

# AMCHAM FRANCE RECOMMENDATIONS

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*Green Industry bill*



**APRIL 2023**



The American Chamber of Commerce in France ("AmCham France") presents its recommendations for the "green industry" bill introduced by Bruno Le Maire, which aims to accelerate the **reindustrialization** of France while supporting industry (19% of greenhouse gas emissions in France) in its **decarbonization**. **These recommendations** are intended to raise awareness among public authorities of the issues commonly faced by AmCham member companies producing or planning to produce in France.

AmCham France represents more than 200 leading French and American companies and organizations as well as numerous academic and economic partners committed to the **transatlantic relationship**. Independent of any government and convinced that businesses have a crucial role to play in bringing new ideas to the public debate, AmCham France is proactive in order to meet the major societal, economic and environmental challenges of our time.



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# INTRODUCTION

While the 6th IPCC synthesis report has just been published, emphasizing more than ever the need to decarbonize our economies, reindustrialization remains a major challenge for France, which must combine economic competitiveness and reducing its carbon footprint.

For several decades, France has been experiencing a progressive decline in its industry, with a constant decrease in the share of industrial production in its GDP. The number of industrial jobs has fallen from 5.3 million in 1980 to about 3 million in 2020. In 2021, industry will account for 13.42% of GDP, compared with 23% in 1980. In Europe, industry represented on average 16% of GDP in 2019 (17% in Italy, 19% in Switzerland or 22% in Germany). However, since 2017, France has created more than 60,000 industrial jobs and in 2022, it has opened twice as many factories as it has closed.

The French government has massively invested in innovative technologies through its France Relance and France 2030 plans, which have been allocated €100 billion and €54 billion respectively to boost certain key sectors for the ecological transition (green hydrogen, biomedicine, robotization, low-energy aircraft, nuclear power, etc.). In addition to these strategic sectors, the public investment plans also aim to support existing industries, including "heavy" industries, in their decarbonization.

This desire for "green reindustrialization" takes place in an uncertain global geopolitical environment. The Covid crisis and the war in Ukraine have immediate consequences on global economic policies, first and foremost those of the United States, with the *Inflation Reduction Act*, followed by the *Green Deal Industrial Plan* initiated by the European Commission

In this context, the French minister of Economy, Bruno Le Maire announced the 5th of January 2023 that he would present a "**green industry**" bill in the spring, with the aim of making France the leading nation for green industry in Europe. It is in this context that the French Minister of the Economy, Bruno Le Maire, announced on January 5 that he would present a "green industry" bill in the spring, with the aim of making France the leading nation for green industry in Europe. Announced on the basis of a zero budgetary cost, the future bill aims to meet two objectives: to make France the champion of green industry and "decarbonizing" technologies and to support French industry in its massive decarbonization. The bill is currently structured around five priorities, with a large amount of room for consultation:

1. transforming the tax system to grow the green industry,
2. open factories, rehabilitate wastelands and provide land,
3. produce, order and buy in France,
4. finance the French green industry,
5. train for green industry jobs.

This work of reflection and co-construction has resulted in a corpus of 29 proposals, presented on April 3 to the Ministry of the Economy and a broad public consultation is currently underway from April 3 to 24 to consolidate the bill.

Therefore, AmCham France, wishing to contribute on behalf of the companies it represents to this consultation phase, offers the government its recommendations on each of these 5 priorities.

**Simplification, stability, visibility and budgetary sobriety** are the key words of this Position Paper for companies, which must also be able to count on a reasonable transition period to move towards greener industrial production methods.

## Theme 1 of the bill : Transforming the tax system to grow the green industry

The government's objective is to identify the measures and tax levers that could be put in place to accelerate green industrialization and decarbonization in France.

AmCham France recommendants :

AmCham France would first like to welcome the gradual reduction of production taxes and corporate taxes, which has greatly improved France's attractiveness to foreign investors. AmCham calls on the government to continue its efforts to reduce corporate taxation, which is currently higher than in other European countries, particularly with regard to social charges.

1. Discussions conducted by AmCham with its members have highlighted the **lack of predictability** of costs experienced by companies wishing to establish themselves industrially in France. AmCham proposes to create a **green tax shield**, allowing local authorities who wish to do so, to cap the increase in property taxes for a period of 5 years. This shield would protect companies seeking to set up or expand from increases in property taxes, thus allowing for greater predictability of costs and better project profitability. This shield would also be an excellent tool for the attractiveness of local authorities following the disappearance of the CVAE.

