

FRANCE: SECOND ECONOMIC POWER IN THE EUROPE OF 12

On the threshold of 1993, it appears that in between Europe's economic largest power, Germany, and the rising strength of Italy and Spain, France should be able to take advantage of the opening of the borders to confirm its position as the second economic power in Europe.

France is the largest EEC country in surface area (24% of the Community's land area). It is the second strongest economy in the community, producing 20% of the wealth, and 16% of total exports, after Germany which produces 25% of community wealth and 30% of its exports. In population France is fourth after Germany, Italy and Great Britain.

France is **the most important agricultural producer and exporter in the EEC**. It is the community leader in cereal production, meat, milk, sugar, and wood. In the processed food sector, where the key challenge includes harmonization of standards, the need to adjust to the Europe of 1993 will be greater than in the agricultural products sector.

In addition, France should benefit from **the new Common Agricultural Policy** due to take effect in 1993. This new CAP will replace the old system of guaranteed prices (which generated artificially high prices and overproduction) with a new system of direct aid to farmers. France should benefit from this change, as it will be encouraged to substitute imported replacement products (made more expensive) with national production, and to regain outside market share (as a result of lower export prices).

France is **the second most important industrial power in the EEC**, although it lags well behind Germany. It ranks as the leader among countries producing industrial equipment, followed by Italy which is gradually achieving a leading role in the production of consumer goods. Between 1973 and 1986, industrial production in France grew more slowly (1.3%) than the EEC average (2%). This trend has now been reversed, and France is no longer losing market share to its European partners.

FRENCH PREPARATIONS FOR THE SINGLE MARKET OF 1993

The dynamic economic environment which France has experienced over the last three years with respect to improvement of its macroeconomic situation and the restructuring of its industrial infrastructure, indicates that France will likely overcome its delay in preparing for the Europe of 1993.

The tight economic policy applied to the budget, currency and salaries, which has been enforced for the past few years is bearing fruit in its objective of strengthening France's competitiveness in Europe. In the years 1988-1991, the French economy grew more than the average of its major partners, while enjoying a moderate rate of inflation and a relatively stable franc. As a result, France together with Denmark and Luxembourg is one of the three EEC countries that meets the criteria of convergence established for the purpose of Monetary Union.

The competitiveness of French industrial groups has also improved in comparison with the rest of Europe. French corporations are now stronger financially and have increased presence in Europe as a result of steady efforts to restructure and modernize