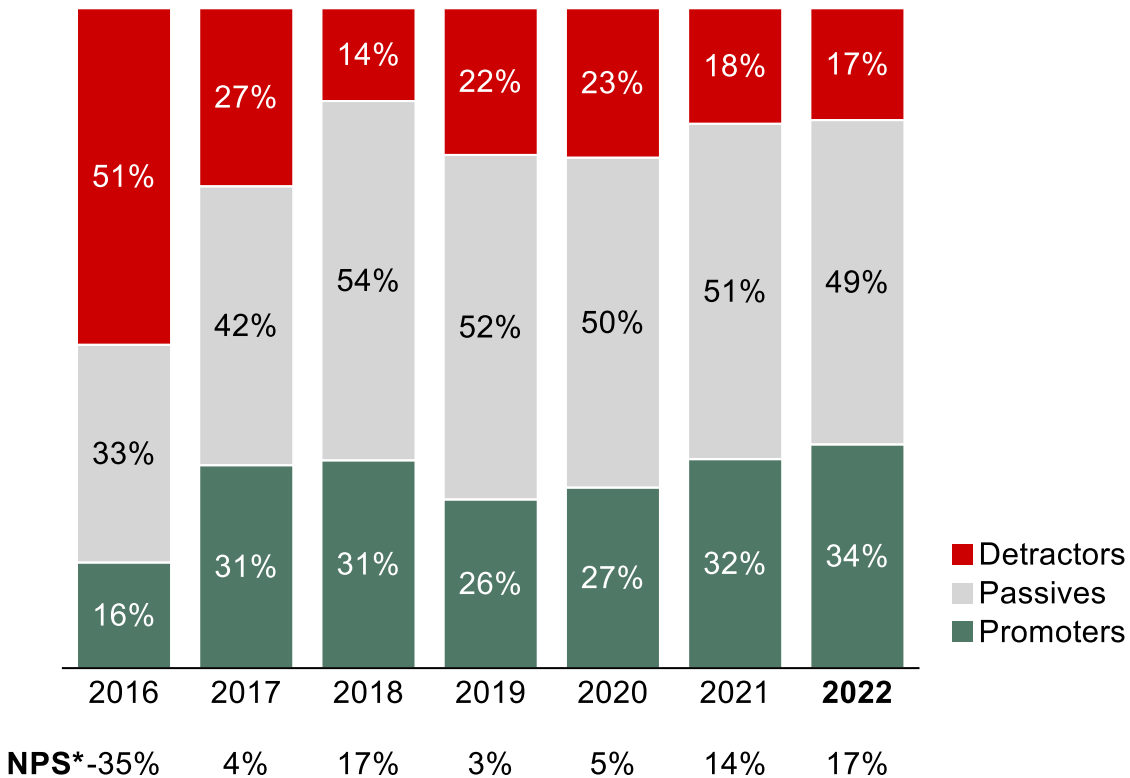
Note: Order is proportional to the number of occurrences a country was mentioned
Source: AmCham-Bain Barometer, Bain analysis

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Perception of France as an attractive destination for foreign employees equals the 2018 peak with an NPS of 17% (+3pts vs 2021)

ATTRACTIVENESS FOR FOREIGN EMPLOYEES

On a scale from 0 to 10 (10 being the highest rating), how likely are you to recommend settling in France to your international colleagues?



*“The **quality of life**, the **level of wages** and the **social protection** of employees are all aspects that tip the balance in favor of France.”*

Vice-President, Logistics

*“France has a **high quality of life**, a **strong healthcare system**, a **workforce committed** to their work, all in a **safe environment** and a **rich culture**.”*

Board Member, Education

*“Yes, for the **environment**, but not to make a **career**, develop and **create wealth**. It is possible of course but it is **less easy** than in other countries.”*

CEO, Energy

*“Settling in France remains a **challenge**: it is imperative to **speak the language**. **Integrating and adapting** are de facto **more difficult** than in other European countries.”*

M&A Director, Research and Consultancy

Note: in % of respondents, (*) Net Promoter Score (NPS) = % promoters (grade 9 to 10) - % detractors (grade 0 to 6)
Source : AmCham-Bain Barometer, Bain analysis

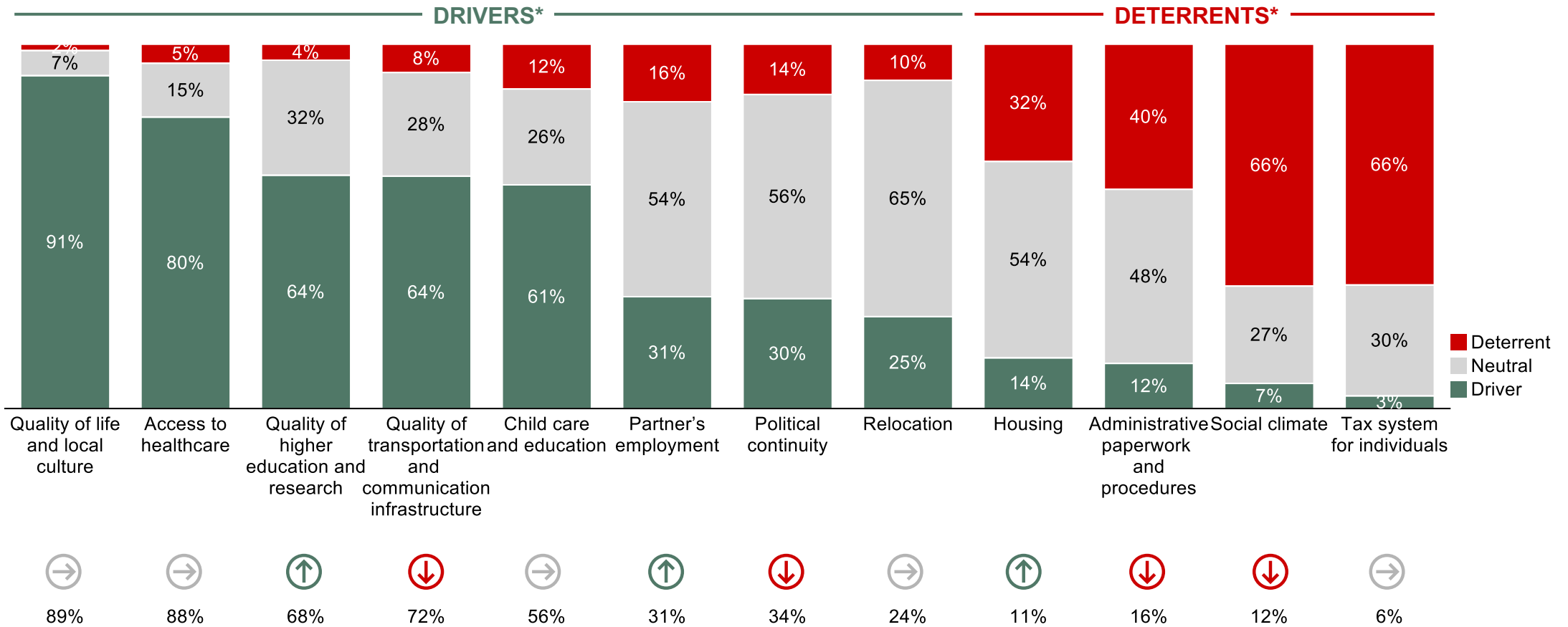
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Quality of life and access to healthcare remain France's greatest advocacy drivers for employees; taxation and social climate are the main deterrents

ATTRACTIVENESS FOR FOREIGN EMPLOYEES

In your opinion, are the following factors “drivers” or “deterrents” of France’s attractiveness for a company employing foreign workforce?



Ranking evolution vs. 2021

% of drivers in 2021

(*) Driver if proportion of Driver > Deterrent; Deterrent if proportion of Deterrent > Driver

Note: Ranking of Drivers = % Driver, ranking of Deterrents = % deterrent

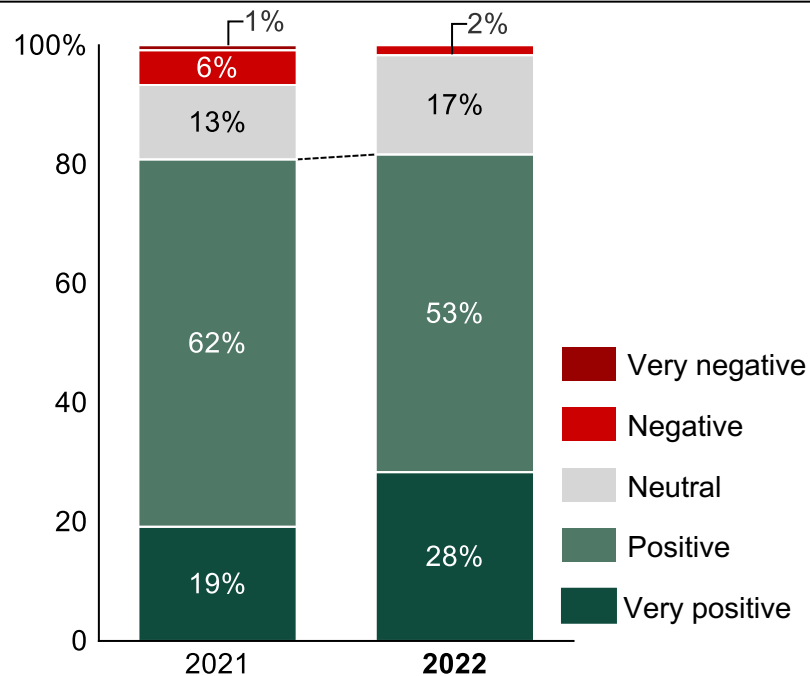
Source : AmCham-Bain Barometer, Bain analysis

Focus | The country's innovation capabilities remain a powerful lever of attractiveness, in particular thanks to its skilled workforce

ABILITY TO INNOVATE

/ FOCUS DRIVER

What is your general perception of the innovation ecosystem in France?

