

DOING BUSINESS IN FRANCE

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A. DOING BUSINESS IN FRANCE

I. Success Stories

"One of the reasons we set up in Sophia-Antipolis (near Nice) is that there are other companies in the area that are in growth in technology areas... This allows our people to have exchanges with other people that 'understand their language.' There is a very large research park available, and the telecom, data processing and electronics sectors represent a very large percentage of the companies located in the area, [where] 18% of the workers are involved in research and development. This compares very favourably with some other areas, even in France." *FedEx*

"If you're considering setting up an operation overseas, what is often most telling are the testimonials and anecdotes recounting experiences that other companies have gone through. The following words of executives and descriptions of their companies' reasons for setting up in France, and their conclusions after some time there, will certainly afford a more complete understanding of what it means to invest in France.

Rex Naden; Vice President and General Manager, Communications Products Group, VLSI Technology

II. High growth in world's largest market

2.1. Think global, go European

"The Euro, like the Internet, is an agent of radical change".

Mark Howdle, Head of European Equity Strategy - Salomon Smith Barney

The introduction of the Euro on January 1, 1999 was the main economic event of the year and by 2000 the new currency completely reshaped Europe's capital markets and the way companies do business. It has helped propel European stock exchanges to record heights and created an enormous market for corporate bonds.

Major international investors demonstrated their confidence in the Euro by making it a currency of choice for their investments. Capital Data Bondware of London indicates that, in 1999 alone, corporate bonds denominated in Euros totalled \$169.4 billion, a 260% increase over the previous year's figure of \$47.4 billion.

Indeed, the Euro makes the 15-member European Union* (EU) a more attractive investment site.

To show their commitment to the common currency, Euro zone's **11 nations have embraced fundamental economic reforms, put their respective fiscal houses in order, reduced both budget deficits and inflation levels.

* Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK.

** Denmark, Greece, Sweden and the UK are not yet participants.

2.1.1. A huge Market, set to expand

As the world's largest market, the EU currently represents 23% of the world's GDP and is home to over 370 million consumers. Twelve additional countries are scheduled to join the EU: Bulgaria, the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia over the coming years.

2.1.2. New Alliances for long-term growth

Following the introduction of the Euro, merger and acquisition fever hit Europe. Major sectors-- including telecommunications and banking-- are being privatised, deregulated and restructured. This is expected to continue as companies seek to enter new markets and strengthen core Business.

2.1.3. Key figures: European Union at a Glance

Population	373.7 million
GNP	\$8.4 billion*
Exchange rate (as of 11/2/99)	€1=\$1.05
PCs in use	112.1 million (364.4 million world-wide)***

* OECD

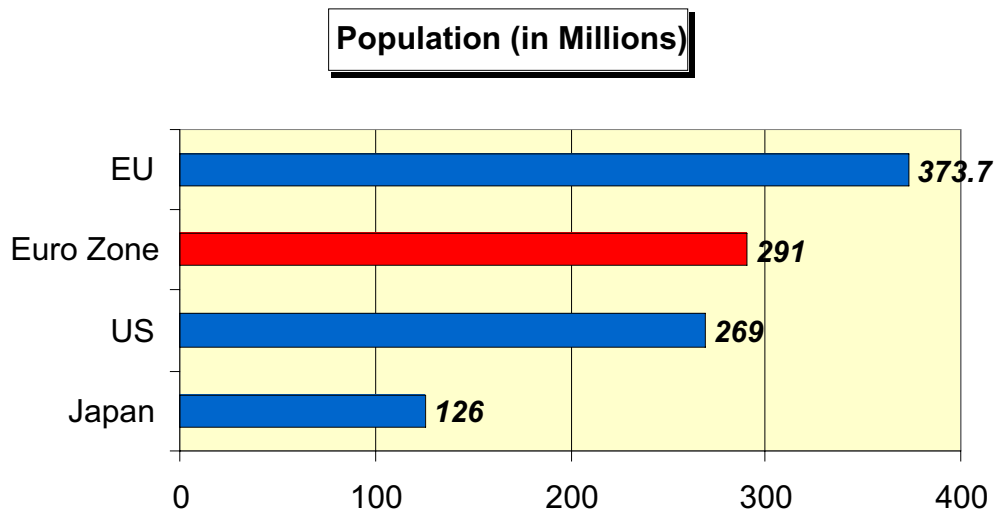
** Computer Industry Almanac

*** International Data Corp.

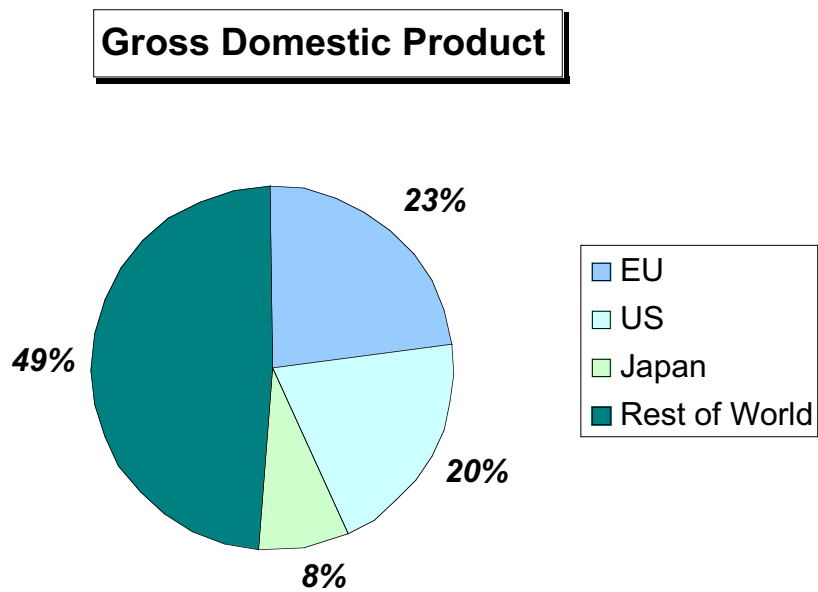
2.1.4. Making of European Union

- 1951: European Coal and Steel Community
- 1957: Treaty of Rome
- 1979: European Monetary System
- 1986: Single European Act
- 1992: Maastricht Treaty
- 1997: Treaty of Amsterdam
- 1999: Euro becomes single currency
- 2002: Introduction of Euro notes and coins on Jan. 1. and withdrawal of national currencies by June 30.

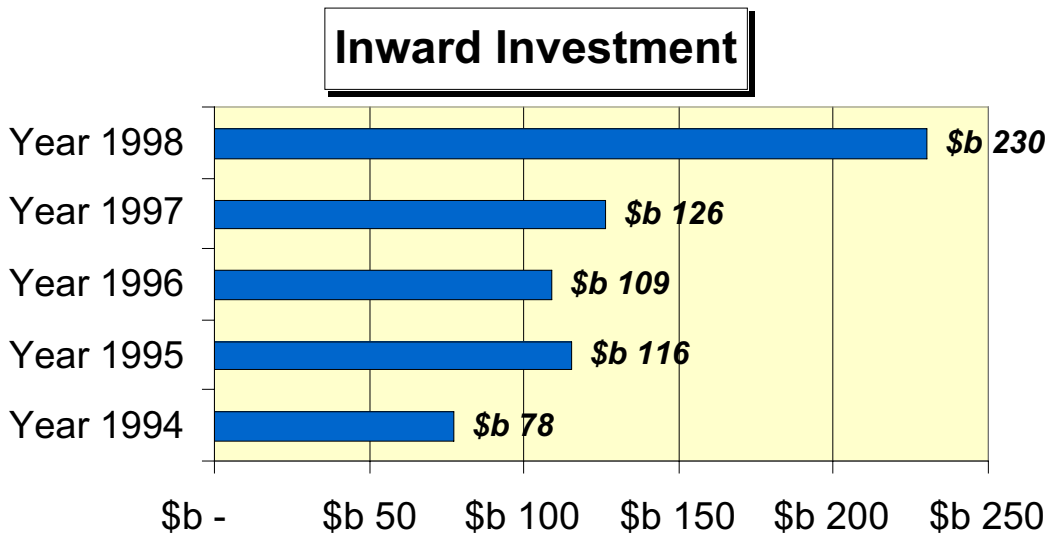
2.1.5. Population



2.1.6. Gross Domestic Product (GDP)



2.1.7. Inward investment



Source: *World Investment Report, Unctad*

2.2. France: Economic Engine of Europe

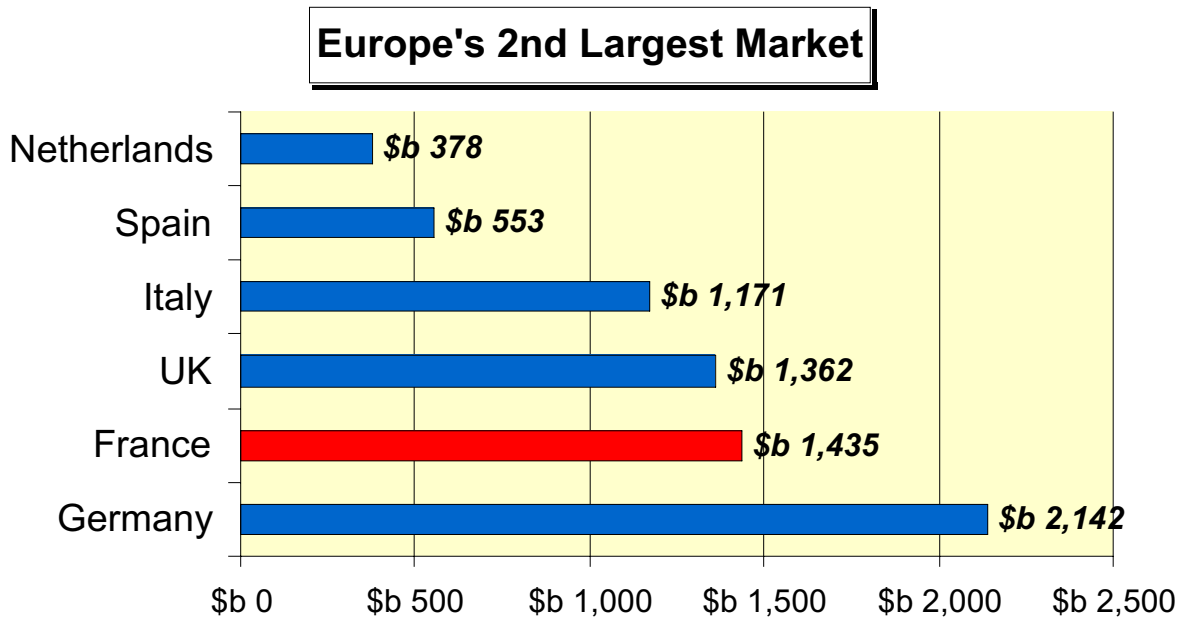
"...Our decision to print in France is a vote of confidence in the republic's future economic dynamism".

Laurence Minard, Editor in Chief - Forbes Global

The French economy is in full bloom. Both the IMF and the OECD are predicting 3.0% growth in 2000 (up from 2.8% in 1999), which is among the highest in Europe. Inflation is holding at a low 1.3%. Unemployment is decreasing steadily and is now at its lowest level in over six and a half years. By the end of 1999, consumer confidence had risen to a record high following encouraging statistics on economic growth and job creation.

With a GDP in 1998 of euros 1.3 trillion (\$1.4 trillion), France has the fourth-largest economy in the world and is the second-largest market in Europe. The country has a strong, diversified industrial base and is the world's fourth-largest importer and exporter. The IT and communications sector is driving economic growth.

2.3. Europe's 2nd largest Market



GDP (US \$ billion)

France at a glance

- World's fourth-largest economy
- Europe's second-largest market
- 60 million consumers
- GDP: euro 1.3 trillion (US\$1.4 trillion)
- Per capita GDP: euro 21,825 (US\$ 22,091)
- Growth rate: 3%(estimated for 2000)
- Consumer Price Index: 1.3% (1999)
- Leading economic sector: Information Technology.

More information: www.insee.fr

2.4. Unique quality of life

"France is a very cosmopolitan country... used to dealing with varied cultures. It's got a rich history... It welcomes diversity. It welcomes challenge. It welcomes change. It is a good place to do business".

J.T. Battenberg III, President - Delphi Automotive Systems

The world's most popular tourist destination, with 71 million visitors.

France is not only a great place to visit, it is also a great place to work and play. International executives embrace what the French call art de vivre—savoring fine food and wine, preserving and appreciating traditions and monuments, and attending concerts, theatres and cinemas.

Children of expatriates in France can attend French public schools—renowned for academic excellence—or choose among English-speaking or international schools in Paris, Lyon, Nice and Marseille or the Japanese school in Alsace.

"We found the quality of life and living environment in France to be excellent", sums up Hisashi Ukita, President and CEO of Japan's Ogura Corporation.

III. Ready for 21st century

3.1. Skilled, productive, reliable workforce

"We found here a highly educated, productive and flexible workforce".

Shuitsu MATSUDA, Chief Executive Officer - Minolta Lorraine

French workers provide employers with specialised skills and the ability to quickly master new technologies. Trained in a culture that honours artisanship as well as higher educational achievement—nearly 22% of the French workforce holds a university degree and 320,000 scientists are conducting research in a wide spectrum of specialities.

3.1.1. Skilled

France invests approximately 10% of its GDP in public education—one of the highest figures in the world—and its workforce has the highest level of education in the world after that of the US. Over 98% of French students study English for five years or more. Many are also fluent in German, Italian, Spanish and other essential languages for European business.

3.1.2. Productive

France has one of the world's most productive workforces. The 1999 World Competitiveness Yearbook ranks France's manufacturing and service productivity among the world's highest.

