

I. MARKET OVERVIEW

OBJECTIVE

The adoption of a more focused system and increased co-ordination of Canada's marketing activities are the main themes of the *Canadian Export Strategy for the 1980s*, approved by the Cabinet Committee on Economic Development. The development of two-to-three-year marketing plans for Canada's priority markets is an essential element of this strategy. The present document, one in a series, describes an export development plan for France. This plan consists of:

- establishing a strategic framework to guide activities and the allocation of federal resources by providing effective assistance to the expansion of exports to France;
- developing a marketing plan so that those involved are able to take advantage of existing opportunities and overcome the constraints to Canadian exports to France;
- providing a working document which will serve as the basis for discussions aimed at co-ordinating the marketing activities of the federal government in co-operation with the provinces and the private sector.

THE CANADIAN/FRENCH ENVIRONMENT

Bilateral trade accounts for less than 1 per cent of Canada's total foreign trade. With a view to remedying this situation, this plan seeks to increase bilateral trade, technological exchanges, joint ventures, and investments.

CHARACTERISTICS OF THE FRENCH MARKET

1. Environment and Population

Metropolitan France, with an area of 543,998 km² (210,038 square miles) is the largest country in Europe with the exception of the U.S.S.R. The island of Corsica, five overseas departments and a further five territories also form an integral part of the Republic. The population of France is about 54.5 million. Paris, the capital and largest city, has a population of 10 million. Other principal cities are Lyon — 1.15 million, Marseille — 1 million, and Lille — 1 million.

France is a Presidential Republic. The 1958 constitution vests legislative power in a bicameral Parliament, comprising a National Assembly of 491 members (474 for metropolitan France and 17 for overseas departments), who are directly elected by universal adult suffrage for five years, and a Senate of 305 members, elected by the "conseillers généraux", who are delegated by the councils of the 3,629 cantons. Senate members are elected for nine years, with one-third of the seats being renewable every three years.

The President is elected by direct universal suffrage for a term of seven years. The President selects a Prime Minister and, on the latter's recommendation, members of the government are appointed.

2. Macro-economic Trends

Since its election in May 1981, the Mitterrand government has taken a series of measures to implement a program of socio-economic reform. After a first year in which the French government fostered employment through expansionary policies, priority shifted to the combat against inflation.

Despite this, the per capita GDP — \$13,217 — was one of the highest of any industrialized country. The standard of living in France has risen dramatically since World War II and is now one of the highest in Europe. From 1973 to 1979, the purchasing power of the French rose by more than 23 per cent, though it has levelled off somewhat since then.

One of the major objectives of the French government is to remain competitive in the international goods and services market. France, as a major industrial world power, is the fourth largest exporter. During the 1970s, France's exports quadrupled, giving it the best overall economic performance of any major industrialized country. It should also be mentioned that France was the second largest exporter of industrialized goods, surpassed only by Japan.

Until the formation of the Common Market, France had been largely self-sufficient and had concentrated on its domestic market, its post-war reconstruction problems, and trade with its dependencies. With the elimination of tariff barriers between Common Market countries, French companies were forced to improve their ability to compete in domestic and international markets.

3. Nationalization Program

The outcome of the presidential election of May 1981 caused widespread concern in local and foreign financial communities. The new socialist government immediately set to work implementing several important aspects of its election platform, particularly the nationalization of all the remaining private French banks and the five most important industrial groups. In effect, approximately 30 per cent of French industry is state-controlled.

In an historical light, however, the nationalization program is not as radical as one might think. France has always had one of the most centralized economies in Western Europe and there has always been state intervention in almost every sector of commercial activity.

Most of the banks, insurance companies and industries, controlled by the French state before the election of François Mitterrand, were brought under state control by de Gaulle after World War II. There has also been regular involvement of the state, under various governments, in the private sector — either as a shareholder, a client, a planner, a seller linking major foreign contracts to greater economic or politi-