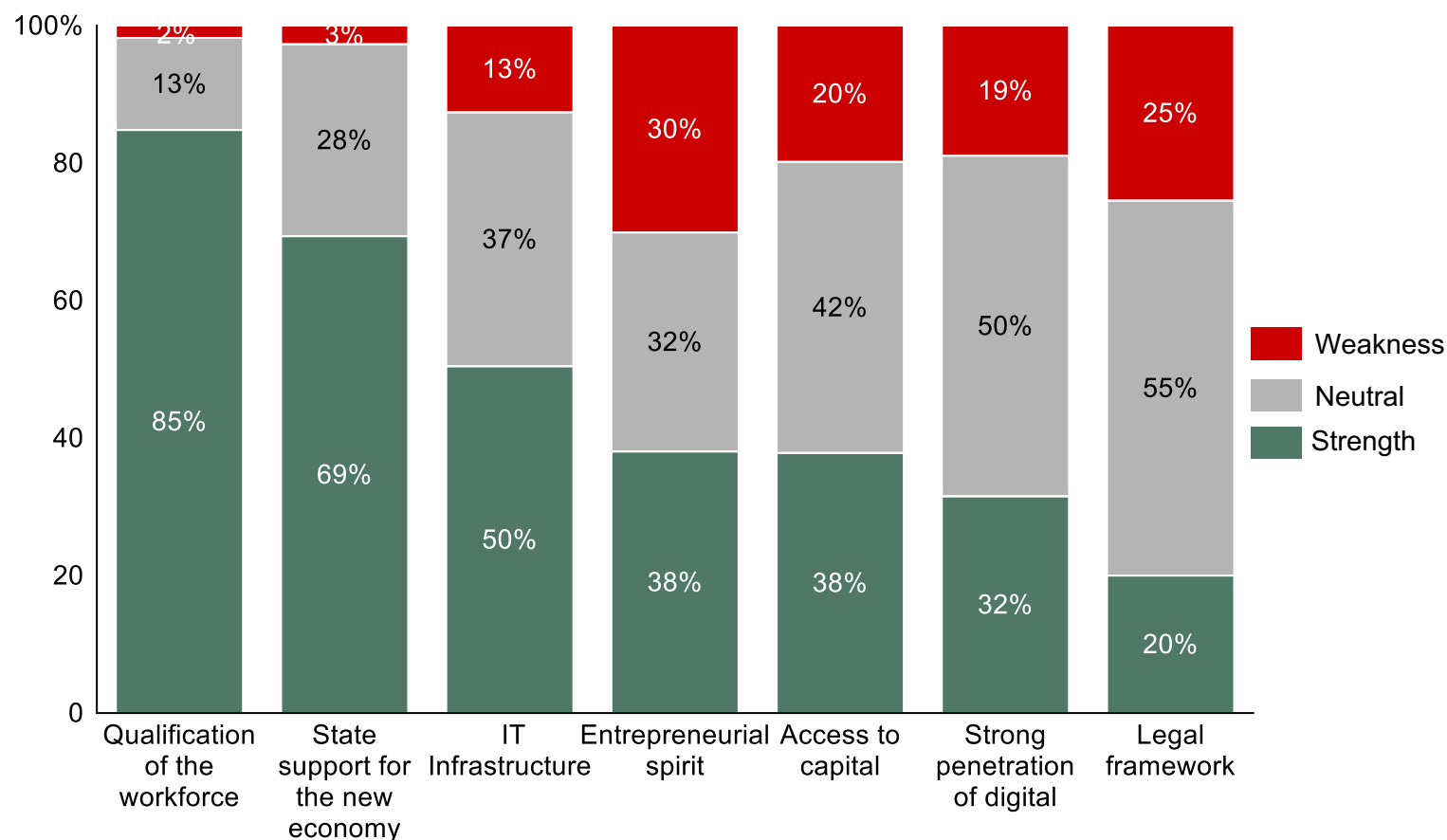


"There is a lot of public money available to support innovation, but the barriers to entry (multiple start-up packages, time-consuming procedures...) are sometimes too heavy to take advantage of it. A one-stop-shop could greatly simplify the task of entrepreneurs."

Operations Director, Technology

Note: In % of respondents; Ranking of strengths & weaknesses = % Strength
Source : AmCham-Bain Barometer, Bain analysis

What are France's strengths and weaknesses in terms of innovation and digital in the context of your investments?



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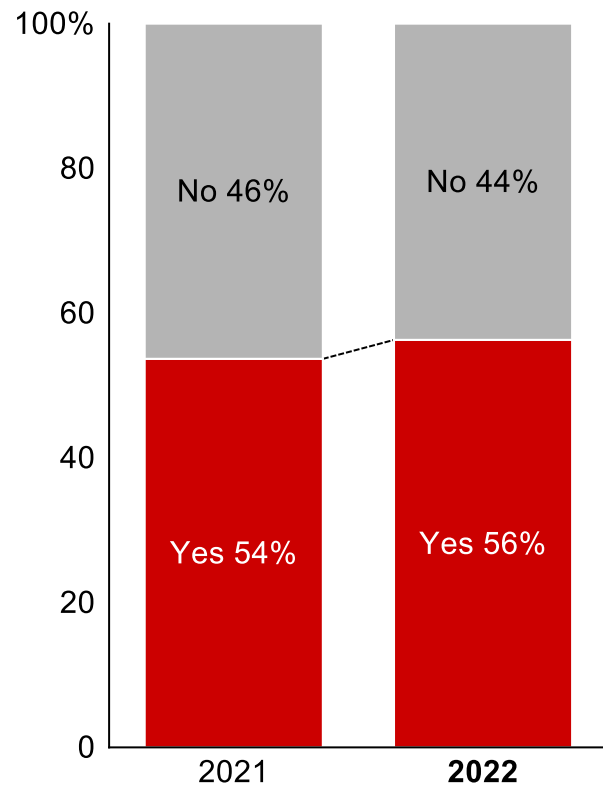
Focus | More than half of investors (more than in 2021) collaborate with French startups mainly through partnerships

ABILITY TO INNOVATE

/ FOCUS DRIVER

Does your company work with French startups?

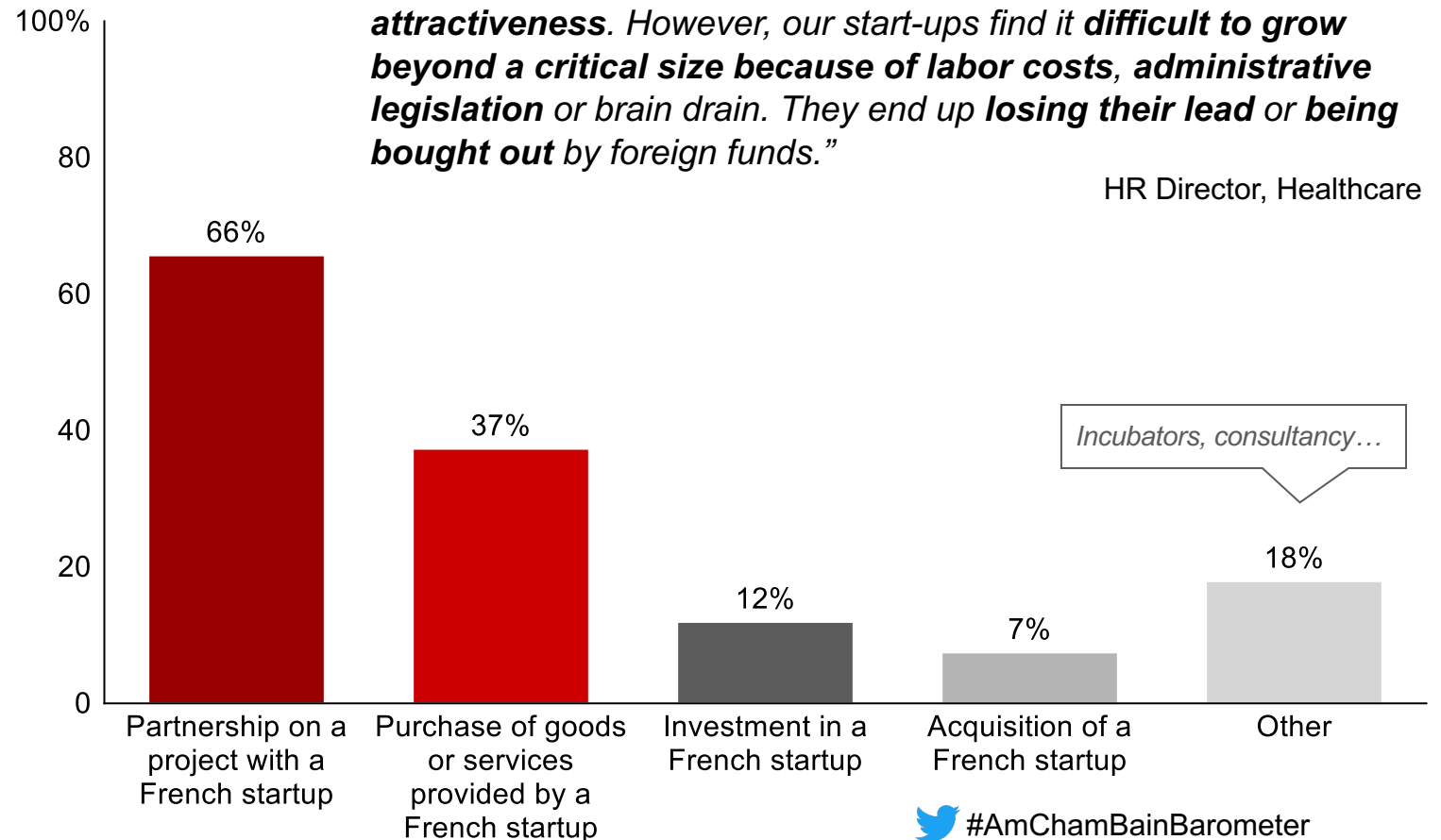
If so, how?