3.1.3. Flexible

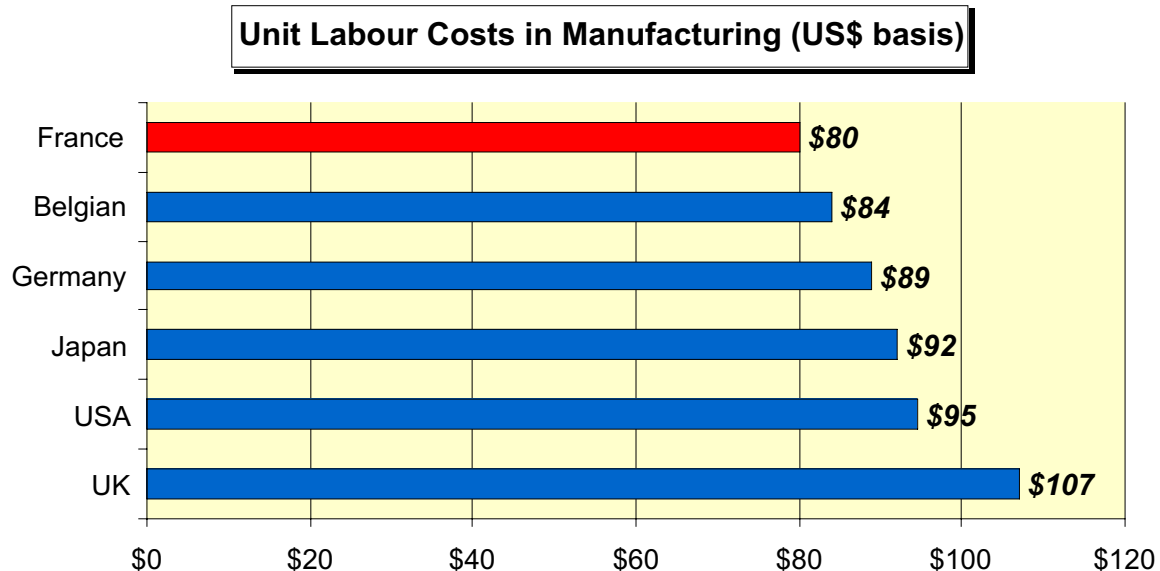
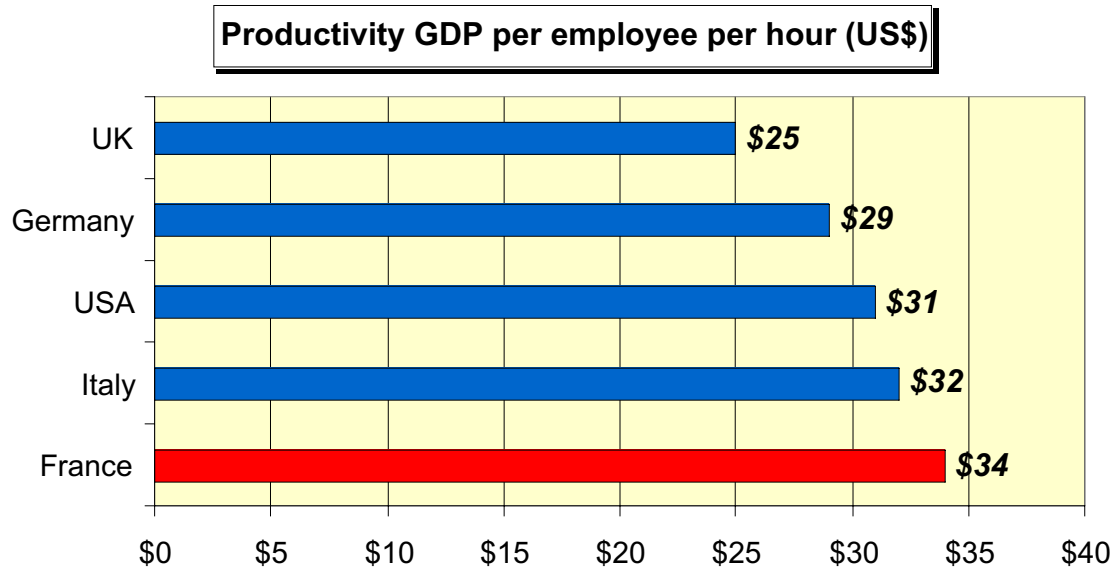
The gradual introduction of the 35-hour workweek has employees have fewer objections to flexible working hours, and, as a result, many executives of international firms doing business in France are welcoming the new law as a tool to improve growth. "The apparent cost of the 35-hour working week has been more than offset by wage freezes or wage moderation" wrote The Financial Times (February 23, 2000).

The country's temporary workforce ranks second worldwide and it accounts for nearly 16% of employment in the private sector, compared with 3% in 1970. No wonder that in terms of sales, Manpower's French operations ranks sixth among US companies doing business in France.

3.1.4. Reliable

The number of days lost to strikes in the French private sector has been dropping steadily since 1975 and is presently one of the lowest in the world. According to the 1999 World Competitiveness Yearbook, the overall average number of working days lost per year per 1,000 inhabitants in France for the period 1995-97 was 8.04, below the UK (11.09), the Netherlands (15.32), the US (19.04) and Canada (95.17).

3.1.5. Productivity



3.2. World-class transportation system

"The new hub here at CDG forms the central point connecting our hub to gateways in the region... and connecting our region to the global FedEx network."

Robert W. Elliott, President, Europe, Middle East and Africa – FedEx (FedEx's CDG operation is the company's largest hub after that of Memphis, TN)

3.2.1. Speeding to markets

People and goods move around an interconnected web of road, high-speed rail, air and water routes that offers quick and affordable access to the European Union's 370 million consumers.

France shares borders with 6 EU nations and links Northern and Southern Europe making it the ideal logistic and distribution location for international companies that need rapid, efficient access to their customers.

3.2.2. Fast-flowing road traffic

France has Europe's most extensive road system, including 5,500 miles of highways, with 3,500 additional miles under construction or in the planning stages. The country's road system is one of the best-maintained and least congested in Europe. A survey published by the British Road Federation shows a rate of 30 vehicles per kilometre (1.653 mile) for France, against 65 for both Germany and the UK and 67 for the Netherlands. Even in large cities, road traffic is minimised, thanks to cheap and convenient public transport.

3.2.3. City-to-city high-speed rail link

The French TGV high-speed train serves 145 destinations in France and 43 in Europe and with speeds up to 220 miles/hour is the world's fastest. From Paris, you can be in London in three hours via the Channel Tunnel, Brussels in 80 minutes and Amsterdam in just three and half-hours.

To facilitate air-rail connections, there are TGV rail stations at Paris's Charles-de-Gaulle and Lyon's Satolas, Marseille Airports. Over the next decade, the French government plans to invest FF120 billion to expand the TGV network, in particular to the East --Champagne Ardennes, Lorraine, Alsace-- and improve other rail lines.

Railways in Belgium, Germany, Spain, and most recently South Korea and the US, have chosen the TGV technology to upgrade their domestic systems.

3.2.4. Top-flight air service

French air connections are assured by 72 airports and 370 airlines operating under 101 different flags. Convenient non-stop service to nearly 100 countries is provided by the country's international airports and Paris-based executives can visit any EU business centre without an overnight stay.

Paris' Charles-de-Gaulle Airport (CDG) is continental Europe's largest and "one of the best-managed airports in the world, with plenty of space and no curfews" states Frederick W. Smith, Chairman and CEO of FedEx. The Paris area airports alone account for some 20% of European international freight.

3.2.5. Shipping news

France's 24 maritime facilities provide companies with competitive advantages:

- Shortest transit time between North America and the Far East.
- Deep-water facilities for the new generation of 5,000TEU containerships.

- Direct road and rail links to the rest of Europe in less than 48 hours.

Marseille, Le Havre and Dunkirk—three of Europe’s top ten sea ports—provide international shippers with a full range of the most advanced information technologies, simplified customs procedures, and access to state-of-the-art multimodal platforms.

3.2.6. Key figures

- Highways
 - 8,800 km (5,500 miles) 40% of pan-European road traffic crosses France
- Rail freight handled
 - 52.7 billion tons/kilometre
- Rail passengers
 - 528 million
- Main international airport
 - Paris/Charles-de-Gaulle, Paris/Orly, Nice/Côte d'Azur,
 - Marseille/Provence, Lyon/Satolas, Toulouse/Blagnac and
 - Strasbourg/International
- Main ports
 - Marseille/Fos, Le Havre, Rouen, Dunkirk, Bordeaux and
 - Saint-Nazaire
- Sea freight handled
 - 336.8 million tons
- Navigable waterways
 - 6,500 kilometres (4,300 miles)

3.2.7. Web sites

- SNCF (French railway): www.sncf.com
- Aéroports de Paris (Paris airports): www.adp.fr
- UCCEGA (French Airport Operator Association): www.french-airports.com

3.3. Encouraging innovation

“To develop its activities outside the US, Motorola decided to establish a world-wide research centre in Europe, a project for which France was in competition with other European countries. We are happy to have chosen France... The quality of the scientific resources was a key factor in the decision-making process.”

Terrence Heng, Ph.D., Vice-President and Director of External Technology Planning - Motorola

“We were attracted by the international environment of the area since our goal is to create an international team of experts. We also felt that the proximity of R&D labs and numerous telecommunications companies would help stimulate the development of new technologies.”

Harald Stuckert, CEO, SAP Labs France

3.3.1. Key figures

- 2.24% GDP devoted to research;
- 320,000 researchers;
- Fourth world-wide for Nobel Prize laureates;
- 15% of patents granted world-wide, ahead of Sweden, Switzerland and the UK;
- 16% of European scientific publications

Measures are being taken to spur the development of high-technology firms in France. A January 1999 bill was enacted to provide support for start-ups and develop technology transfers between academic research and industry. Incubators within publicly funded laboratories are expanding and seed capital is available to innovative companies.

3.3.2. Favourable fiscal legislation

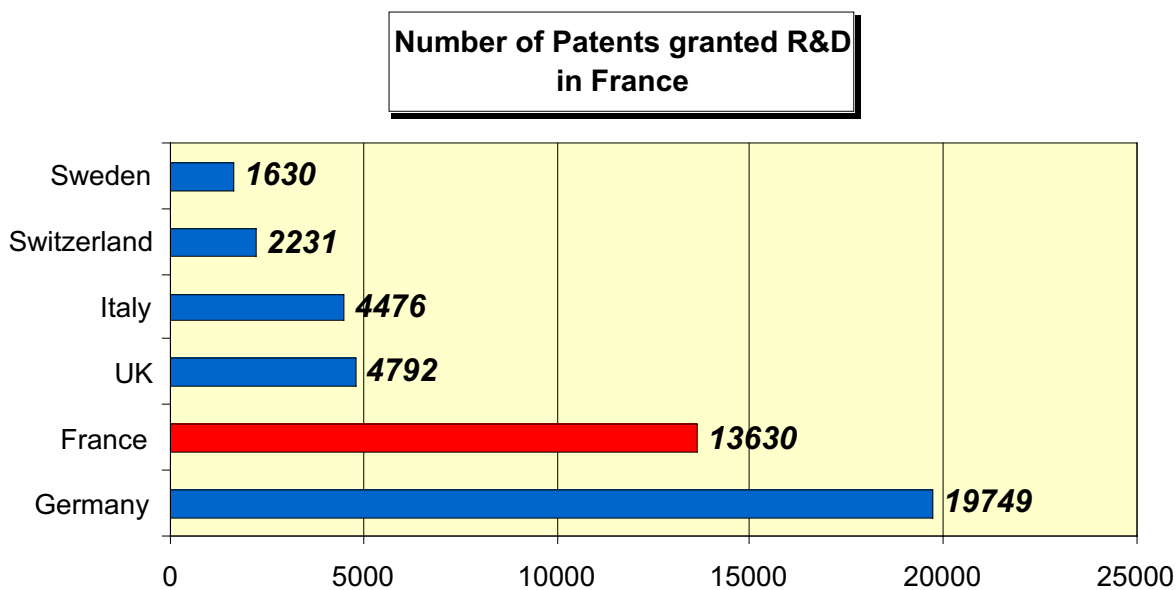
Tax credit incentives to locate R&D operations in France are available. More than 400 major international companies have established research operations in France including Aisin Seiki, Canon, Biogene, Bristol-Myers Squibb, IBM, Koyo-Seiko, Lucent Technologies, Motorola, Nestlé, Nortel, Novartis, Philips, SAP, Siemens, Sun Microsystems, VLSI Technology and Xerox.

3.3.3. French silicon valleys

France has a growing network of science and technology parks, or technopoles, notably Sophia Antipolis (Nice), Bio Valley (Strasbourg), International Science City (Grenoble), Free Valley (Lorraine), Porte des Alpes (Lyon), Genetic Valley (Paris) and Atalante (Rennes). High-tech facilities and opportunities for co-operation and intellectual exchange make these sciences parks the perfect home for innovative companies.

Web site: www.France-technopoles.ass.fr

3.3.4. Number of patents granted R&D in France



3.3.5. Technopoles sites in France

<i>Membres associés</i>	<i>Membres Titulaires</i>
Lille	Caen
Reims	Brest
Marne la Vallée	Quimper
Créteil	Nantes
Evry	Angers
Troyes	Limoges
Clermont Ferrand	Bordeaux
Bourg en Bresse	Agen
Laval	Pau
Le Mans	Toulouse
Lorient	Montpellier
Saint-Brieuc	Sophia Antipolis
Saint-Etienne	Lyon
Nimes	Chambery/Aix les Bains
Marseille	Strasbourg
Corse	Nancy
Avignon	Metz
Valmaris	Orléans
Clermont Limagne	Rennes
	Lannion
	Chateau Gombert Technopole
	Meylan/Monbonnot

3.4. Power to generate business

With an average rate of FF0.338 per KWh, the cost of electricity in France is among the lowest in Europe, below that of Italy, Belgium, Germany, Ireland, the Netherlands and the UK.

Electricité de France (EDF), the national utility company, generates and distributes electric power, 80% of which is produced by its nuclear plants. EDF also supplies power to over 15 million customers outside France and is involved in the construction of power plants in several countries.

