

More than 600 French companies and their subsidiaries are established in Canada, including many of the leading lights of French industry — Air Liquide, Rhône-Poulenc, Pechiney, Aérospatiale, Lyonnaise des Eaux, GEC-Alsthom, Michelin, Pasteur-Mérieux-Connaught and others.

IV. Promoting Investments and Partnerships

A. Opportunities

France is the fifth-largest international investor in Canada. Its existing level of investment and its potential as a source of new investments make France a priority country under the "investments" component of the federal government's Jobs and Growth program.

The strategy of the Department of Foreign Affairs and International Trade with respect to the Jobs and Growth program, focuses on attracting job-creating foreign investors to this country. As part of this perspective, the Department's action plan contains a number of new initiatives for the French market.

France is the third-largest European investor after Great Britain and the Netherlands. Its stock of investment in Canada exceeds \$5.7 billion. This represents growth of 229% over the last 10 years. The 12% annual growth rate is more than double the average growth rate of overall foreign investment in Canada (5.5%). More than 380 French companies are established in Canada, including many of the leading lights of French industry (Air Liquide, Rhône-Poulenc, Pechiney, Aérospatiale, Lyonnaise des Eaux, GEC-Alsthom, Michelin, Pasteur-Mérieux-Connaught and others). Together, they represent 3.2% of foreign investment in Canada and generate 40,000 jobs, including more than 20,000 in the manufacturing sector, accounting for wages and salaries of more than \$1.5 billion.

Industry in France must deal with a labour market less flexible than that of its main partners. To ensure their growth on a number of foreign markets, many

companies are contemplating setting up shop outside the European Union.

In 1999 the introduction of the single European currency will tend to harmonize business cycles and fluctuations in all member countries. In order to maintain balance and diversity in their business, it will become essential for the companies to consider trade zones outside the EU. Increasingly, French companies are attracted to NAFTA and market possibilities in Latin America.

Our challenge is to induce French businesses to consider Canada as an attractive launching pad into these markets, and to counteract their natural inclination to gravitate towards the larger U.S. market or, in some cases, to take advantage of low-cost labour in Mexico.

Promising Sectors

- **Information and telecommunication technologies**
- **Life sciences (pharmaceutical products, biotechnologies and medical equipment)**
- **Chemicals, fine chemicals and petrochemicals**
- **Agri-food**
- **financial partnerships (excluding scholarships)**
- **Transportation (aerospace, rail and automotive)**
- **Service companies in other sectors**
- **Mines and Resources**