Evol. "Yes"
vs 2021

+2pp

Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis



*"France has succeeded in creating an environment conducive to the creation of start-ups, which is an **undeniable asset for its attractiveness**. However, our start-ups find it **difficult to grow beyond a critical size because of labor costs, administrative legislation** or brain drain. They end up **losing their lead or being bought out by foreign funds**."*

HR Director, Healthcare

Incubators, consultancy...

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AGENDA



France's attractiveness



French talent pool attractiveness



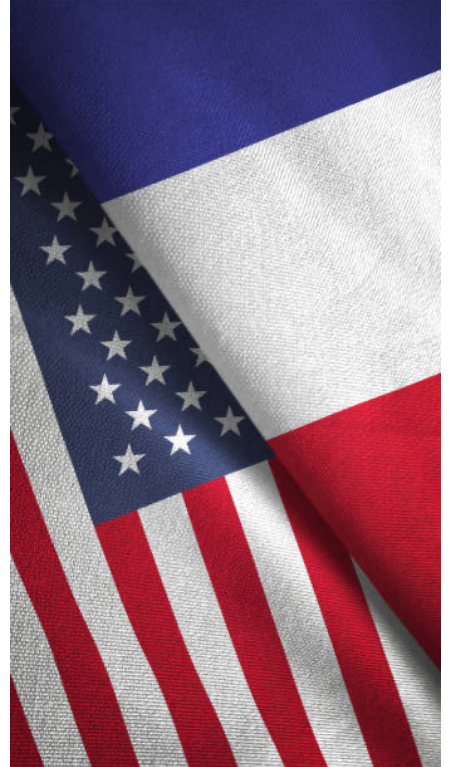
Major events impacting France's attractiveness



France's regions attractiveness



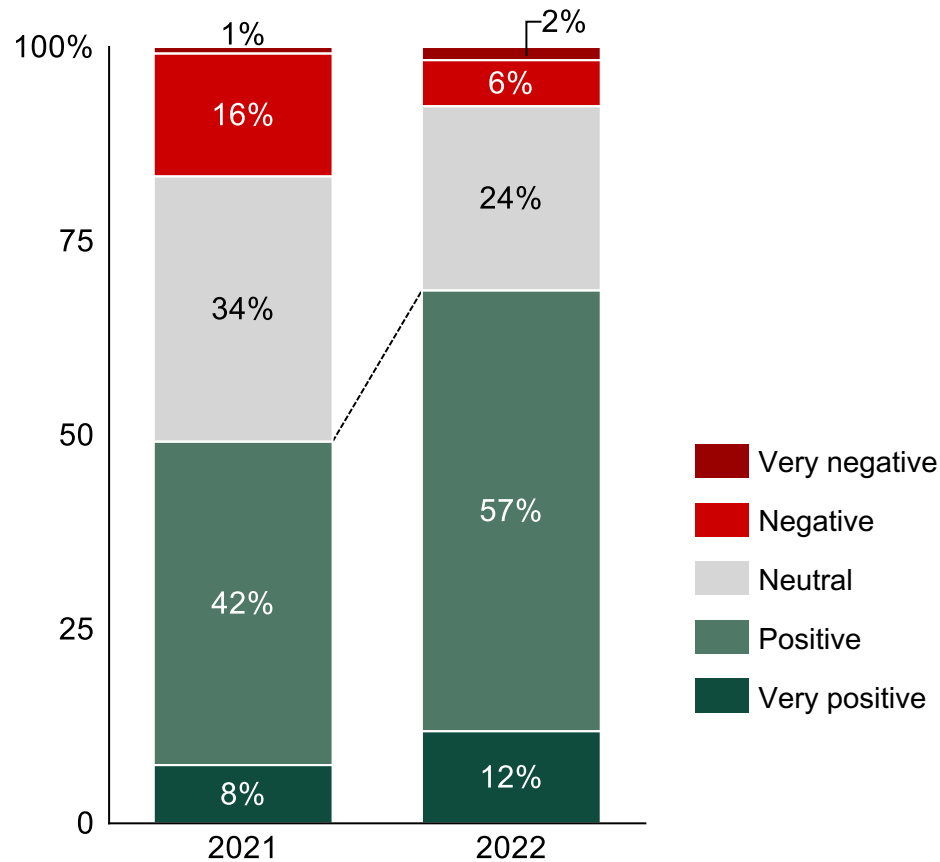
AmCham recommendations



The perception of the professional training system in France is positive or very positive for more than two thirds of respondents

TALENT POOL

What is your view on the French professional training system?



Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

"The level of qualification of French engineers is a real asset for recruiters."

International development Director, Logistics

"The return to favor of apprenticeship is really beneficial for companies, especially for recruitment and retention. Germany understood this a long time ago, France is just starting to implement it."

CEO, Logistics

"There is a real awareness of the "international" issues facing the education system. This will facilitate the attraction of international talent while improving the French position in international rankings. However, there is a big difference between Paris and the regions."

Institutional Relations, Food & Beverage

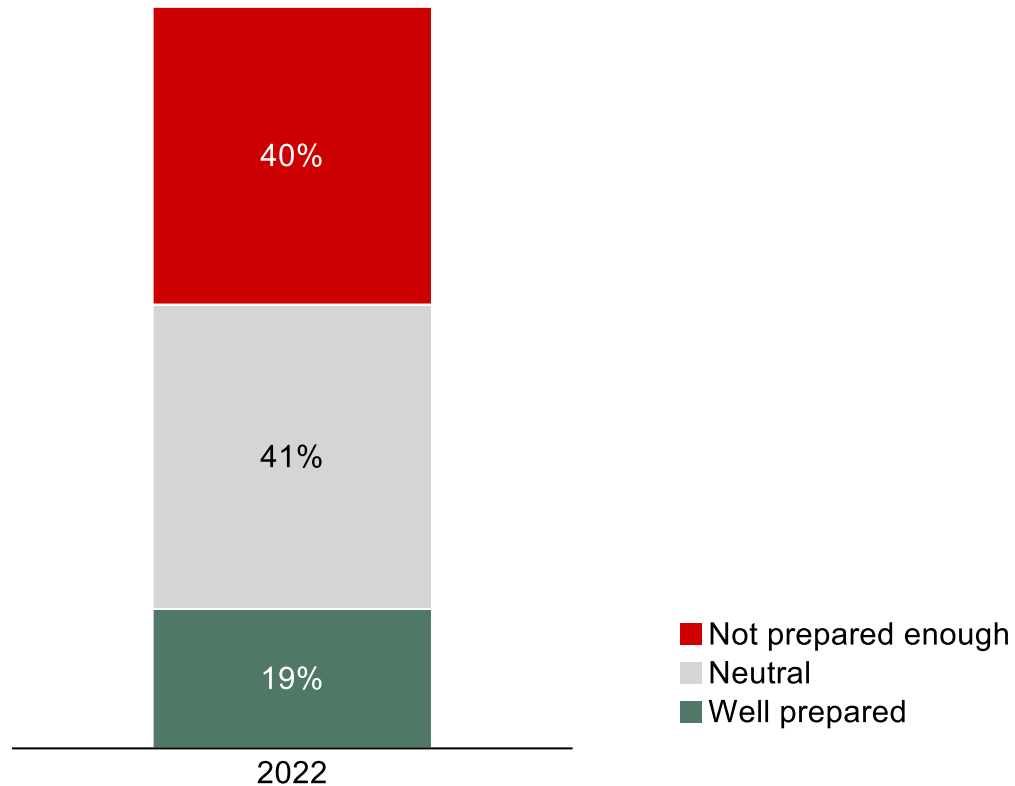
"In certain areas, such as digital skills, adaptability and collaborative skills, training has progressed. However, some fields, especially technical ones, have been deserted, which is a problem for the recruitment of operational profiles."

HR Director, Healthcare

France still seems insufficiently prepared for the challenges of future capabilities (mainly digital and energy transition)

TALENT POOL

In your opinion, is France sufficiently prepared for the challenges of tomorrow's new professions?