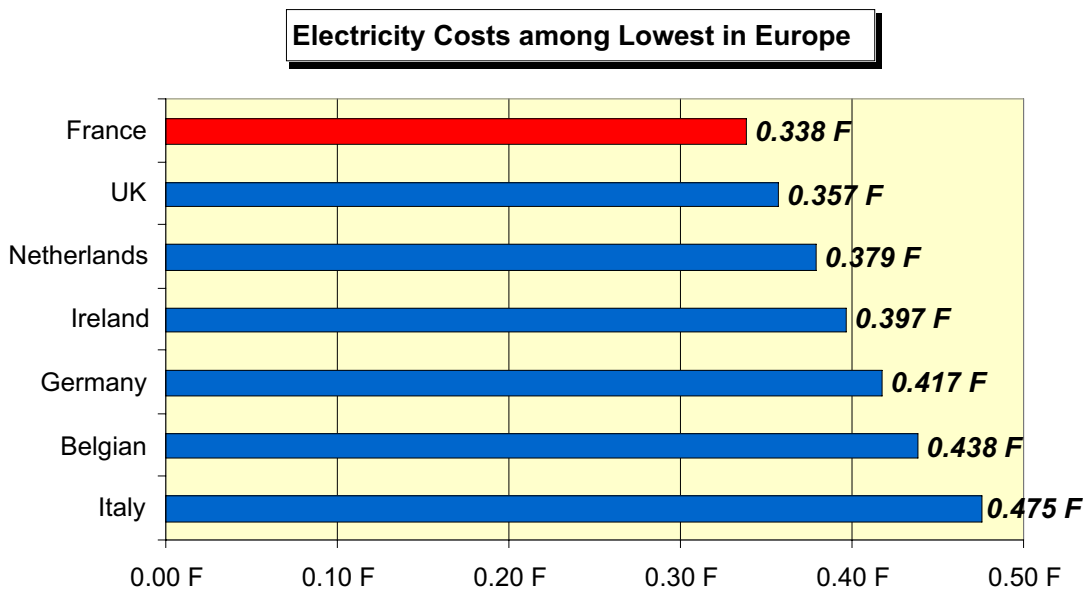
In accordance with EU directives, the French Parliament recently passed a law to open up the electricity market to competition.

Rates for natural gas for industrial use are lower than those in Germany, Ireland, Italy, and the Netherlands.

3.4.1. Web sites

- Electricité de France: www.edf.fr
- Gaz de France: www.gdf.fr

3.4.2. Electricity costs among lowest in Europe



FF per Kwh

3.5. Privatisation pays off

The vocation of our company is to manufacture technology in the areas of aerospace, automotive and engineered materials. Where better than France would you find high-technology in aerospace, automotive and a whole range of engineered materials?"

Paul R. Schindler, Senior Vice President International - AlliedSignal

From banking to telecommunications, nearly every industry has been privatised.

A new merger and acquisition is announced every week. In 1999, BNP acquired Paribas, NTL and France Telecom purchased Cable & Wireless. Air Liquide and Air Products & Chemicals took over gas producer BOC, Suez-Lyonnaise des Eaux bought Sita/Tractebel and Nalco, and Vivendi acquired US Filter. Notable mergers included Carrefour and Promodès, TOTALFINA and Elf, Matra and Aérospatiale. French corporations are also forming alliances with foreign companies to create multinational giants. The new partnership between Aérospatiale/Matra and DaimlerChrysler Aeronautical created the European Aeronautical, Defense and Space Company (EADS).

International investors benefit from a strong, diversified industrial base, coupled with expertise in information technology (see opposite page).

3.5.1. Aerospace

France has the world's second-largest aerospace industry, with more than 200 companies. It is a vital partner in the European consortium Airbus, whose manufacturing facilities are based in Toulouse.

3.5.2. Agribusiness

France is the world's second-largest exporter of agribusiness products and is home to internationally known companies such as Danone.

3.5.3. Automotive industry

Renault has made a strong comeback and is now a major shareholder in Japanese carmaker Nissan, while PSA—the maker of Peugeot and Citroën models—is France's third-largest company. DaimlerBenz, Ford and Toyota have opened large facilities. Volkswagen will produce Bugatti luxury cars in Alsace in 2003.

3.5.4. Electronics/Software

France pioneered "smart card" technology thanks to companies like Gemplus.

3.5.5. Environment

France is a leader in environmental technologies. Vivendi—the world's largest water distribution company—and Suez-Lyonnaise des Eaux are dominant players.

3.5.6. Healthcare

French medical researchers have developed life-saving medicines and vaccines. Rhône-Poulenc Rorer and Hoechst Marion Roussel recently formed a new company, Aventis, headquartered in Strasbourg.

3.5.7. Luxury goods

From champagne to fragrances and high fashion, France's reputation is unequalled. The LVMH Group dominates the industry.

3.5.8. Retail

The French group Carrefour/Promodès is the world's second-largest retailer, with 8,800 stores in 26 countries. Other French retail giants include Auchan, Casino, Leclerc and Pinault-Printemps-Redoute.

3.5.9. Tourism

Accor is the sector's world leader, while Novotel and Sofitel are opening facilities worldwide.

Top ten manufacturer (1998 annual sales)

1. Renault	Automobile
2. PSA	Automobile
3. Elf Aquitaine	Energy
4. EDF	Energy
5. TotalFina	Energy
6. Saint-Gobain	Metals/glass
7. SNCF	Transportation/logistics
8. Bouygues	Construction/telecommunications
9. La Poste	Transportation/logistics
10. Rhône-Poulenc	Chemicals

Source: *Enjeux les Echos*, Nov. 1999

Web site: www.industrie.gouv.fr/francetech

3.6. New era of competition in telecommunications

"A world of networks."

J. C. Rosichini, Vice President Europe, Planning - Nortel

Fifteen years ago, France became the first country in the world to have an on-line information service, Minitel, so business and consumers are used to electronic commerce. The number of

mobile telephone users has quadrupled in the past two years: today, more than 33% of the population uses a cell phone.

France is the only country in Europe to have a 100% digital transmission and switching network, with one million miles of optic fibre cables. France Telecom—the national telecommunications leader—is the world's fifth-largest carrier of international traffic. The company provides ISDN services, data transmission, mobile telephony, multimedia services, Internet access and cable TV. In 1999, it introduced high-speed ADSL Internet access.

A new era of competition began with France Telecom's partial privatisation and deregulation of the European telecommunications market. Some 40 operators are now licensed to provide fixed-line services in France, among them Cegetel, 9 Télécom, GTS-Omnicom and Lyonnaise Câble, while mobile operators include France Telecom Mobiles, SFR and Bouygues.

3.6.1. Open Market, Lower Prices

Costs of international calls have decreased by 18.9% and are now lower than Germany, Italy and Belgium. Rates for domestic calls are 10% cheaper and local call costs remain stable. Costs of calls from fixed lines to mobile phones are also dropping and the rates for outgoing calls from mobile phones are among the lowest in Europe.

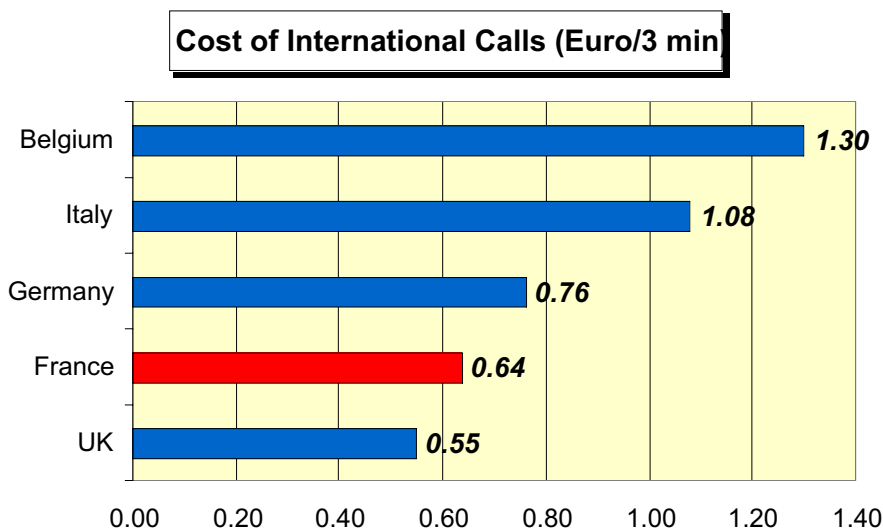
3.6.2. One Continent, One Standard

Europe has adopted the Global System for Mobile (GSM), a single standard for mobile telephony, thus allowing calls to and from any country on the Continent.

3.6.3. International Telecommunications Companies Expand Operations

Taking advantage of the country's weight in the industry, telecommunications firms have made major investments in France. Philips centralised the production of its European wireless equipment in Le Mans, while Mitsubishi has concentrated the worldwide production of its GSM equipment in Brittany. More recently, 3Com announced the expansion of its Montpellier operations to make it the world's competence centre for its Palm Computing platform, and Sun Microsystems selected Grenoble for its European telecommunications R&D centre.

3.6.4. Competitive communications costs: Cost of international call



3.6.4. Web sites

- National Utility Service: www.nusinc.com
- France Telecom: www.francetelecom.com

3.7. On line, on the move

"It helps that France is at the forefront of technology".

F. Anthony Francis, Vice President Logistics and Electronic Commerce Europe, Middle East and Africa - FedEx

"Research and development are essential to Sun's continued success in delivering innovative solutions to customers and partners. We are pleased to be expanding our European efforts in Grenoble by investing in a critical part of our business in this region. With this new centre, Sun has access to the full breadth of talent and resources in the area".

Greg Papadopoulos, Chief Technical Officer, Sun Microsystems Inc.

Information technology accounts for 20% of France's growth and will continue to be a key factor in economic expansion. IT currently accounts for 5% of French GDP, more than the automotive and energy industries combined. Net sales of French IT companies have increased by 18% since 1997, placing the country fourth in the world, after Japan, the US and Germany.

3.7.1. *Catching up, moving ahead*

Since 1997, 19,000 high-tech companies have been created in France. Young innovative technology firms are raising finance on the Nouveau Marché. French companies filed 13,000 patent applications throughout Europe over the last 3 years.

3.7.2. *IT powering growth*

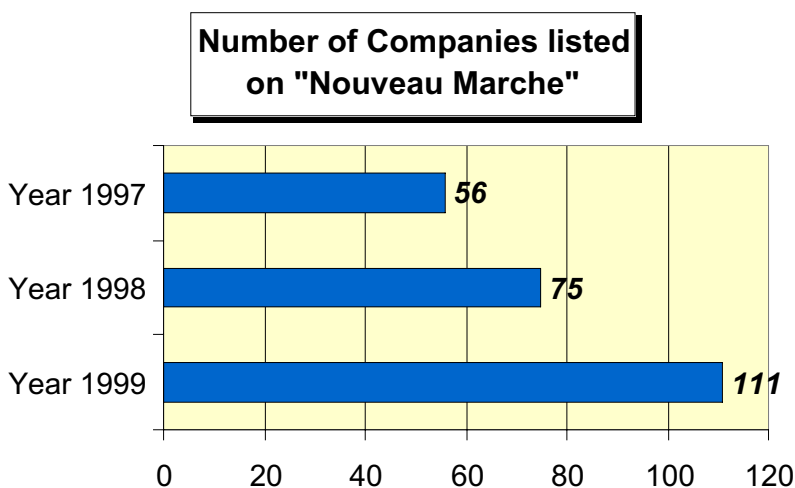
The French have caught dot.com fever. As part of a Government plan to promote information technology investment and accelerate Internet development, legislation authorising the unrestricted use of 128-bit encryption, up from the previous limit of 40 bits, was introduced in 1999.

3.7.3. *Information technology top ten (1998 annual sales)*

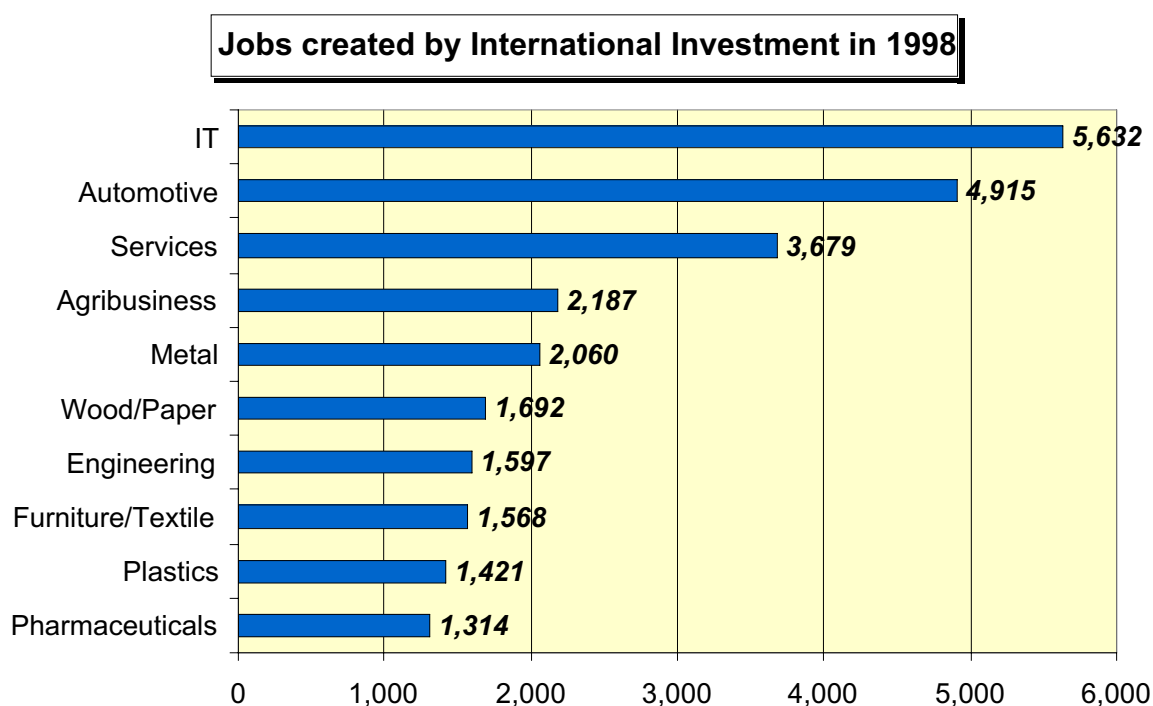
1. France Telecom	Telecommunications
2. Alcatel	Telecommunications
3. Hewlett-Packard France	Computers
4. IBM France	Computers
5. Bull	Computers
6. STMicroelectronics	Semiconductors
7. Cegetel-Vivendi	Telecommunications services
8. Sagem	Electronics
9. Siemens France	Electronics/telecommunications
10. Motorola France	Electronics/telecommunications equipment

Source: *Enjeux, Les Echos*. Nov. 1999

3.7.4. *Number of companies listed on "Nouveau Marché"*



3.7.5. Jobs created by international investment in 1998



(number of jobs created)

3.8. Service sector opportunities

France is a strategic country. In addition to being the second largest market in Europe, it also registers levels of growth above the European average in the transportation of goods".

Mark Khayat, Manager, Customer Service, France - UPS

The dynamic French service industry is the third most attractive sector for international investors. Distribution, banking, finance and services to businesses and individuals account for over 70% of GDP and employment.

As European companies go global, service companies are being set up to respond to specific needs. Customer support service businesses are taking advantage of France's central location, multilingual human resources, and top-quality telecommunications.

