

The business profile of france



France, formally known as the French Republic (République Française), is a sovereign state whose territory consists of metropolitan France in Western Europe, as well as several overseas regions and territories, which has a combined area of 643, 801 square kilometres (248, 573 sq mi) and a total population of 67. 25 million (as of June 2018). The official and economical capital of the country is in Paris, which held the country's stock market (Euronext Paris). France is a founding member of European Union and economically is in Eurozone. It has the world's 7th largest economy by 2017 nominal figures (\$2. 57 trillion) and the 10th largest economy by PPP figures, also the 3rd largest economy in the European Union.

The GDP of France is relatively constant in recent past. According to the IMF France was the world's 20th country by GDP per capita with US\$44, 099 per inhabitant with a GDP growth of 2. 2% and inflation rate of 1. 2%. As part of the Eurozone, France uses the euro as its unit of currency, having relinquished the franc as legal tender in 2002. The value of the euro has been rising in relation to the dollar. In June 2018, the exchange rate was 0. 86 euros= US\$1.

Business pattern: With 31 of the 500 biggest companies in the world in 2015, France ranks fourth in the Fortune Global 500. It has a mixed economy that combines extensive private enterprise with substantial state enterprise and government intervention. The French economy is very open to foreign trade. Total trade [imports plus exports of goods and services] amounts to about 50 percent of gross domestic product in France. According to World Fatcbook it is the 6th largest export economy in the world and the 15th most complex economy according to the Economic Complexity Index (ECI). The economic

structure of the country historically has relied on agricultural products, which is still now one of the key factors in French economy. France is the world's second largest agricultural producer (behind the United States) and the EU's leading producer. French agricultural production makes up a fourth of the EU total and accounts for 4.55% GDP (2006 estimate). Industry and Energy sector is also vital for French trade sector. The leading industrial exports are telecommunications (including communication satellites), aerospace and defense, arms, ship building (naval and specialist ships), pharmaceuticals, construction and civil engineering, chemicals, textiles, metal processing and automobile production. It is the world-leading country in nuclear energy sector, which exports nuclear plant design and machinery. Along with these tourism is also important economic sector of France. Germany, Belgium, Italy, UK, Spain, USA and China are the main export and import partner of the country. In 2016, France exported \$498B and imported \$550B, resulting in a negative trade balance of \$52.3B. Figure 2 shows French trade balance since 1960 to 2016.

According to figure 2, the average value for France during that period was -0.05 percent with a minimum of -2.56 percent in 2011 and a maximum of 2.9 percent in 1997.

Trade balance and forecast: Since in last one decade the French trade balance is negative, therefore much closer look would be helpful to understand the recent trade situation of the country. The trade deficit narrowed slightly to EUR 4.96 billion in April of 2018 compared to a downwardly revised 5.01 billion in March and slightly below market consensus of a EUR 5.3 billion shortfall. Imports went up 2.5 percent to EUR

46.5 billion, while exports rose at a slightly faster 3 percent to EUR 41.6 billion. Balance of Trade in France averaged – EUR 1210.38 million from 1970 until 2018, reaching an all-time high of EUR 2674 million in October of 1997 and a record low of EUR -7589 million in January of 2017. Balance of Trade in France is expected to be EUR -3300.00 million by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. Looking forward, it can be estimated Balance of Trade in France to stand at -3200.00 in 12 months' time. In the long-term, the France Balance of Trade is projected to trend around -1650.00 EUR Million in 2020, according to French government econometric models.

Conclusion

From the above discussion it is noticed, that French economy is suffering from negative trade balance. In consequence, the French government is continuing its sustainable recovery strategy for growth and the French economy. It is focused on limiting public spending to a rate that is compatible with the recovery in activity, structural reforms to increase competitiveness and growth potential, and support for collective revitalization of growth in the euro zone and Europe. Moreover, French companies are concentrating in direct foreign investment. In 2015 France was the world's sixth largest foreign investor in terms of stock (US\$1,314 billion). The main destinations were the European Union (58%) and the United States (18%), with Switzerland, Japan and China [6]. Besides, France has pursued a policy of making the country an attractive place for direct investment. France has continued to attract investment: there were 962 inbound foreign investment decisions identified in 2015. In 85% of these

cases, the investments were by European or American companies. In 2015, France is the largest recipient of global investment stock (US\$772 billion). The European Union (70%), Switzerland (12%) and the United States (11%) were the main investors. Over 20, 000 foreign companies are present in France.