*"I don't see **any difference** between my education and my children's education, which is not right. They **don't get lessons tailored to the life of tomorrow**, no CSR or tech classes, and the science hasn't changed either."*

CEO, Logistics

*"France is rather well placed for the professions of the future, but we have a **problem of quantity rather than quality**: on the digital side we lack profiles in **cybersecurity**, and on the **energy transition** side, we would need recruits in the chemical, energy, automotive industries..."*

CEO, Energy

*"France has been **rather reactive regarding the professions of the future** because new training courses have already begun to emerge. Nevertheless, this **should have been anticipated 20 years ago**, especially for very specific profiles such as **cybersecurity or hydrogen fields**."*

Development Director, Aeronautics

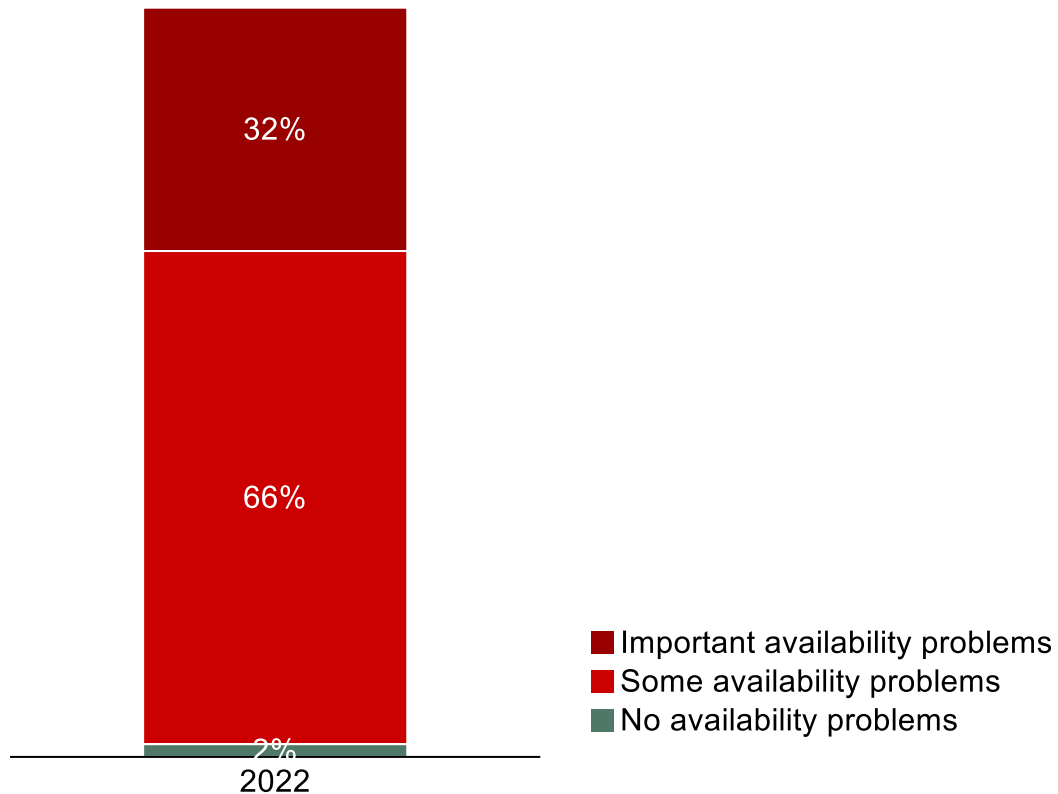
Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

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France suffers from a labor shortage in all industries, as do other major economies around the world

TALENT POOL

How would you describe the availability of labor and talent in France?



*“Highly skilled profiles have always been hard to find, but since Covid, other profile types have also become **scarcer**. However, **this is true throughout Europe, as well as in the US and Asia.**”*

CEO, Technology

*“The tension on the market is such that **our employees are regularly poached**. The tension is increased by the **lack of geographical mobility** of certain profiles.”*

CEO, Energy

*“The **lack of manpower has worsened since Covid**, especially since several companies are trying to expand, which increases the tension. We border Switzerland and are therefore **in competition with very high salaries**, especially for highly technical profiles. To face these difficulties, we **offer training in our employment area** to people who are far from employment.”*

Plant Director, Healthcare

Note: In % of respondents
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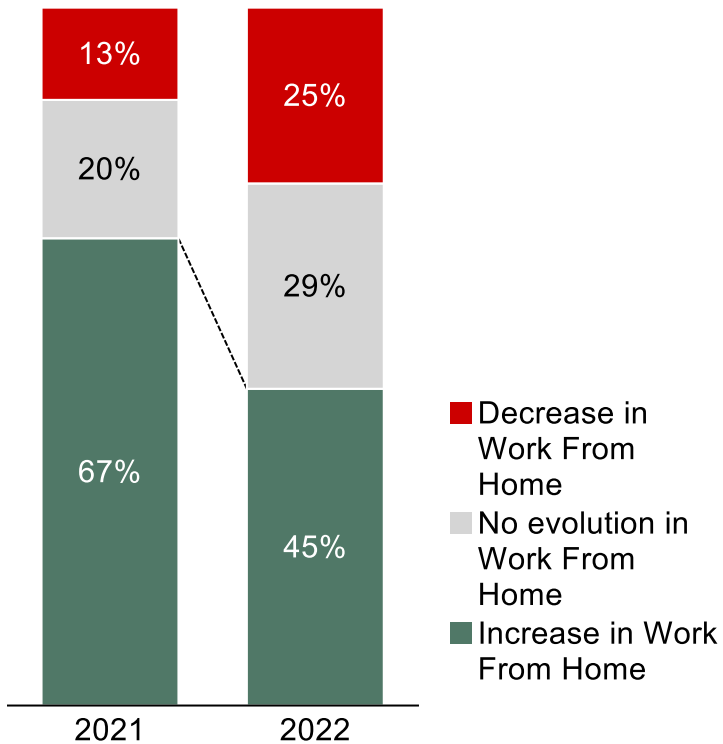
BAIN & COMPANY



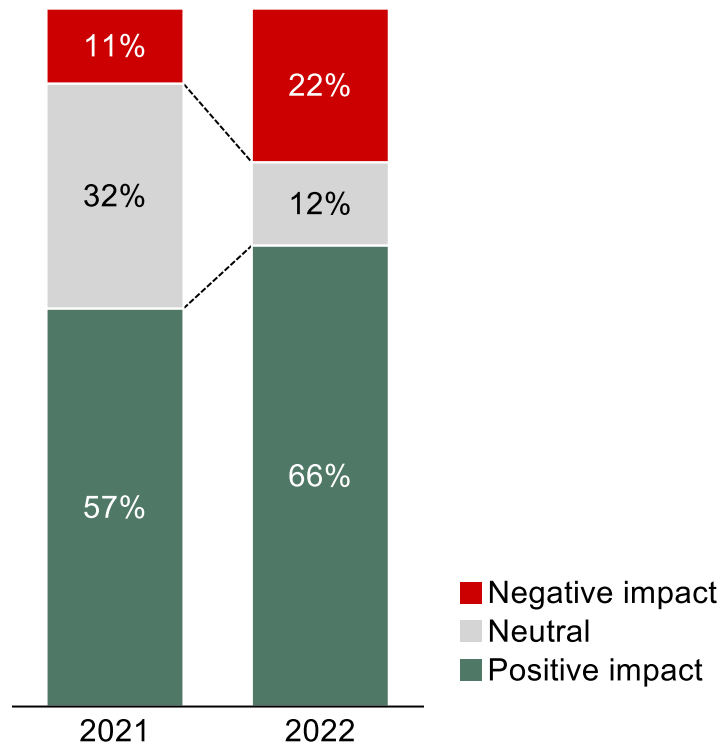
Work From Home is still very present in companies; perceptions of its impact are polarized but remain largely positive

TALENT POOL

Do you see an (increase/ decrease/ stability) in Work From Home compared to one year ago?



What has been the impact of the hybrid work model on the performance of your company?



*“Work From Home allows for **better attractiveness and therefore better retention**. It strengthens **the work-life balance**.”*

CEO, Consulting

*“Employees have **more flexibility**. Their performance remains similar to face-to-face work, **if not better**.”*

CEO, Chemicals

*“The downside of Work From Home is that it makes **teamwork more difficult**: connection between colleagues, **difficulties in creating/ maintaining a team spirit**, reactivity, communication.”*

CEO, Food & Beverage

Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

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AGENDA



France's attractiveness



French talent pool attractiveness



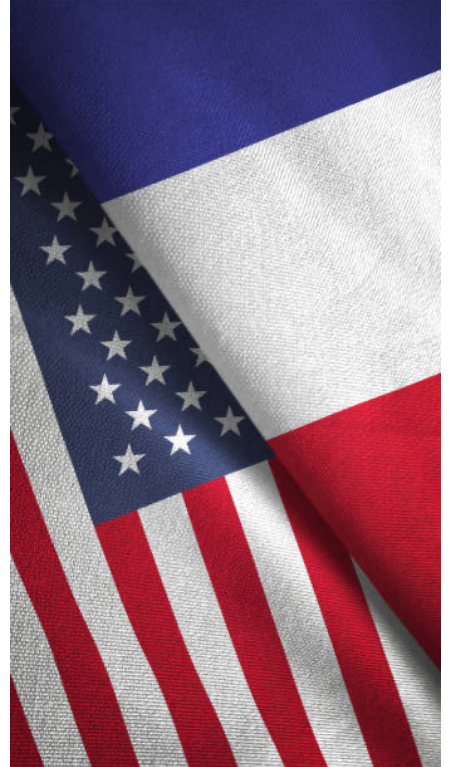
Major events impacting France's attractiveness