The OECD estimates that the French computer service industry alone will see 4.5 - 5% growth between 1996 and 2002. New companies are being created, notably in the fields of IT and waste management. Call centres are being developed, such as the German-owned Bertelsmann services recently opened in Nancy.

3.8.1. Creating shareholder value

Among France's 10 leading companies in terms of added value, the top five are companies in the service sector: Altran Technologies (technology consulting), Atos (IT), Pinault-Printemps (retail), Cap Gemini (IT) and Sodexo Alliance (food and management services). Altran had an average

shareholder return of 65.7 % between 1994 and 1998, on a par with the best performers in the U.S. Investment in the service sector grew by 33.8% between the second quarter of 1998 and the second quarter of 1999.

3.8.2. Top 10 in service sector (1998 Annual sales)

1. Intermarché	Retail
2. Vivendi	Utilities/media/construction
3. Suez-Lyonnaise des Eaux	Utilities/waste management
4. Carrefour	Retail
5. Leclerc	Retail
6. Auchan	Retail
7. Promodes	Retail
8. Pinault-Printemps-Redoute	Retail
9. Casino	Retail
10. Lagardère	Media/aerospace/automobile/defense

3.9. Dynamic financial market

"France has become a darling of foreign investors, and the Paris bourse has surged by 50% in two years, against an average of 44% for the top 300 European companies".
The New York Times, September 1, 1999.

"...Paris is Europe's top dog".
The Financial Times, November 11, 1999.

Boosted by the Euro, the Paris stock market stands out as a privileged point of access to "Euroland". In 1999, the Bourse ranked number one in the Euro zone in terms of market capitalisation, which reached 1.17 trillion euro. For the same year, the volume of transactions increased by nearly 40% over the 1997 level.

3.9.1. Good opportunities on the Paris bourse

Stock market IPOs, including small-cap growth listings reserved for the Nouveau Marché, doubled compared to the previous year. Debt markets have experienced similar success. The French market for negotiable securities is the largest in Europe.

The strong presence of corporate issuers has also led to the development of a very competitive high-yield market. Today, the French market accounts for 50% of issues in the Euro zone and offers excellent opportunities. On the interest-rate derivatives market, newly implemented measures include an agreement with the Chicago Mercantile Exchange and the Singapore International Monetary Exchange, resulting in the first worldwide electronic trading network.

3.9.2. A leading asset management industry

France ranks among the leaders worldwide in terms of asset management and, in the Euro zone, Paris alone accounts for 25% of the 18-trillion euro financial assets. Well-known names in asset management—Fidelity, Fleming, Invesco, Schroders, State Street, and Templeton among others—have set up offices in Paris.

Non-resident issuers are playing an increasingly larger role on the French markets, accessing one of the largest reserves of savings in Europe with a wide variety of available debt instruments. A total of 178 foreign firms are listed in Paris and world-class companies such as Abbey National, Diageo, Ford and General Electric have centralised their European treasury operations in Paris.

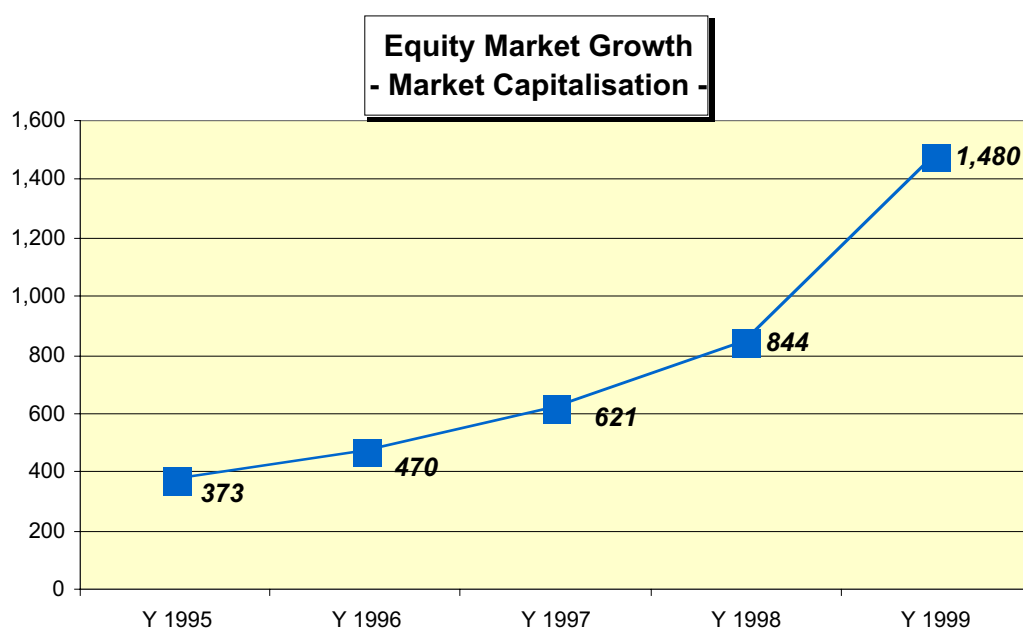
Strong presence of International Investors Non-resident investors account for over 35% of the stock exchange's capitalisation. 470 foreign financial establishments are now operating in Paris. Investing in the Paris stock market means taking a stake in Europe's second largest and fastest-growing economy. Altogether, Paris is a centre for equity and bond markets, investment management, and mergers and acquisitions.

The Paris Bourse co-operates with other European financial markets to offer a broader market to investors. Initiatives include the launching of the Dow Jones Euro Stoxx index and the Euro NM, which unites France's Nouveau Marché with seven Euro zone counterparts—the German Neuer Markt, the Belgian Euro.NM, the Dutch NMAX and the Italian Nuevo Mercado. Moves towards a pan-European stock market linking several European markets—Paris, Amsterdam, Brussels, Frankfurt, London, Madrid, Milan and Zurich—are underway.

3.9.3. Key figures

- One of Europe's most dynamic stock markets: with trading volumes up 37% and 120 new listings in 1999
- The world's second largest market for asset management
- 35% of total market capitalisation held by international investors
- 473 foreign financial institutions operating in France
- An effective trading and clearing system enhanced by advanced technology

3.9.4. Equity market growth, Market capitalisation



(Euro billion)

3.9.5. Mutual fund market

United States	4 714
France	594
Luxembourg	392
Japan	321
Germany	167

Web site: www.paris-Europlace.com

IV. Telecommunications

"We currently have pockets of R&D going on in various parts of the world: in England, Scotland, Ireland, Russia, Ukraine, and so forth. It was time for us to start to pull these things together and form a central R&D organisation in the same way that we have in the U.S. We looked around for almost a year at all the various countries. For a lot of reasons..., we decided that France was the place to locate our centre."

Terrence Heng, Vice President and Director of External Technology Planning, Motorola

In a worldwide market with sales estimated at nearly US\$120 billion in 1996, the French telecommunications equipment industry has carved out a prime position. It is the second-leading European market (18.1%), just behind Germany, and the 4th ranking in the world (4.9%).

B. Vital Statistics

I. Economic Powerhouse

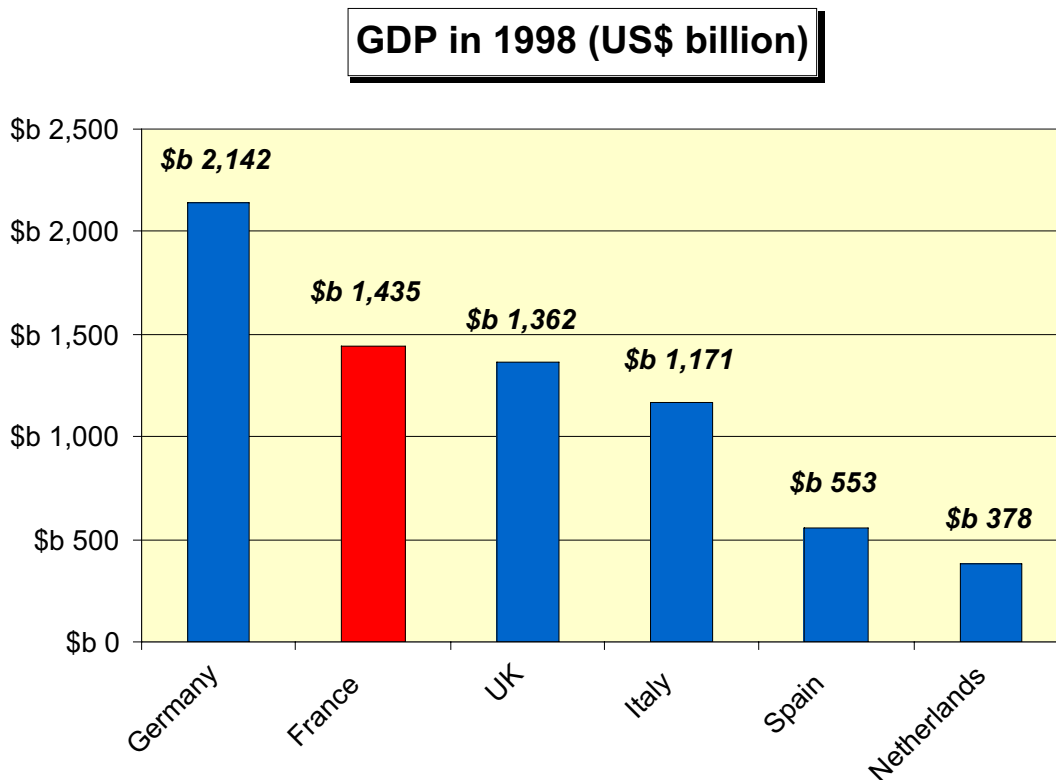
1.1. Key Figures

- 4th largest economy
- Europe's second largest market
- 60 million consumers
- Growth rate: 3.2%
- Consumer price inflation: 0.7%
- Job creation: 400,000
- Leading economic sector: Information technology

1.2. Europe's 2nd largest market

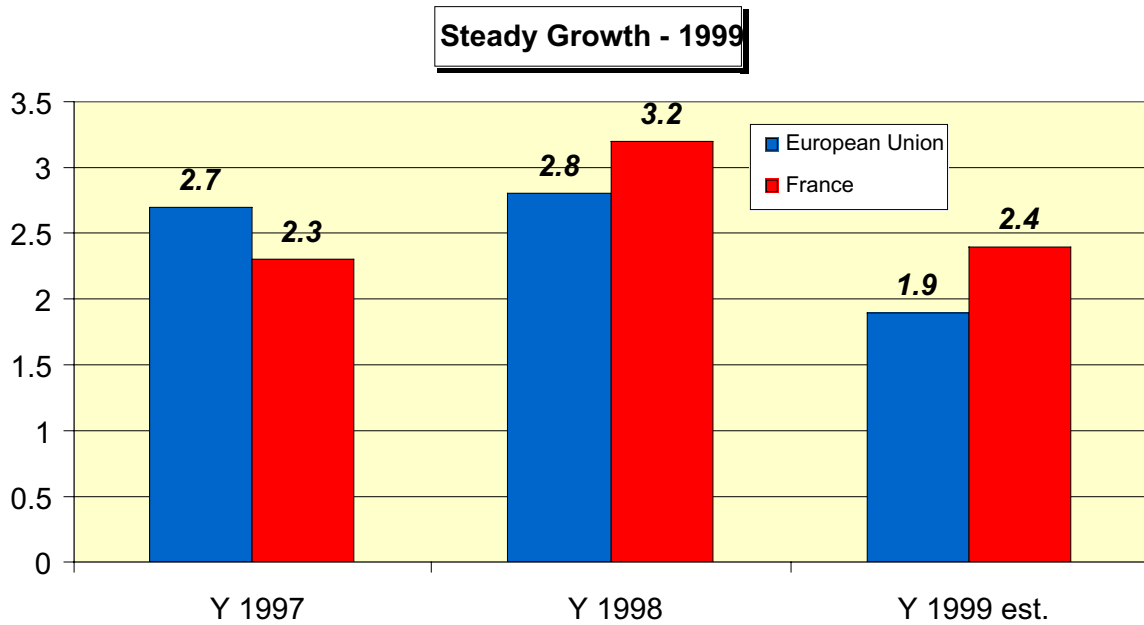
- 60 million consumers
- per capita GDP US\$ 22,091

GDP / 1998 US\$ billion (source: OECD, 1999)



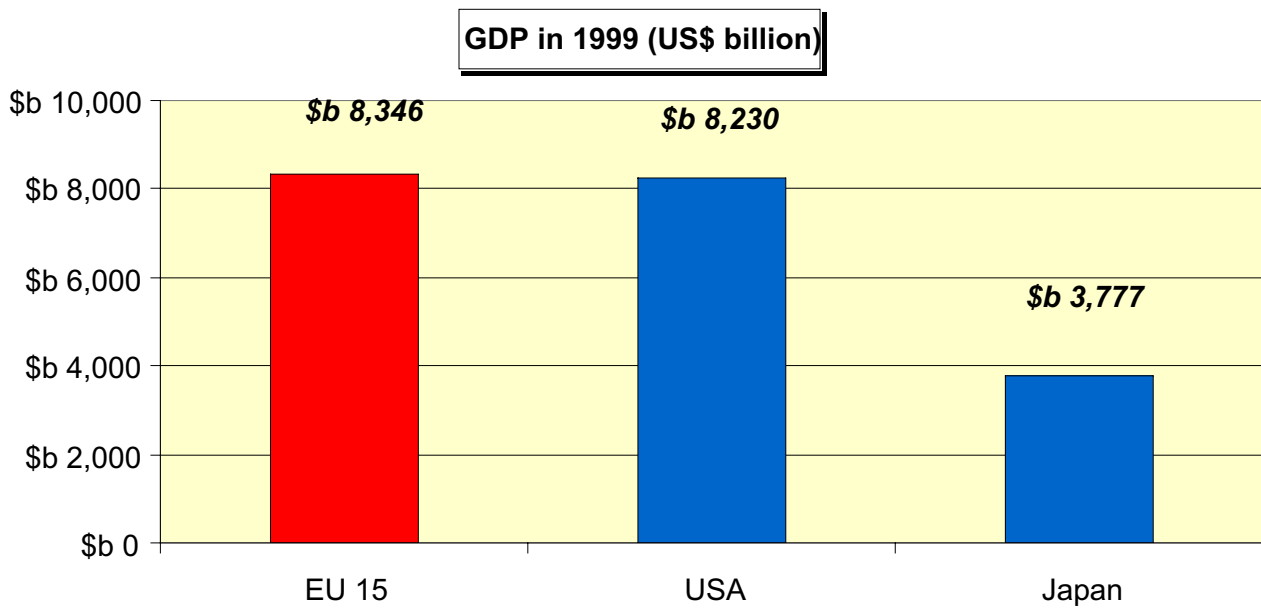
1.3. Steady growth

- Growth: + 3.2%
- Inflation down to historic low: 0.7%



Sources: OECD, 1999 / Insee, 1999

1.4. Europe: world's largest market



GPD (US\$ billion) – Source OECD, 1999

1.5. Information Technology: 20% of growth and 5% of GDP

- IT net sales + 18% since 1997
- Internet users + 45% since January 1999
- 6 m July 1999 - 10 m expected in Y2K.
- Mobile phones users = 21.4 % of population
- 3.5 m June 1997 - 14.2 m June 1999