2. AmCham also encourages the government to suggest accelerated **depreciation** and **depreciation surcharge** measures that would reduce taxes while stimulating productive investment in the ecological transition. These stable, incentive and controllable mechanisms over time would also support the government's desire to implement a budget-neutral law - on a multi-year scale - for public finances, which are already heavily impacted by the 2020 health crisis and the crisis in Ukraine.



3. Finally, AmCham recommends that the **Research Tax Credit (CIR in France) be maintained under its current conditions**, a measure that is essential to the competitiveness of companies in terms of research and innovation. Even though the CIR has already been reduced in recent years, the slightest modification of the CIR, which represents about 70% of the total aid to innovation in France, has a significant impact on the R&D strategies of companies and therefore on the attractiveness of France. Consequently, if the CIR is to remain attractive, its calculation methods should be kept as they are and the CIR should be considered above all for what it is intended to support, i.e. the development of research as a whole. In particular, the possible elimination of the doubling of the CIR for young doctors could lead to a brain drain to other countries with more attractive research and salary conditions.

## Theme 2 of the bill : Open factories, réhabilitates wastelands, propose lands

The government's objectives are to identify the main obstacles to the rehabilitation of brownfields and to maximize the existing sites to accelerate the industrialization of the territory.

AmCham France recommendations:

Generally speaking, AmCham France members plead for a **simplification and a shortening of the time required for the instruction of urban planning** and environmental authorization requests, which are longer than in our neighboring countries, on a large as well as a small scale.

**1.** AmCham welcomes above all the efforts already undertaken in this sense by the public authorities and encourages the administration to integrate, as an essential element, **a time aspect** in the instruction process of authorization requests. AmCham suggests to frame and shorten more the existing administrative delays while setting up a **principle of reciprocity in the delays of answers** when it is possible. The administration would then have the same deadline to answer a request as the one imposed to the company to carry out its procedures. In the absence of a response within the allotted time, the principle of "silence means consent" would apply, thus providing companies with better **visibility**.

AmCham also warns about the negative consequences on the attractiveness of the appeal periods applicable to industrial projects. Too long and difficult to anticipate, **this right of appeal** too often results in the abandonment of projects that cannot remain competitive if they have to be postponed for several years.

**2.** In order **to avoid the instrumentalization** of the right to appeal against town planning authorizations for dilatory purposes, AmCham proposes to introduce a **preliminary admission procedure** to dismiss these manifestly unfounded appeals, following the example of the United Kingdom.

**3.** Concerning **the shortening of the processing time of admissible appeals**, which today can last up to 5 or 6 years, AmCham recommends reducing the time given to judges to render their judgment, which today is between 12 and 18 months on average.



The members of AmCham also welcome **the initiatives** taken by the government to improve the attractiveness of the territories. They insist on the need to **highlight the role of local authorities** which must be recognised as **real partners** in the implementation of industrial projects.

**4.** In this respect, AmCham advocates greater consultation between the different local authorities regarding the turnkey scheme in their territory in order to gain synergy **in the site allocation process**. AmCham also advocates the introduction of **objective and non-discriminatory criteria** for companies seeking to obtain a turnkey site.

**5.** AmCham also advocates that the criteria for the allocation of public subsidies should be based on the industrial project and its environmental impact, regardless of the company to which the project is attached. These subsidies would be granted on condition that the project integrates the required green criteria, which are aimed at improving the environmental performance of the company concerned. This change in the criteria for awarding public subsidies for transformation projects

or industrial location would make it possible to better control and accelerate the ecological transition of all industrial groups wishing to invest or reinvest in France.

**6.** In order to allow companies to choose a territory in which they could benefit from **strong public support**, AmCham finally proposes to create **a land agency aiming** to identify a platform of local elected officials favourable to the establishment of industrial projects on their territory. This agency would provide investors with clear information on the advantages and disadvantages of each site and publish data on the benefits of each location (social, environmental, economic). Such an agency would also give local elected representatives reliable data to provide to their population on all the **positive externalities** that an industrial establishment may have on their territory



## Theme 3 of the bill: Produce, order, buy in France

**The government's objective is to identify the main legislative, financial and regulatory levers to be used to promote "Made in France" and to enhance French environmental excellence in public and/or private procurement.**