France's regions attractiveness



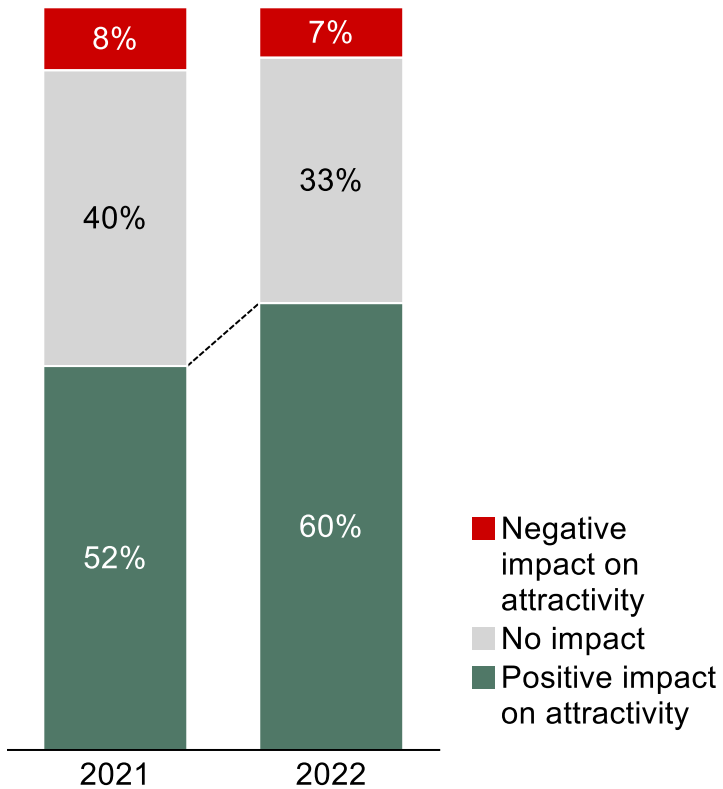
AmCham recommendations



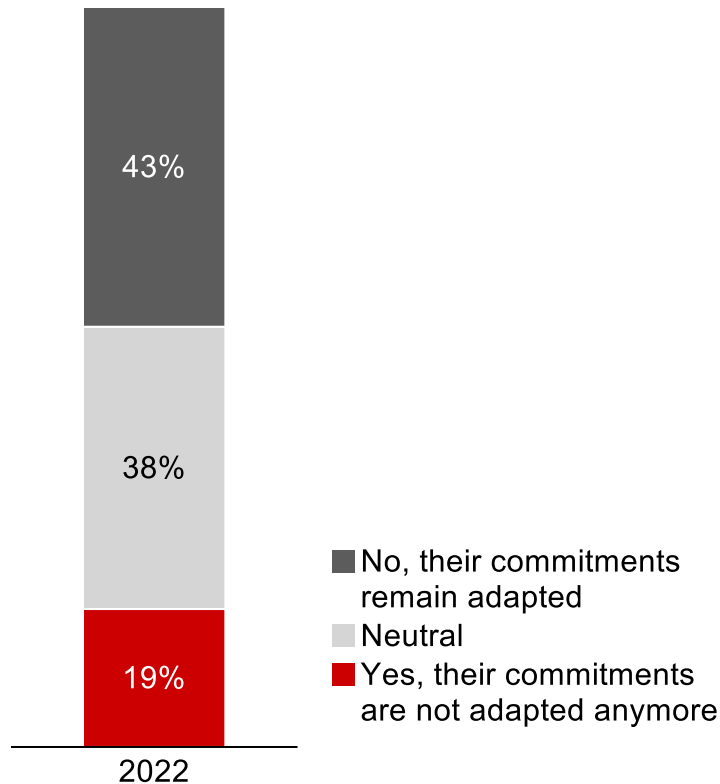
The State's climate commitments are mostly well received, but only 43% of respondents believe that their own commitments remain adapted

CORPORATE SOCIAL RESPONSIBILITY

In your opinion, do the State's efforts in terms of ecological transition have an impact on France's attractiveness?



In your opinion, do the current economic turbulences put companies' ambitious climate commitments at stake?



*"There is a **good alignment** between the **European climate requirements** and our group's, which **facilitates the implementation** in the country."*

Development Director, Aeronautics

*"The Americans **do not see a political threat** in France in terms of ecological transition. **CSR criteria are not taken into account** for investment decisions."*

France Director, Leisure/ Tourism

*"The commitments made, such as electrifying an entire fleet of vehicles, are **unrealistic for the moment**: there is not enough electricity in France for all the drivers. We will surely achieve carbon neutrality, but **by other means**."*

CEO, Logistics

*"Despite inflation, we are **meeting our climate commitments** because there is a **real market demand**."*

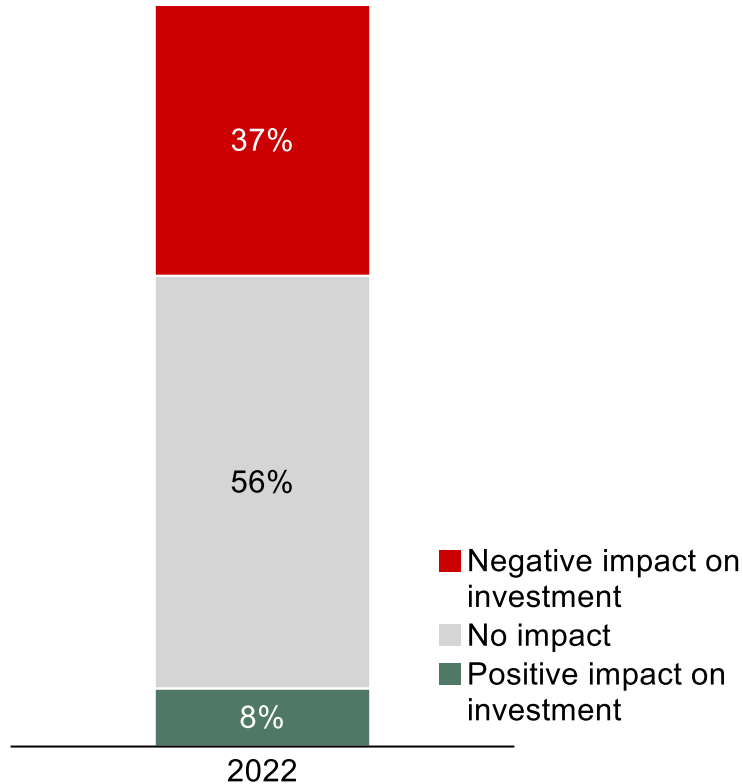
CEO, Chemicals

Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

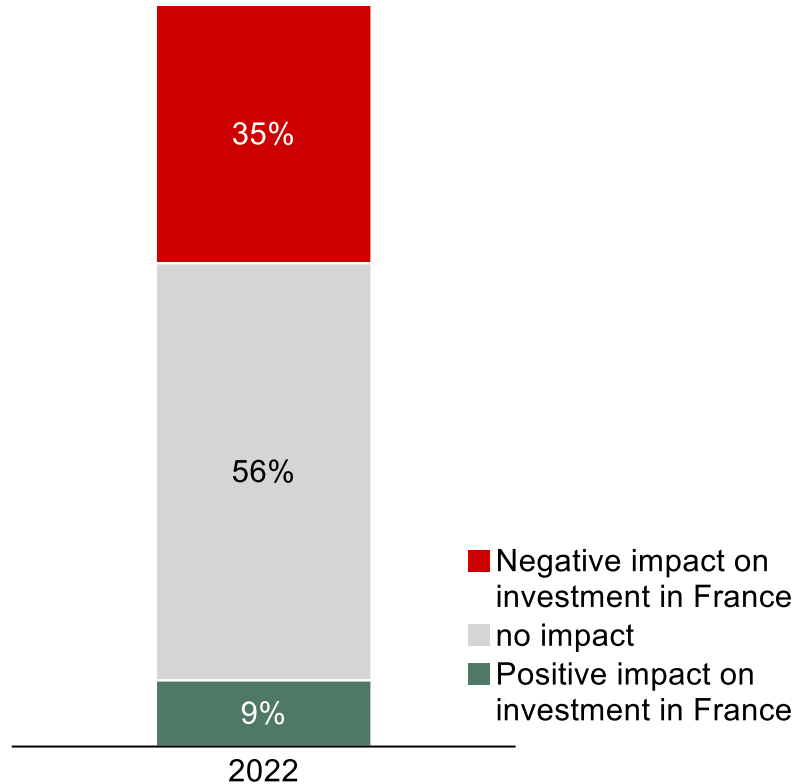
Almost two thirds of our respondents' investments were not negatively impacted by rising energy prices and inflation

GLOBAL TURMOIL

In your opinion, has the price of energy in France (compared to other European countries) had an impact on your company's investments?



In your opinion, did the inflation and the macroeconomic context impact your company's investments in France (compared to investments in other European countries)?