II. Unique Geographical Location in Europe

2.1. A prime location in the Eurozone

- Fast and easy access to 370 million consumers
- A Streamlined transportation infrastructure France's central location means access to seven European countries

III. A Warm Welcome for Foreign Investments

3.1. Key Figures

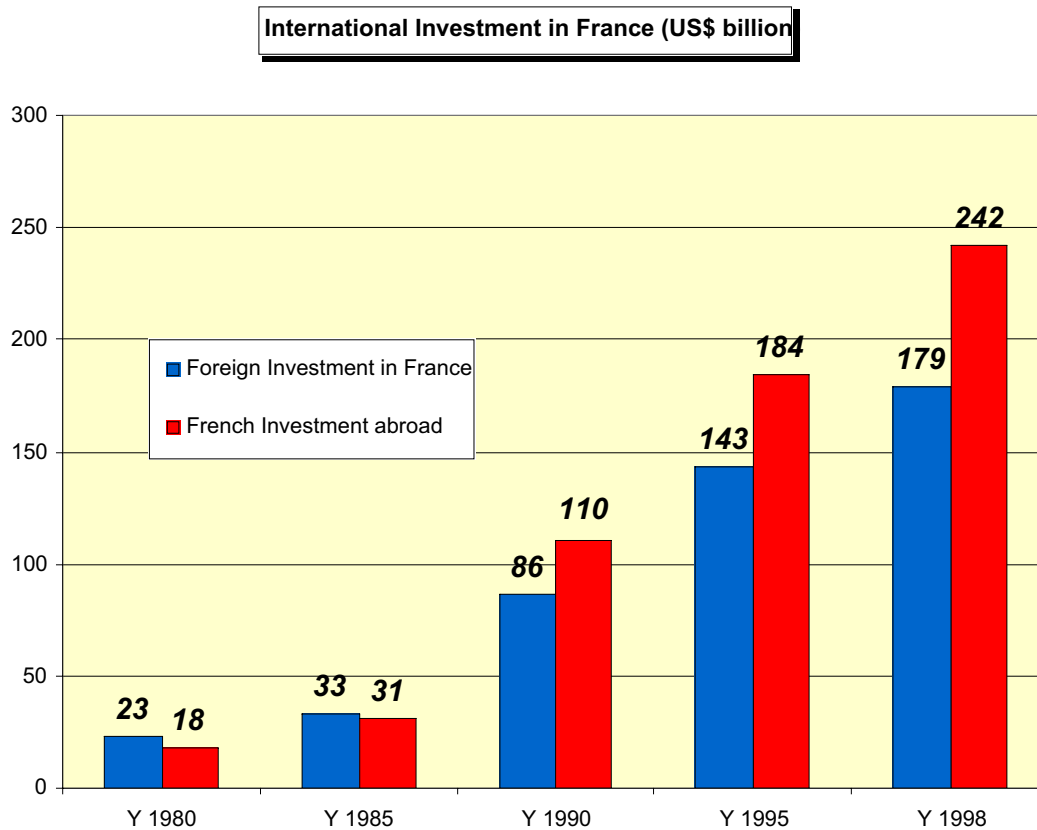
- 1st host country in euro zone (in terms of inflows 93-98)
- 3rd host country in Europe after the United Kingdom and The Netherlands
- Leading investment sector: high-tech
- Leading investors: USA (n°1), Germany (n° 2), United Kingdom (n°3)
- + 8,000 international companies have chosen France

AT&T - Allied Signal - AstraZeneca - Canon - Atmel - Bosch - Kodak - Koyo Seiko - DaimlerChrysler McDonald's - SAP - Shiseido - Lucent - Microsoft - Hewlett Packard - Oracle - Ricoh - Bristol-Myers - Squibb - FedEx - Sony - Nortel - Quebecor - Bombardier - Transcom - Texas Instruments - 3M - IBM - Colgate-Palmolive - Intel - Disney - Motorola - Toyota - Fiat - Trema - Philips - Siemens - Sara Lee - Bertelsmann - EDS - Procter & Gamble - BP - Coca Cola - McCain ...

3.2. International investment in France: +39% in 1999

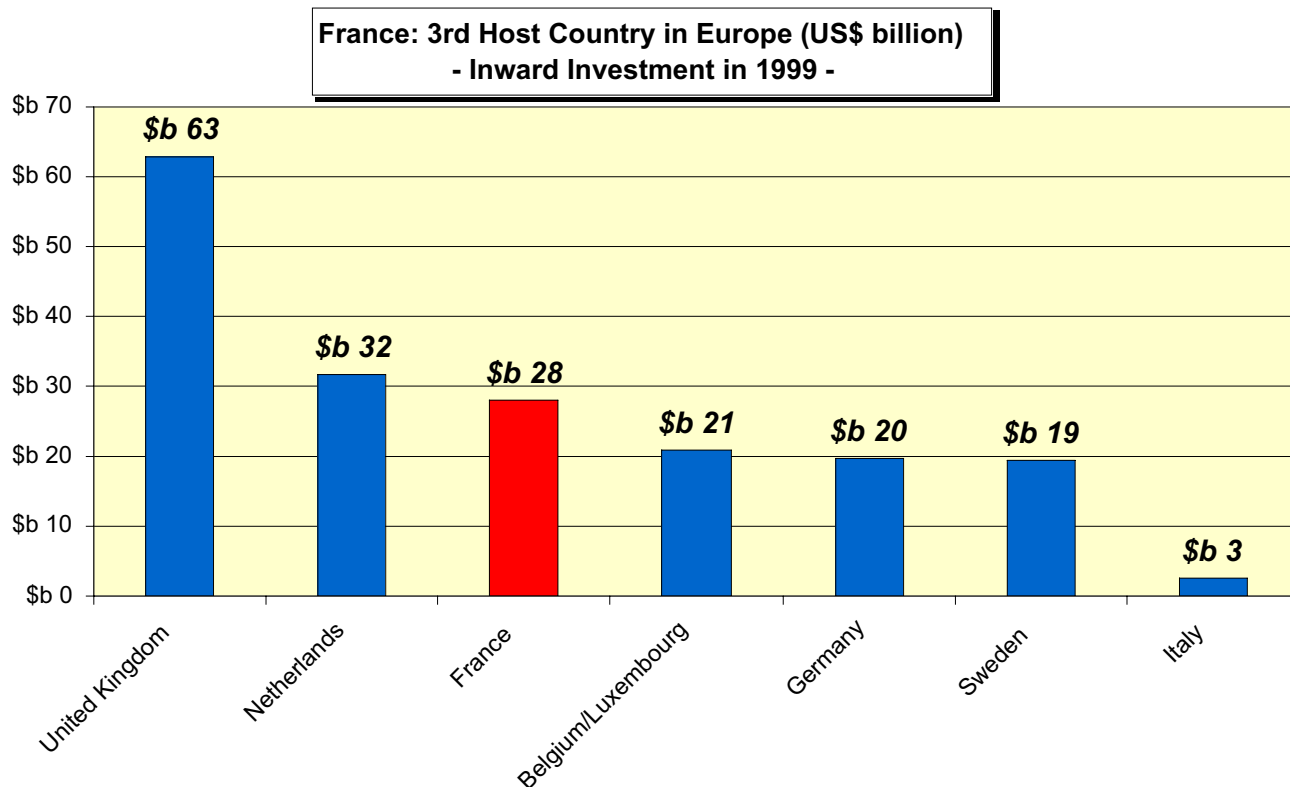
International investment accounts for:

- 30% of jobs
- 36% of investment
- 40% of exports



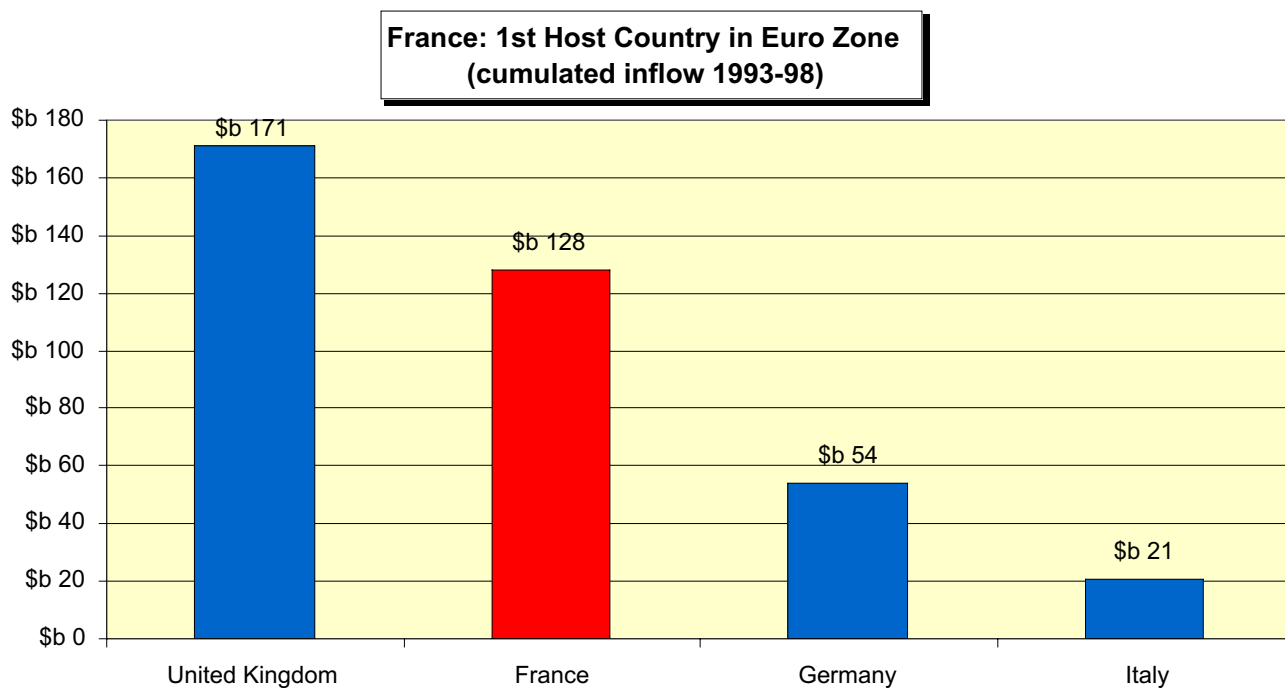
In manufacturing sector - Source: Unctad, 1999

3.3. France, 3rd host country in Europe: US\$ billion - inward investment



Source: Unctad, 1999

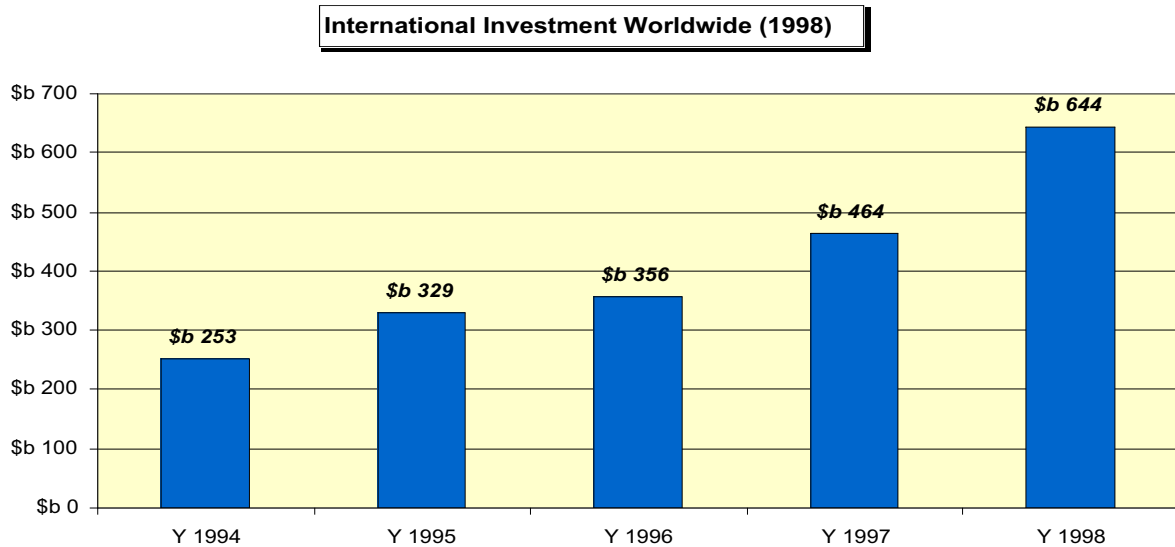
3.4. France: 1st host country in euro zone (cumulated inflow 93-98)