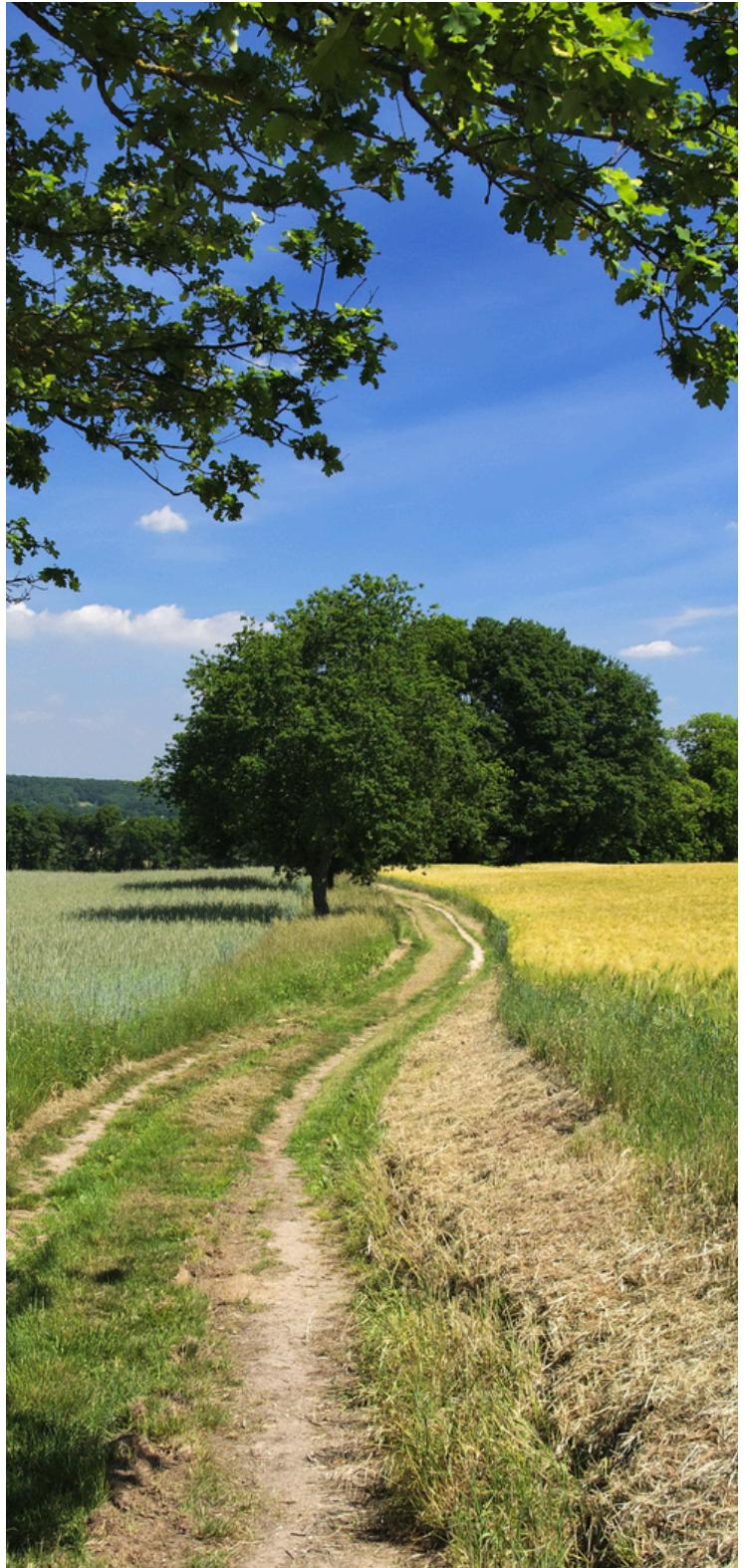
AmCham France recommandations:

The members of AmCham encourage the government to coordinate with the European Union all measures aimed at producing in France in order to avoid any distortion of competition and to correct inequalities in terms of attractiveness between territories.

**1.** Given the government's desire to develop *Made in France*, AmCham suggests **communicating more to consumers on the concrete and green benefits of *Made in France*** (local development, training, export) rather than insisting on "Made in France" as such. In addition, AmCham insists on the need to clarify the conditions under which a product can be said to be *Made in France*.

**2.** Considering the variable geographical attractiveness of the territories, AmCham suggests **to amplify the "regional aid zoning" (AFR)** and to set up aids adapted to the less attractive territories in order to encourage green investments and to stimulate the economic networks of the whole territory, thus relieving the metropolis.