*"The increase in energy is **temporary**, whereas our investment decisions are made over **3 to 5 years**. It is not a criterion for future investments."*

CEO, Chemicals

*"France **has taken the necessary measures to limit inflation** and is doing better than its neighbors. We are **less exposed than Germany** in terms of access to energy and its costs."*

Development Director, Aeronautics

*"Inflation has led us to **reduce our investment ambitions, to spread them out over time or to postpone them**. However, this situation is similar in other countries than France."*

Institutional Relations, Food & Beverage

Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

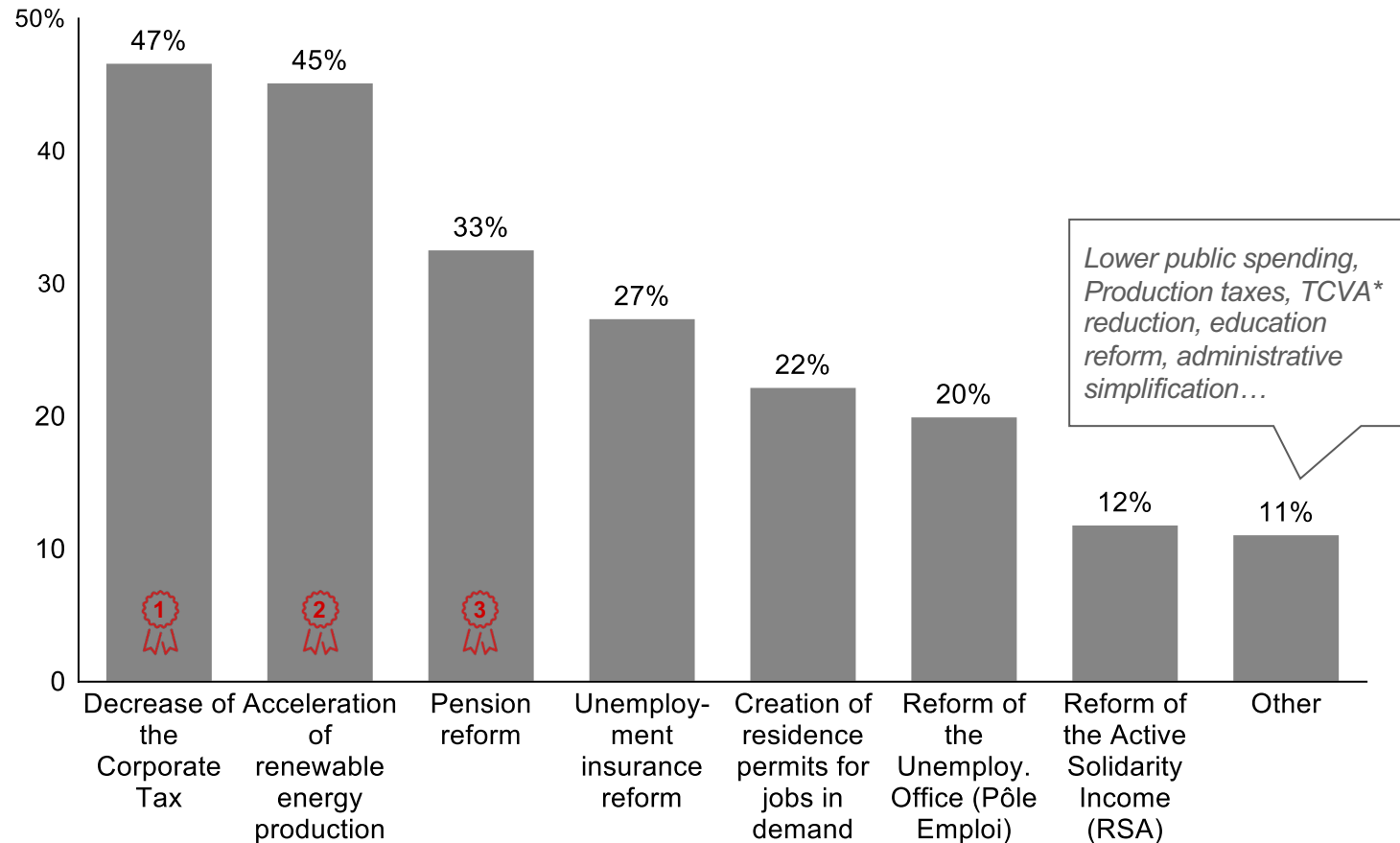
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Corporate taxes, renewable energies and pensions are seen as priority issues to be addressed, against a backdrop of concerns about the debt

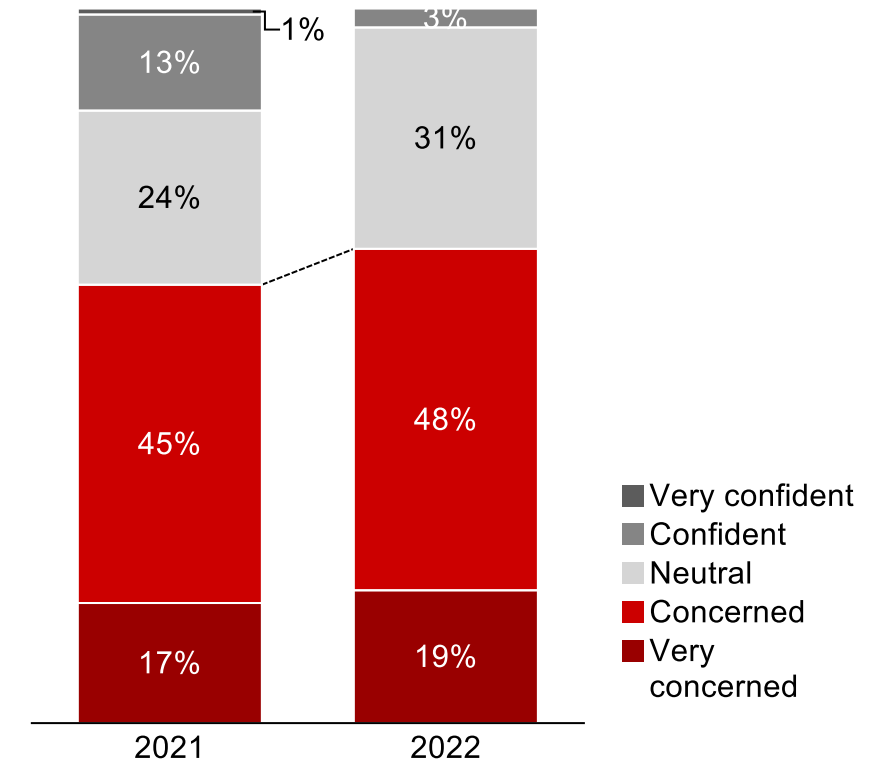
POLITICAL SITUATION

In your opinion, what are the top priority reforms for President Macron's second term to increase France's attractiveness?



Note: In % of respondents, several answers possible for political reforms, TCVA: Tax on Corporate Value Added (CVAE in French)
Source : AmCham-Bain Barometer, Bain analysis

What is your opinion regarding the public debt?



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AGENDA



France's attractiveness



French talent pool attractiveness



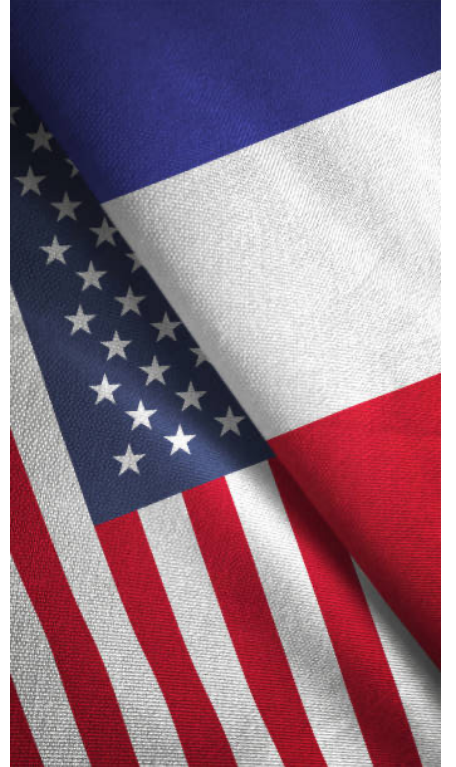
Major events impacting France's attractiveness



France's regions attractiveness



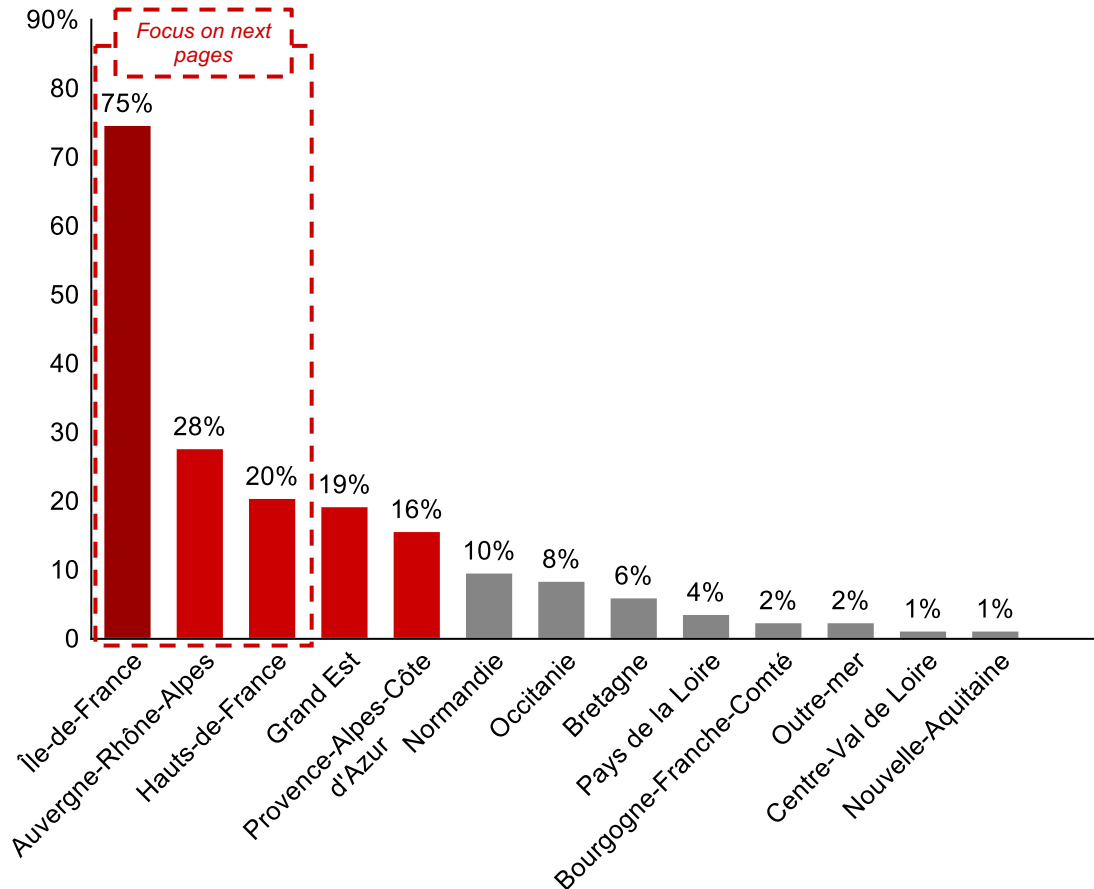
AmCham recommendations



Ile-de-France retains its dominance in regional attractiveness, followed by Auvergne-Rhône-Alpes and Hauts-de-France