US\$ billion - Source: Unctad, 1999

3.5. International investment worldwide + 39% in 1998

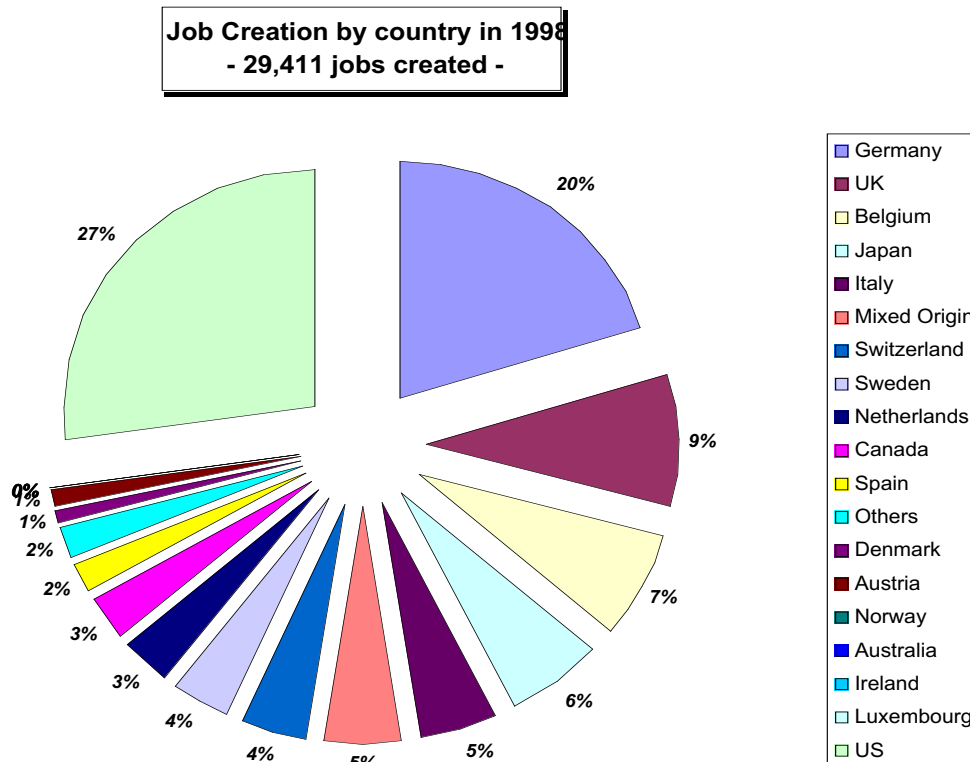
- International production drives globalisation
- International mergers and acquisitions soar



US\$ billion - Source: Unctad, 1999

3.6. Foreign companies in France: Job creations per country in 1998

- 29,411 jobs created in 1998



Source: Invest in France 1999

3.7. Information technology: Leading investment sector

Jobs created by international investment in 1998

High-tech sector since 1997:

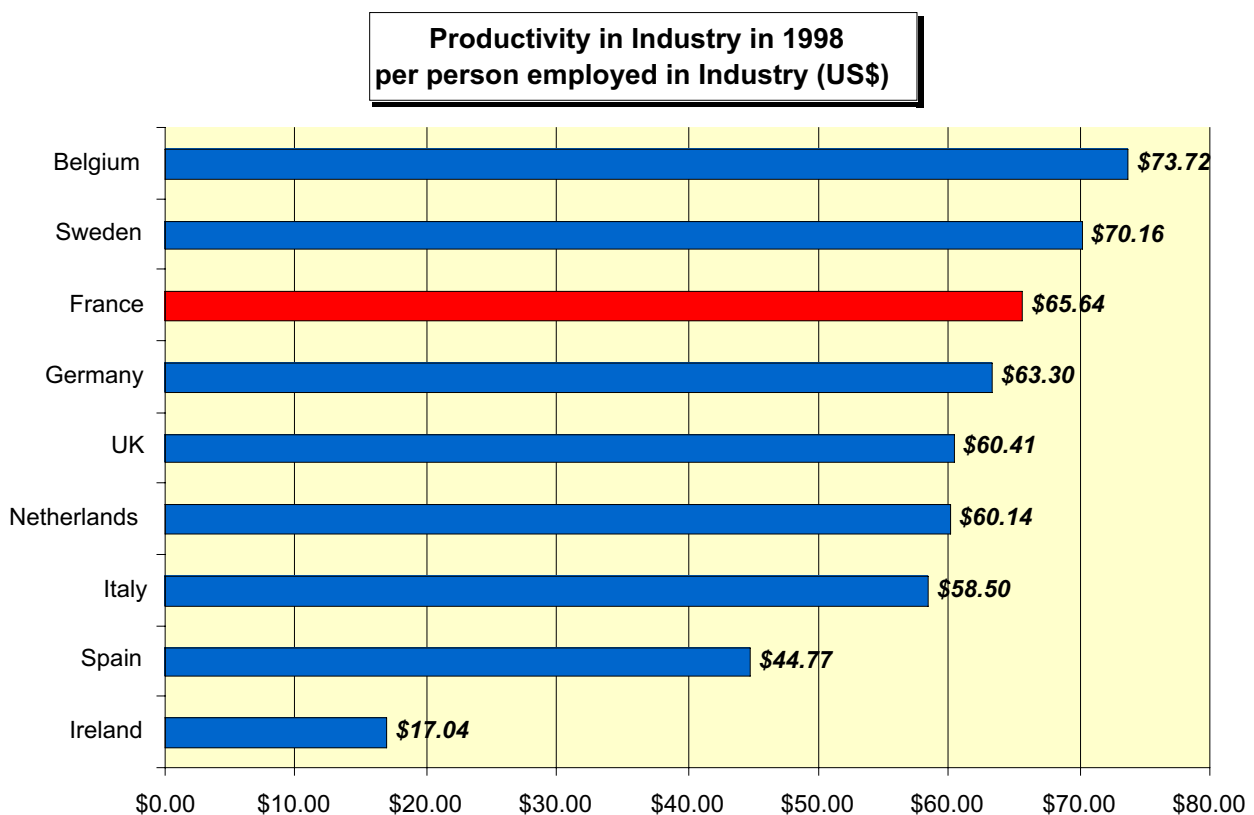
- 19,000 companies created
- 360 million Euro raised on Nouveau Marché
- 13,000 patent applications by French companies in Europe (telecommunications, computer services and biotechnology)

IV. A Highly Competitive, Skilled, Multilingual and Productive Labour force

Labour Productivity

- creative
- highly educated
- productive
- adaptable

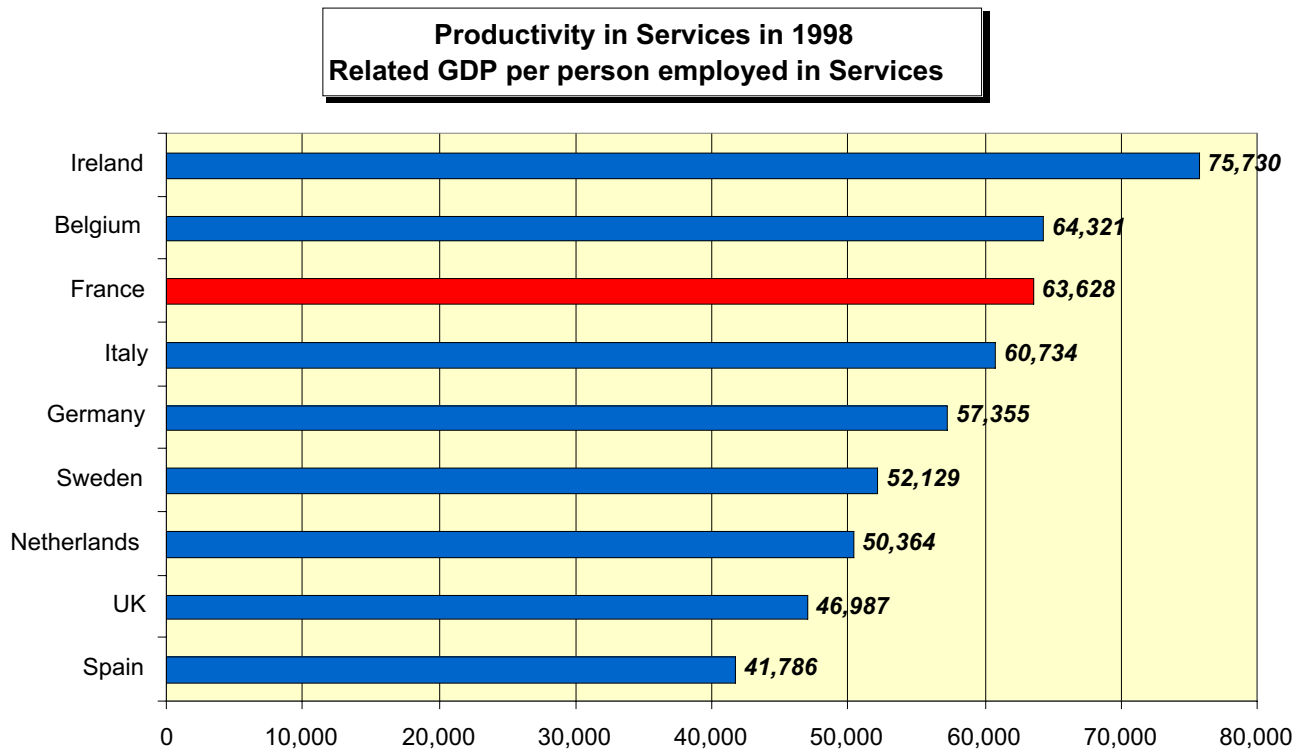
4.1. A productive workforce



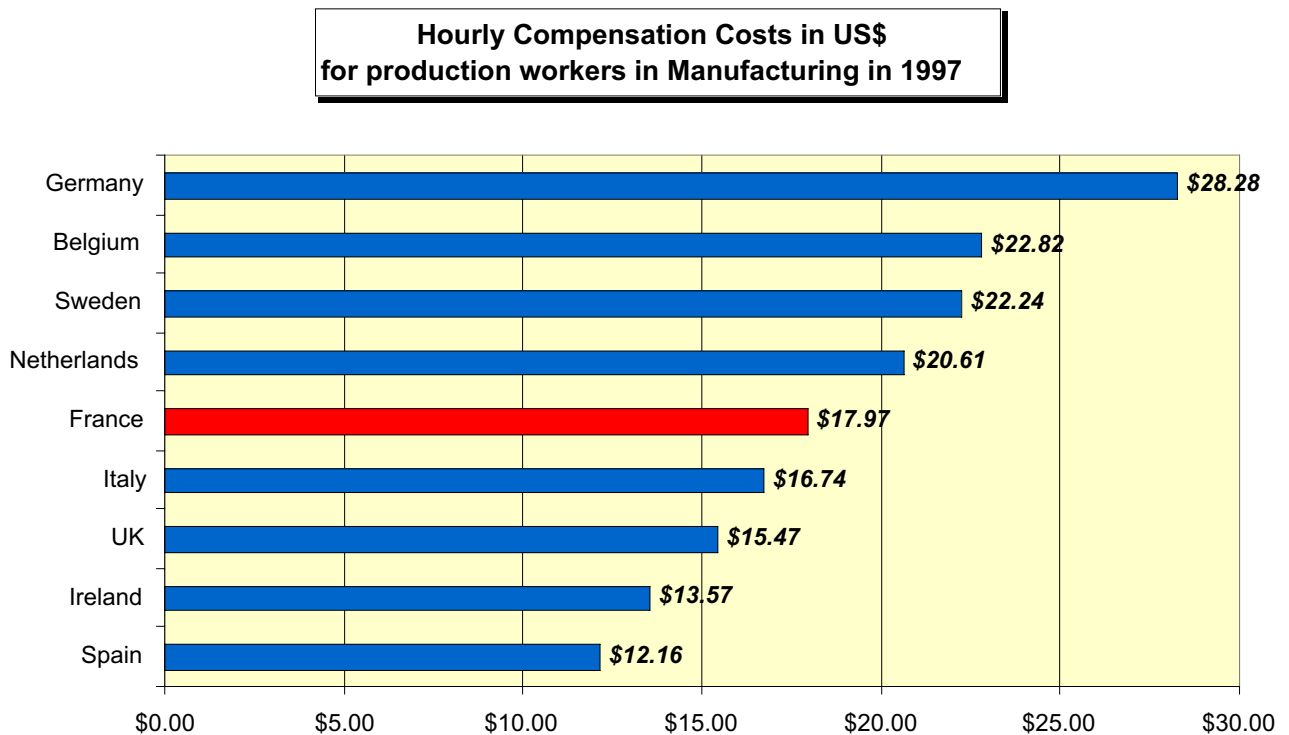
Source: The World Competitiveness Yearbook 1999