**3.** Moreover, in order to accelerate the ecological transition of the most polluting territories, AmCham advocates to establish a list of areas already economically attractive for investors, more CO2 emitting, to set up in these areas tax incentives promoting green industrial projects.



4. Finally, AmCham France insists on the need **to develop port and rail infrastructures** in order to offer real alternatives to road transport. According to Citepa (Centre interprofessionnel technique d'études de la pollution atmosphérique), lorries alone - crossing the national territory, often after having loaded at ports in neighbouring countries - cause more than 7.9% of CO2 emissions. It is all the more important to act on the road transport mode as the European Commission has proposed to reduce by 90%, compared to 2019, the carbon emissions of heavy goods vehicles sold in the EU from 2040.

AmCham proposes to massively develop French ports, notably by seeking to drastically improve the loading and unloading times of ships. The members of AmCham deplore the fact that France has progressively disappeared from the world and even European rankings of the most efficient and exploited ports, even though it has a dense history of merchant shipping and possesses the 2nd largest EEZ in the world. With regard to the development of rail infrastructures, AmCham welcomes the 100 billion euro plan announced by the government for the railways between now and 2040, which is a central and necessary contribution to the French ecological transition.



## Theme 4 of the bill: Financing the French green industry

The government's objective is to better direct French savings towards green investment projects and to identify the most effective mechanisms best suited to financing needs.

AmCham France recommendations :

The members of AmCham warn about the increasing and counterproductive multiplication of green labels which pushes companies to deal with increasingly sophisticated specifications. This complexity is likely to slow down the decarbonization processes of companies, even though the labels are intended to accelerate them. It also prevents the efficient channelling of private funding.

1. The members of AmCham France insist on the necessity to simplify the **green financing labels**, with **objective, transparent and measurable criteria** (by independent controls) of decarbonization in order **not to over-regulate** the financing of the green industry which already faces a shock of complexity.

However, members recognize the need to distinguish between labels that encourage transition and those that assess a company's environmental performance.

A discussion of existing labels is therefore essential in order to promote, as far as possible, internationally recognized eco-labels and standards such as EPEAT, Blue Angel, Energy Star, ISO, etc.

2. The members of AmCham also recommend the creation of a "green" PEA (Plan d'Epargne en Action) allowing **the equity financing of companies committed to their transition**. The above-mentioned work to simplify the labels is a prerequisite to help savers who wish to do so to direct part of their investments towards the ecological transition.
3. Finally, AmCham suggests to review the requirements for the use of Livret A and Livret de Développement Durable et Solidaire funds for the benefit of the ecological transition.



## Theme 5 of the bill : Training for green industry jobs

The government's objective: to identify the industrial training courses that attract young people/women and that operate in the territory in order to get closer to the educational world and vice versa.

AmCham France recommendations :

1. Noting the degraded image of industry, particularly among the younger generation, AmCham insists on the need to **better communicate on the indispensable role of industry in the ecological transition** in secondary and higher education. Industrial facilities perceived as sources of negative externalities can also, due to their size, be formidable tools for decarbonisation.
2. AmCham also proposes to enhance the value of industrial jobs in secondary and higher education by encouraging **bridges between the education system and industry** through the establishment of immersion courses with industrial companies, and by involving green industry professionals more in courses given in vocational training. A special effort must be made to **bring women into the industrial professions**, where they are still too poorly represented.
3. Finally, AmCham insists on the need to continue to grow talent pools through training and education adapted to the needs of "green" jobs. To do this, AmCham proposes to rethink the training provided in vocational high schools so that they are adapted to the needs of "green" jobs (thermal renovation, hydrogen, etc.) and to match the training provided to the needs of the local employment pool (e.g. solar energy in the south, wind power on the coast, etc.).



# CONCLUSION

Through these **recommendations**, AmCham France aims to continue working to improve France's attractiveness to American investors. In a global inflationary context, difficult for industrialists, AmCham is mobilizing to propose **concrete and actionable levers for public authorities**.

By seeking to ease foreign investment in France, AmCham France remains true to its original mission of **promoting economic exchanges between France and the United States**, sources of mutual benefit. At a time when many countries around the world are taking uncoordinated shifts from free trade to protectionism, exacerbating international tensions, it would be counterproductive to put up tariff or non-tariff barriers to international companies wishing to develop their economy.

AmCham will remain attentive to the progress of the "green industry" bill and will continue to mobilize, on behalf of its members, with public decision-makers to develop and consolidate a French environment that is beneficial to international companies, particularly American companies, which are the **leading** foreign investors and employers in France.





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