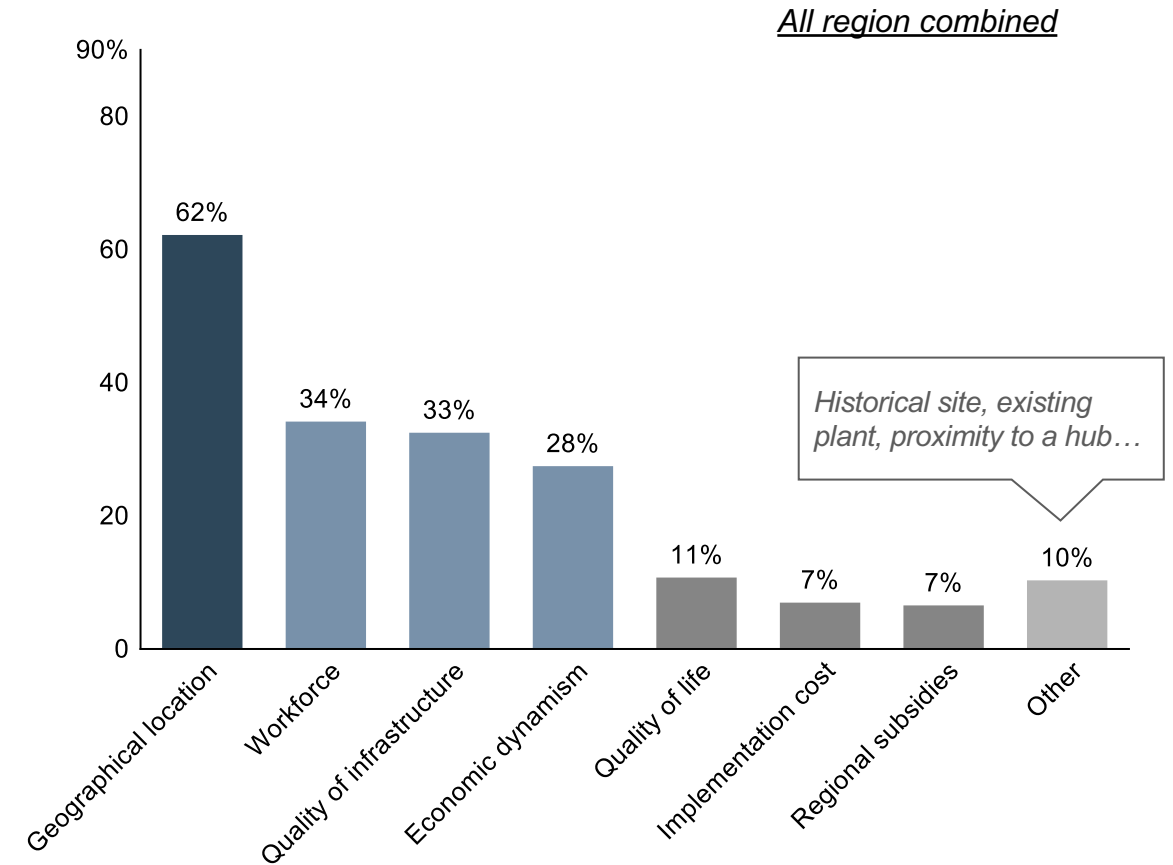
FRENCH REGIONS

In which French region(s) is your company located?*



Note: In % of respondents; (*) no company present in other regions
Source : AmCham-Bain Barometer, Bain analysis

For each of your regional installations, what were the main determining factors (maximum 3)?



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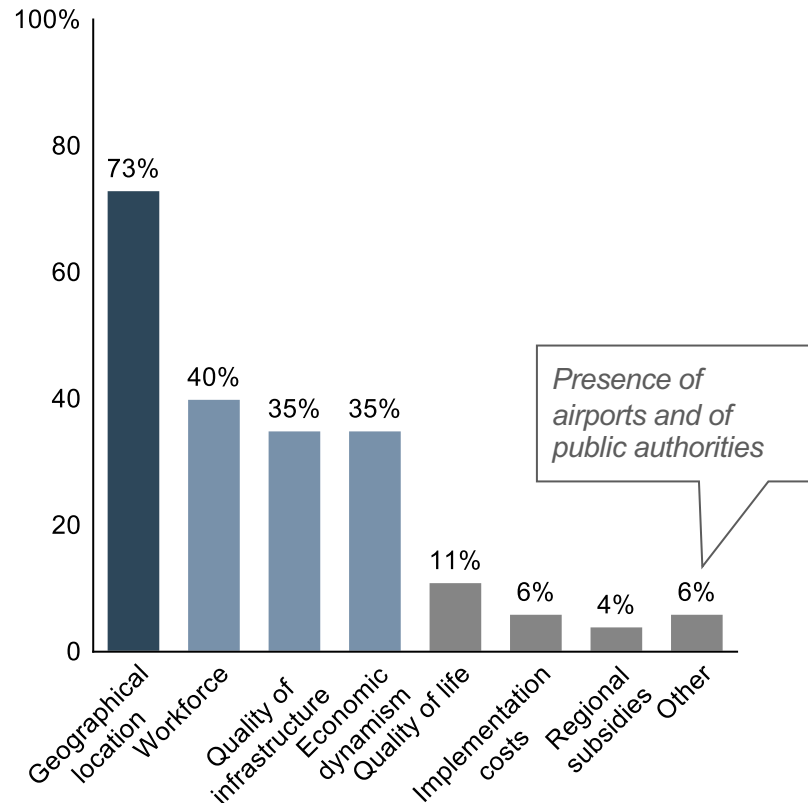
Focus on 3 regions | Geographic location, workforce, quality of infrastructure, and economic dynamism contribute most to the attractiveness of regions

FRENCH REGIONS

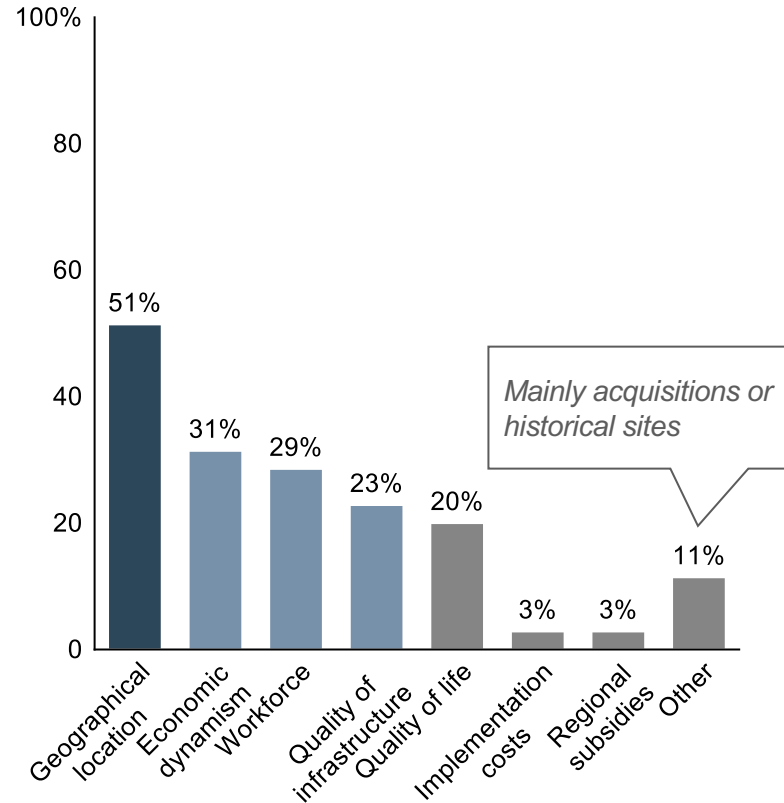
/ FOCUS

For each of your regional installations, what were the main determining factors (maximum 3)?