4.2. Productivity in services

Source: *The World Competitiveness Yearbook 1999*

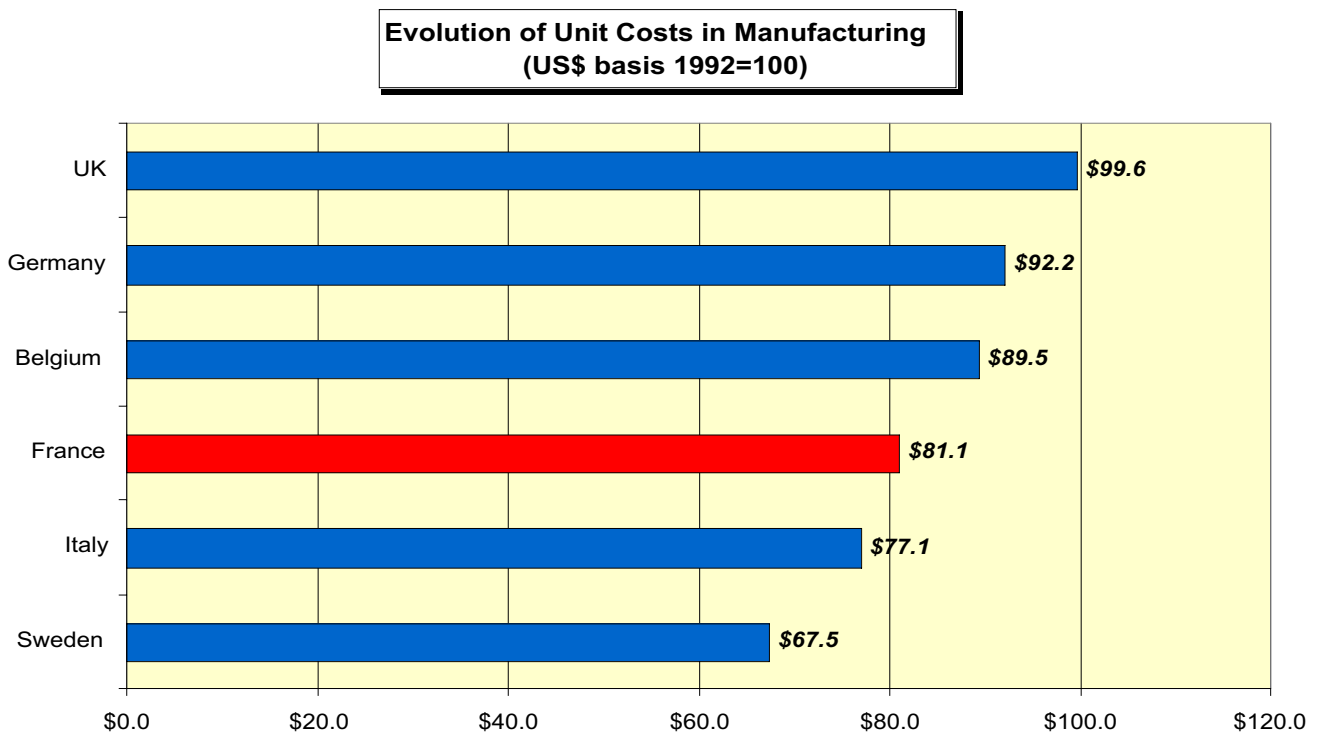


4.3. France, Competitive Labour Cost in Europe



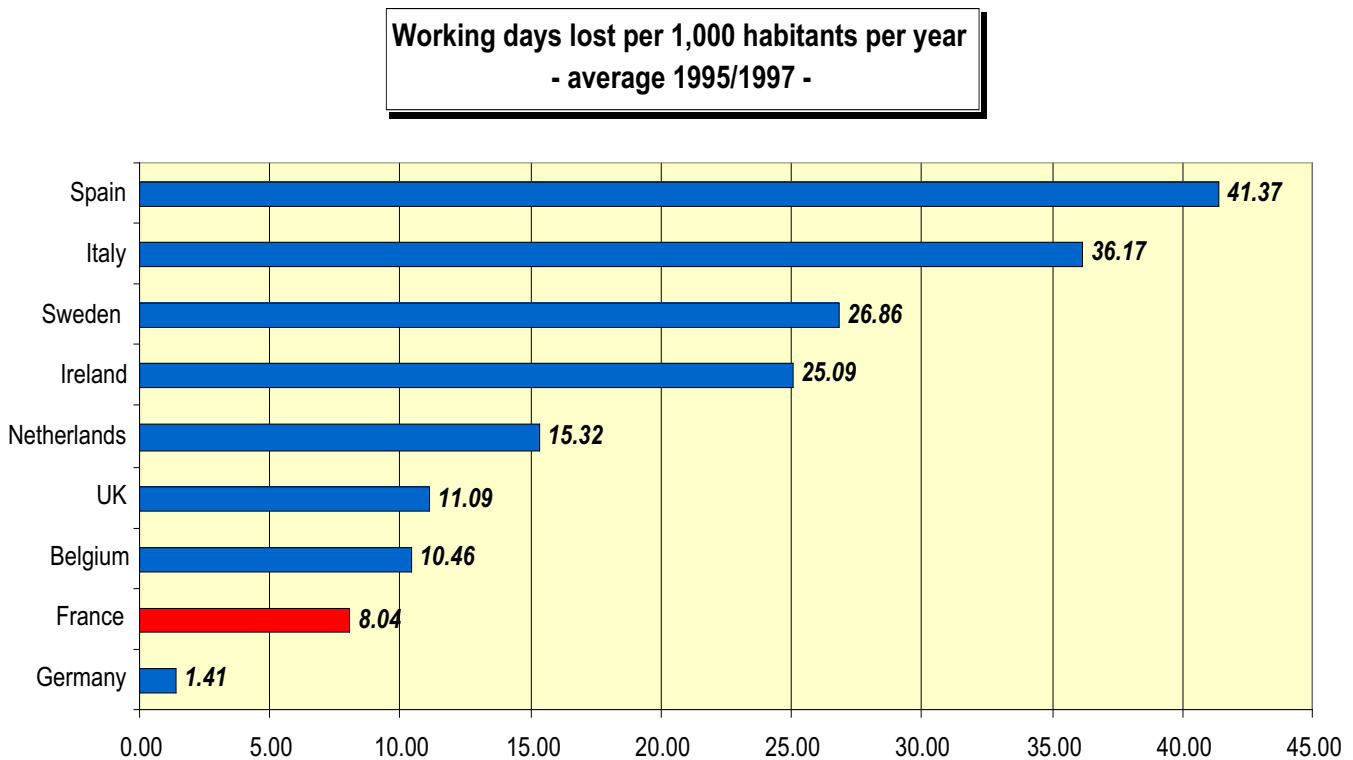
Source: *US Department of labour 1998*

4.4. Evolution of unit costs in manufacturing



Source: US Department of labour 1999

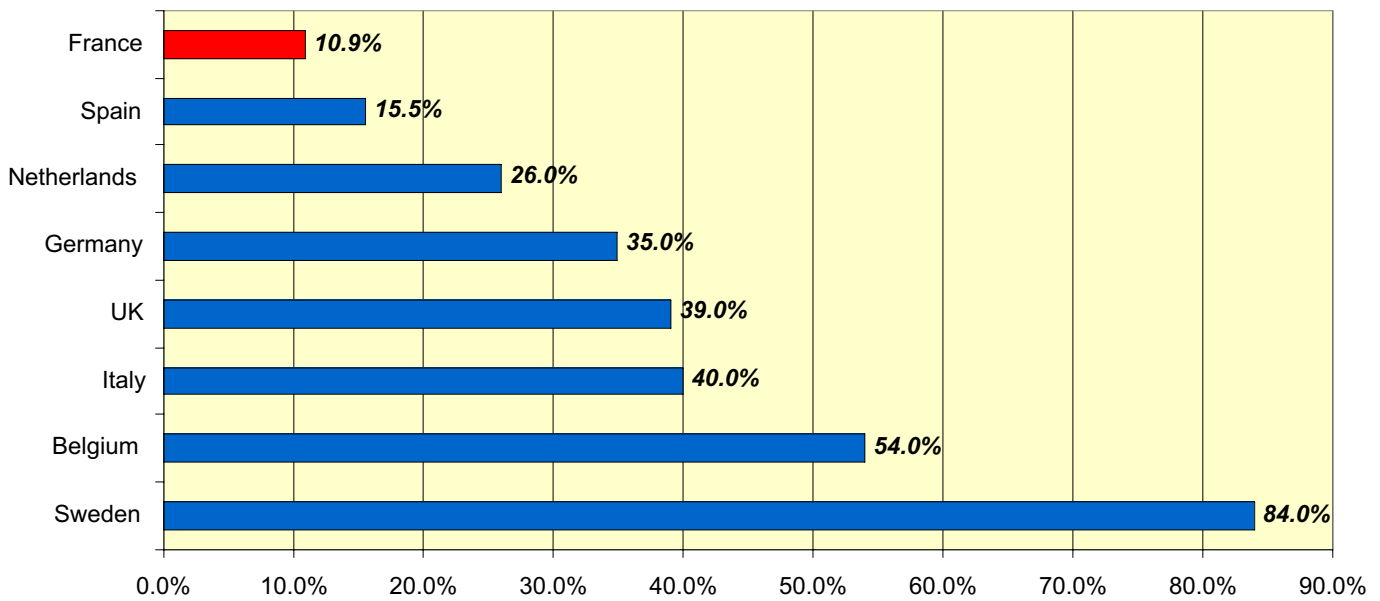
4.5. One of the lowest strike rates in Europe



Source: The World Competitiveness Yearbook 1999

4.6. The lowest percentage of unionised employees in Europe

Union Membership in Europe (Source 1997)

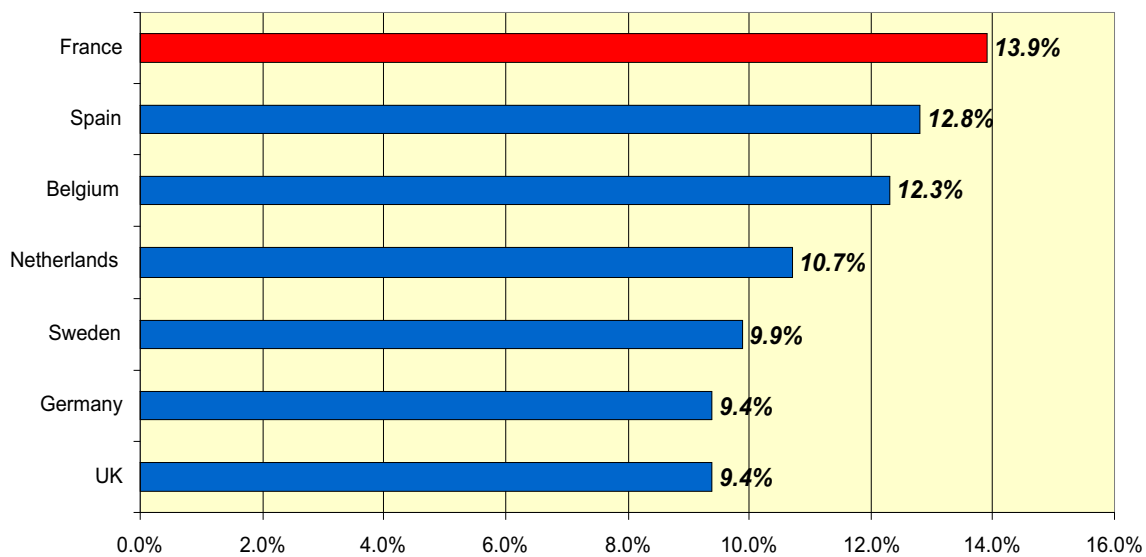


Source: OECD Main Economics Indicators, 1997

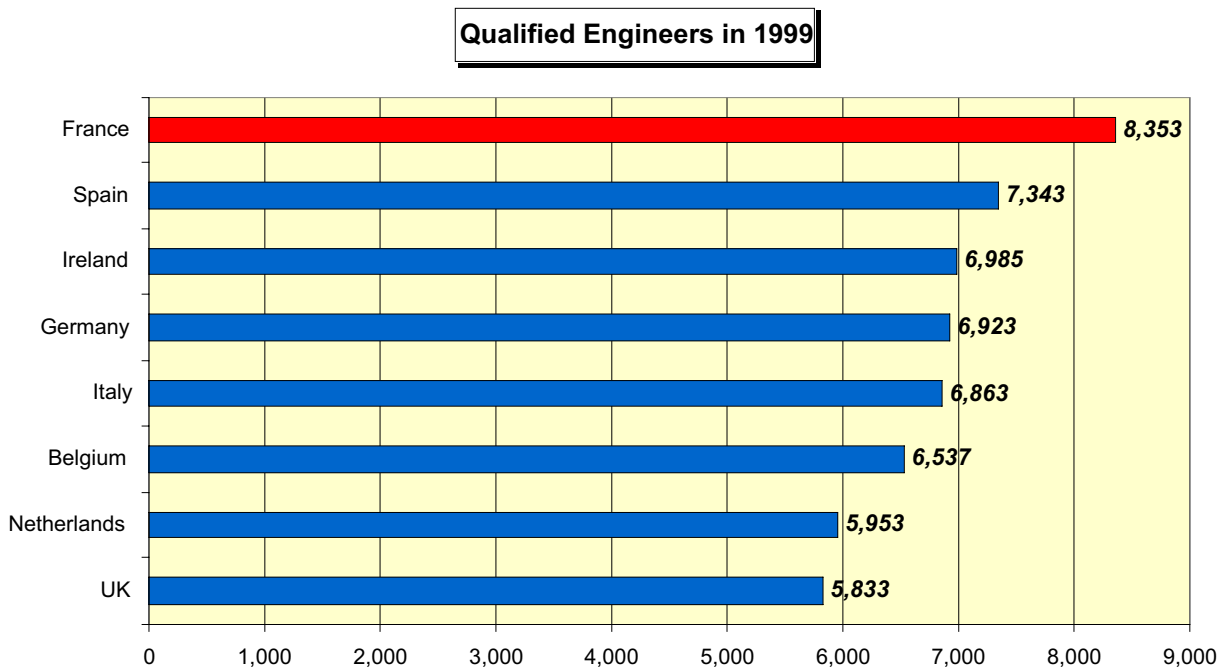
4.7. The most skilled labour force in Europe