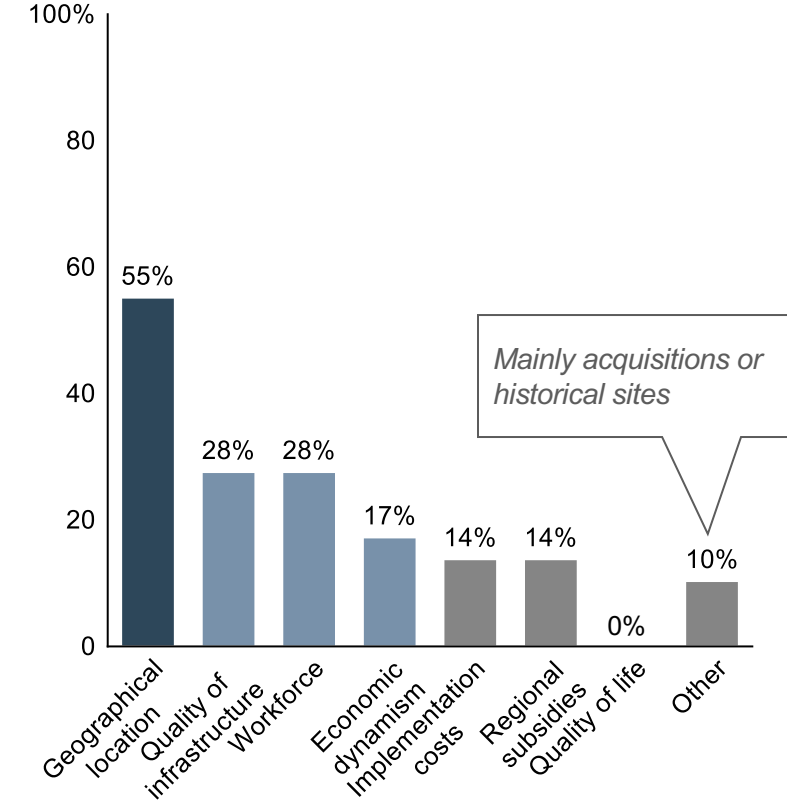
Île-de-France



Auvergne-Rhône-Alpes



Hauts-de-France



Note: In % of respondents

Source : AmCham-Bain Barometer, Bain analysis

 #AmChamBainBarometer

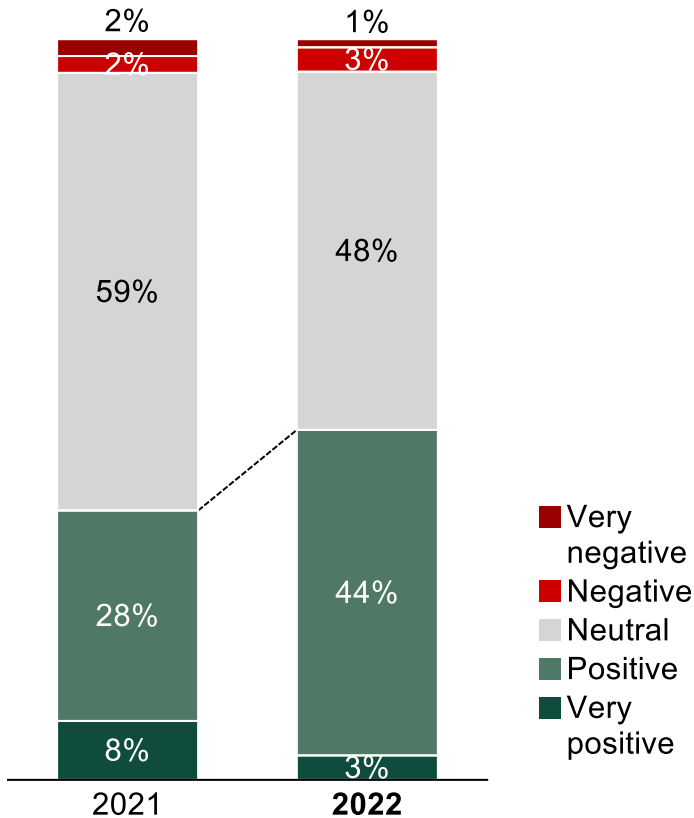
Focus on 3 regions | Satisfaction with policies and actions dedicated to regional attractiveness has grown compared to last year

FRENCH REGIONS

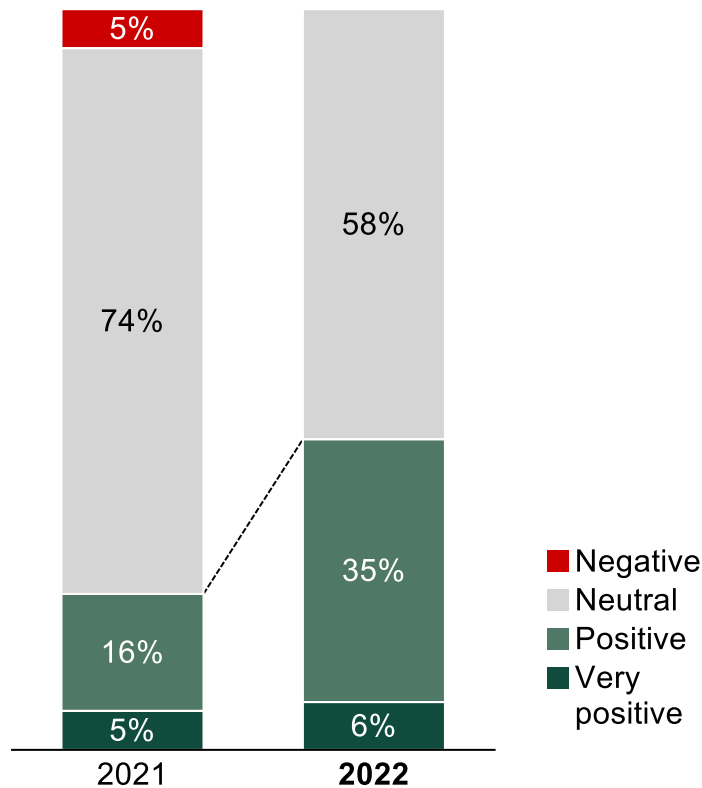
/ FOCUS

Are you satisfied with the policies and actions carried out by the region(s) in which you are located to attract foreign investment?

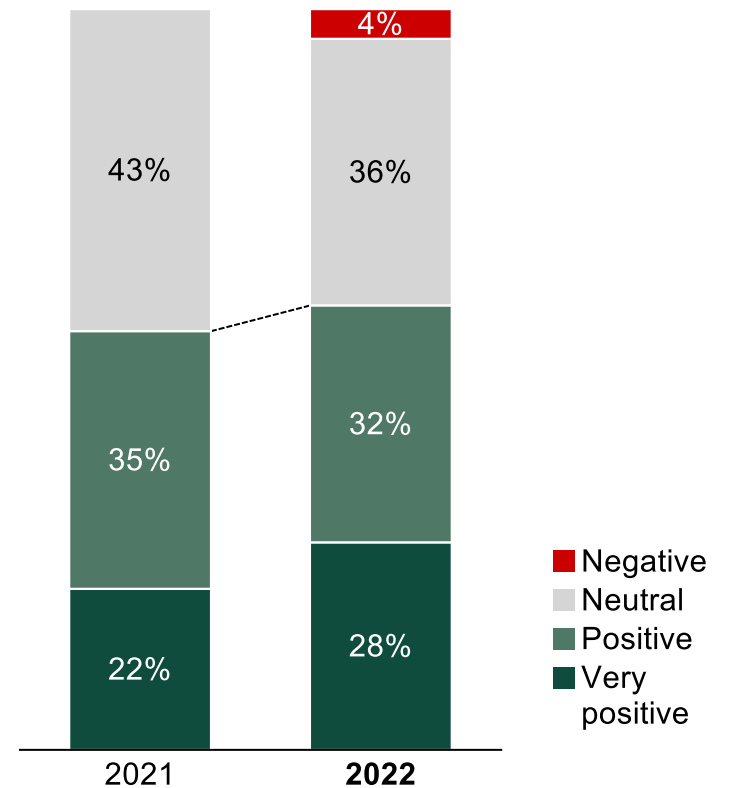
Île-de-France



Auvergne-Rhône-Alpes



Hauts-de-France



Note: In % of respondents
Source : AmCham-Bain Barometer, Bain analysis

 #AmChamBainBarometer

A G E N D A



France's attractiveness



French talent pool attractiveness



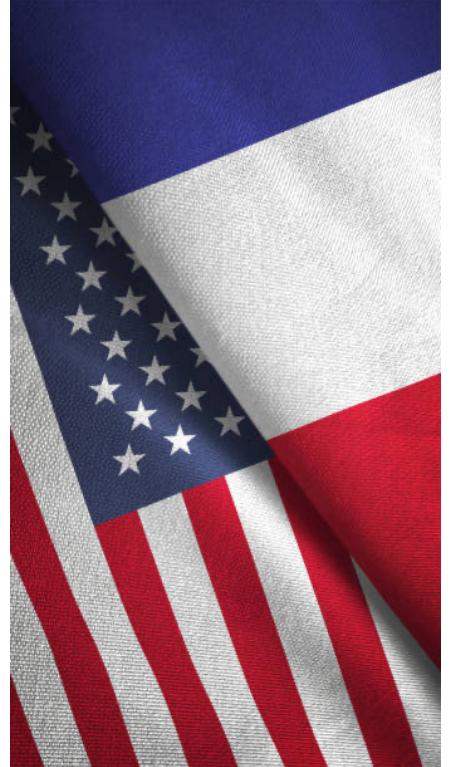
Major events impacting France's attractiveness



France's regions attractiveness



AmCham recommendations



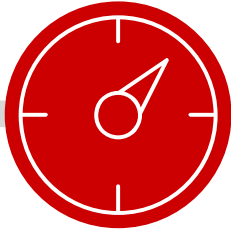
AmCham recommendations

1



Rethink the country's **education and training systems**, while promoting the complementarity of generations and equal access to certain professions

2



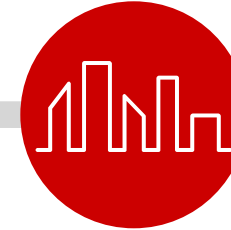
Persevere in the implementation of ambitious **economic and social reforms**

3



Accelerate France's **reindustrialization**, particularly in the **digital, energy and R&D markets**

4



Promote more the attractiveness of **regions and cities**

5



Continue and accelerate **administrative simplification**, in order to bring France back to its neighbors' competitiveness level

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