4.7.1. Net Enrolment in Public and Private Tertiary

Education for persons 17/34

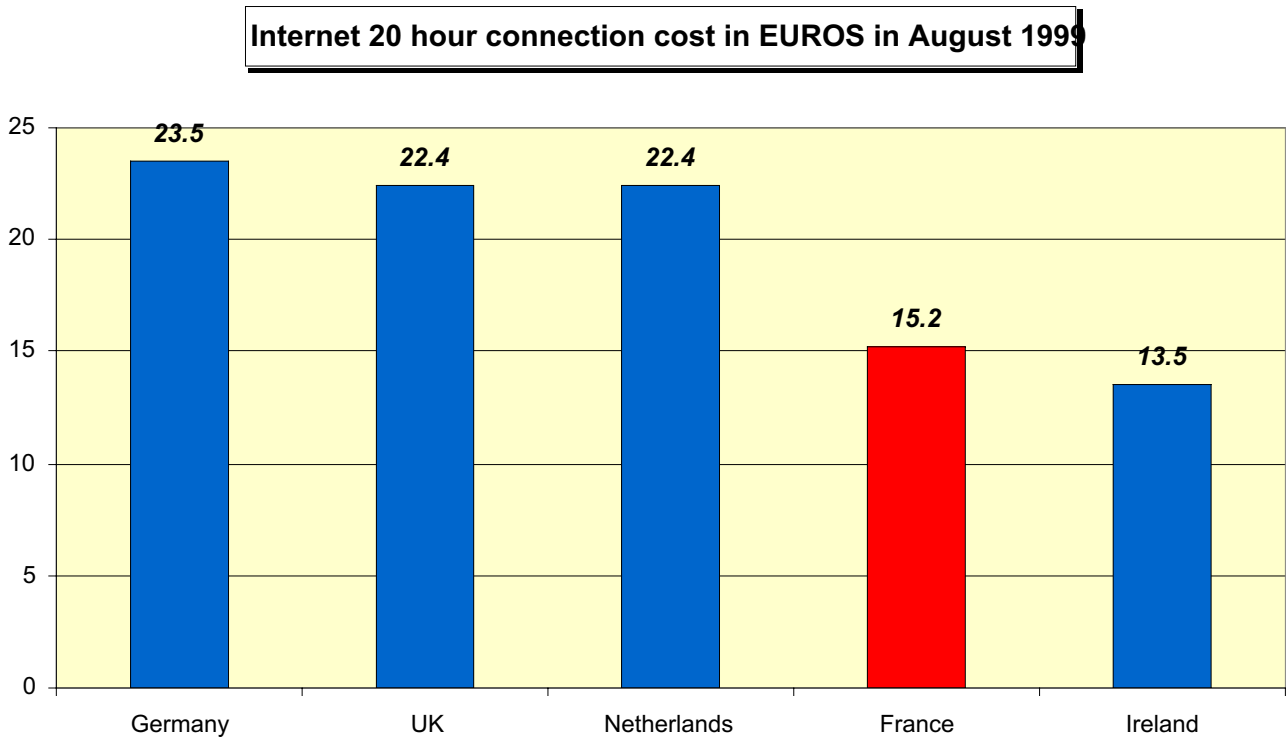


4.7.2. Qualified Engineers



V. Utilities

5.1. Competitive communication costs



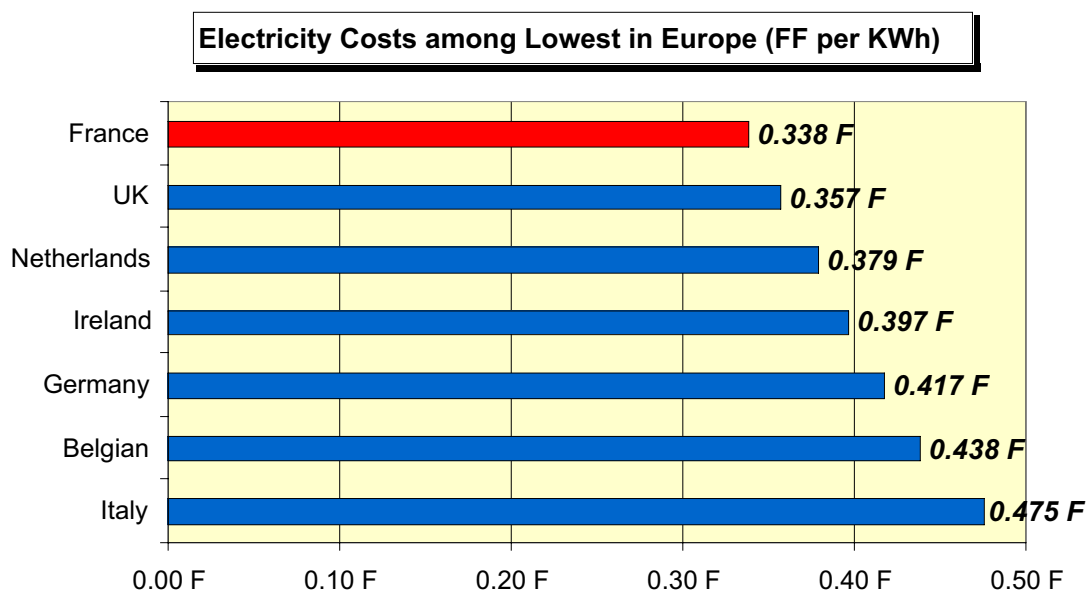
Source: ART, Aug. 1999

5.2. Outstanding telecommunication infrastructures

- 100% digital transmission network
- 100% digital switching network
- 1.7 millions kilometre of optic fibber
- Advanced transmission technologies (Synchronous Digital Hierarchy)
- Advanced switching technologies (intelligent and high-speed ATM networks)

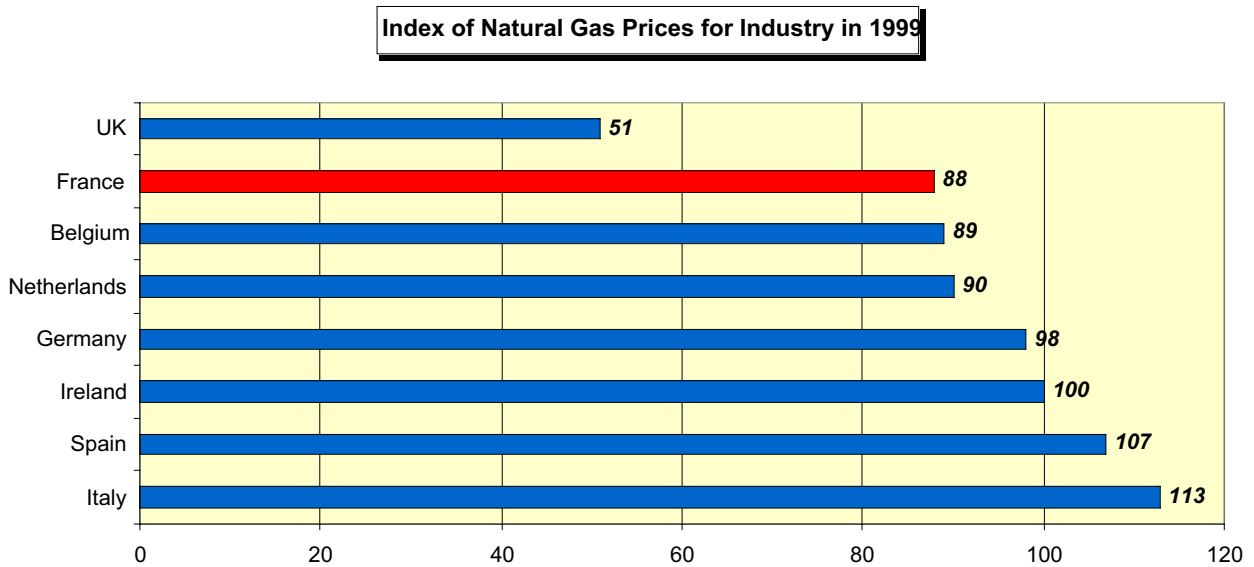
5.3. Low-cost Energy

5.3.1. Electricity costs



Source: NUS, 1999

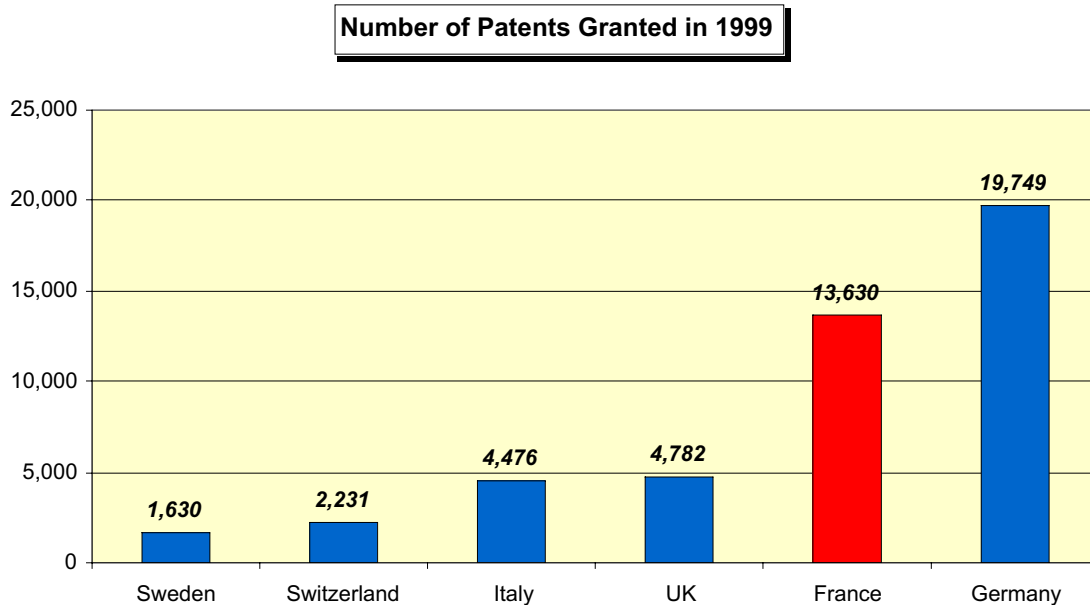
5.3.2. Index of natural gas prices for industry 1999



VI. Efficient R&D

6.1. R&D in France

- 2nd R&D in Europe
- 320 000 researchers



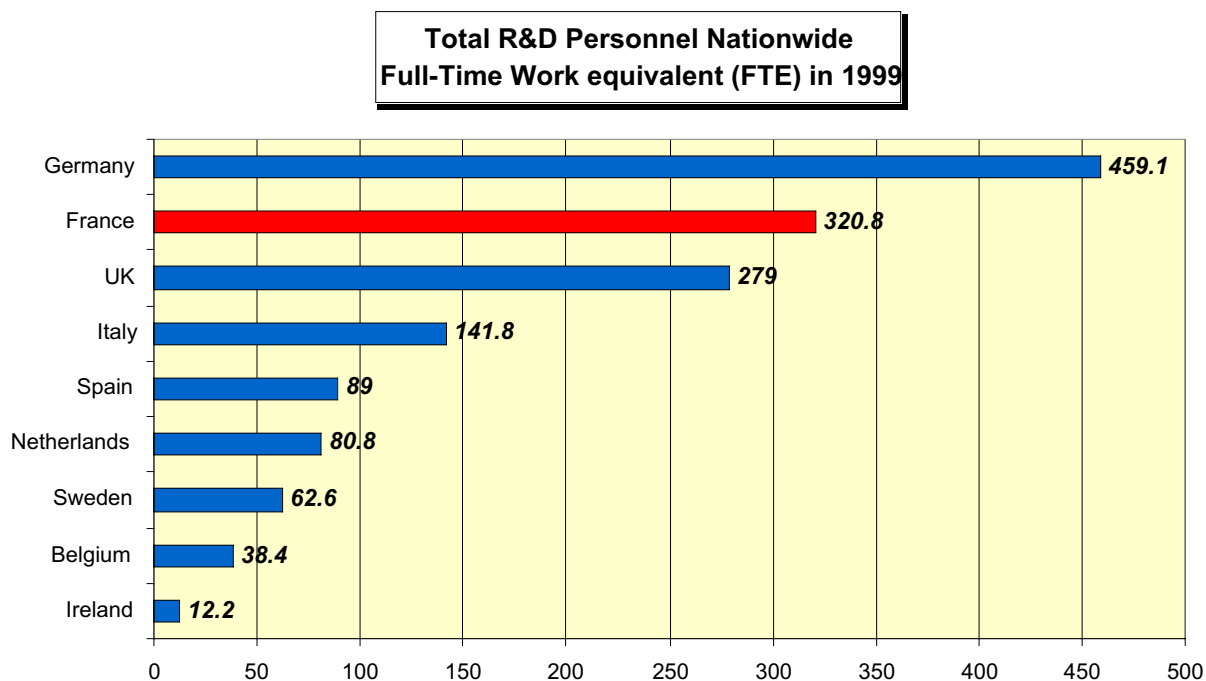
Source: World Competitiveness Report, 1999

6.2. International R&D centres in France

- + 400 international companies including:
- A&T, Motorola, Canon, Nortel,

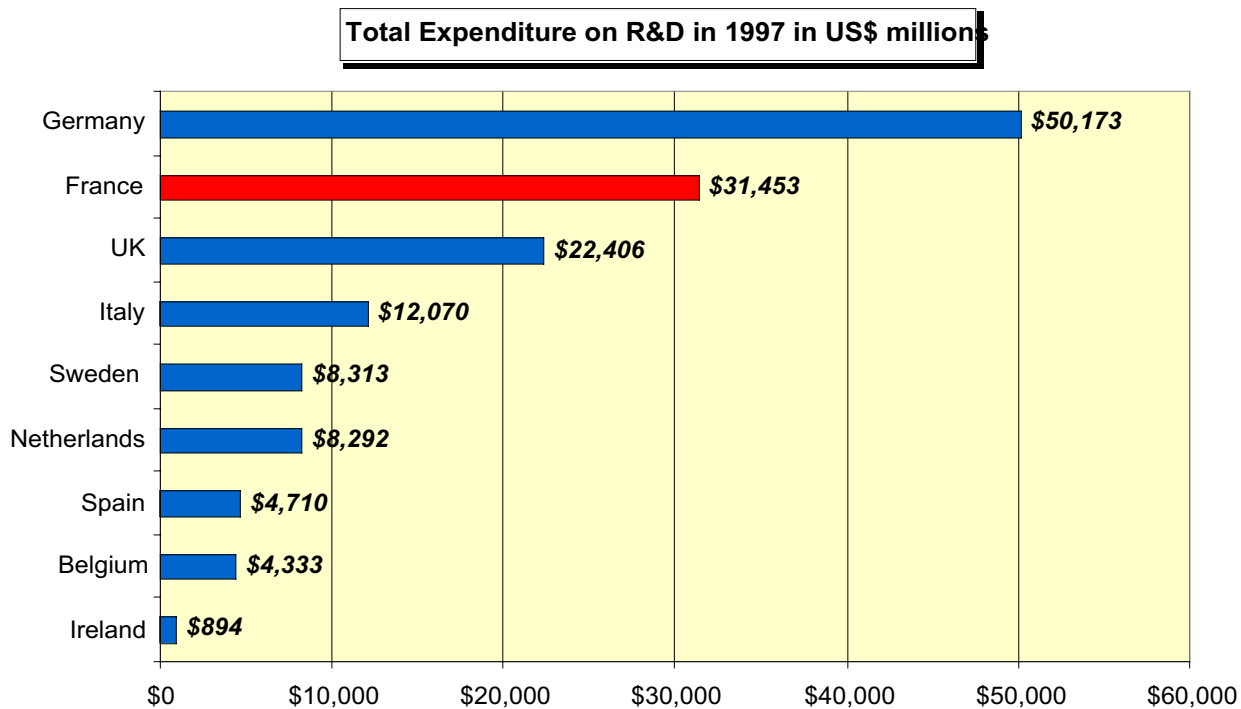
- General Electric, Kodak, Lucas,
- Hewlett-Packard, Schlumberger, Philips, Siemens, Novartis
- Bristol-Myers Squibb

6.3. World-class research



Source: *The World Competitiveness Yearbook 1999*

6.4. Major investments in R&D



Source: *The World Competitiveness Yearbook 1999*

VII. Quality of life

- 71 millions tourists in 1998
see Tourisme en France - directory of tourism offices; includes interactive maps, addresses, hotels, accommodations, museums, and sports.
- 38.000 listed historic monuments
National museums organisation <http://www.rmn.fr>
- 23 world heritage sites
- 800 theatre and cinema festivals
http://fr.dir.yahoo.com/Art_et_culture/Cinema/Festivals/
- 340 movie theatres in Paris
<http://www.allocine.fr/>
- 345 types of cheese
<http://www.francefromage.com/>

VIII. Flexible Financial Incentives

Projects are actively supported by the French Government:

- National incentives
- Job creation subsidies
- Business tax exemption
- Favourable depreciation terms
- Training and hiring grants
- Regional incentives
- Regional cash grants
- Jobs subsidies
- Construction grants
- Subsidies from development agencies