



The French Market — Characteristics

1 Demography

France, the second largest country in Europe, has a population of some 54.5 million. Paris, the capital city, is the largest in France with 10 million inhabitants. Other major cities include Lyon (1.15 million), where Canada opened a consulate in November 1986, Marseilles (1 million) and Lille (1.2 million).

2 Economic Situation

The French economy went through a period of adjustment in 1987. The major objectives of French economic policy are to encourage stable growth, increase industrial investment and maintain an inflation rate comparable to its main trading partners, particularly the Federal Republic of Germany. Economic freedom, deregulation, the lifting of formal price and wage restrictions and privatization are the main pillars of the government's economic policy. The government has moved quickly to implement the major components of its program, keeping in mind the presidential elections in 1988. These basic elements are currently more or less in place.

Following the 1981 presidential elections, the new Socialist government began implementing several important elements of its election platform, particularly the nationalization of private French banks and the five main industrial groups. The tide has turned since the summer of 1986 when the Socialist government went out of office.

Currently, the French government is engaged in an extensive program to privatize the public sector. This operation is being co-ordinated by the Department of Finance and the Privatization Board. The principles for the allocation of shares are established by law: 10 per cent to staff, 20 per cent to foreigners and 70 per cent to French residents. The Department of Finance selects the companies to be privatized, decides whether or not a "restricted" sale of shares should occur, chooses the advisers and determines when to launch the operation. The Board has extensive powers for conducting appraisals and holding hearings. It is consulted on the procedure for marketing the shares and also fixes their floor price. Saint-Gobain, Paribas, Crédit commercial de France and TFI, the leading television network, are among 15 privatization operations that have taken place or been started since September 1986. In addition, the Assurances générales de France are scheduled for privatization in 1988, followed by the Banque nationale de Paris or the Crédit Lyonnais and an industrial group.

3 France and the International Marketplace

France is a member of the "Group of Seven", which means that it is one of the seven richest countries in the world. With a GDP of \$705 billion (US) in 1986, it follows the United States, Japan and West Germany and is ahead of the United Kingdom and Italy. France is the third-ranked power in nuclear energy and space research and the first-ranked European country in the production and export of agricultural products.

In other countries, "France" is often seen as a synonym for luxury and gastronomy. However, this image is changing as a result of new European products such as Ariane (60 per cent of Arianespace is French), Airbus (the assembly lines are in Toulouse) and the Channel tunnel, which began largely as a result of France's initiatives. While Bordeaux wine and Camembert cheese are still excellent ambassadors for the country, they face increasingly stiff competition from other sectors such as nuclear energy (Framatome and Cogema), telecommunications (a sector in which France, with a turnover of \$4.6 billion in 1985, is second to the United States), armaments, the automobile industry, the railroad industry and consumer goods. French industry also excels in the areas of public works, transportation, energy and military supplies, as well as such high-tech sectors as information technology, computer consulting and services (second after the United States), medical research and biotechnology.

France is Europe's largest agricultural nation and accounts for 20 per cent of the European Economic Community's (EEC) agricultural production; it ranks as the EEC's third largest energy producer; and it is the world's biggest producer of nuclear energy for non-military use. France, with annual revenues of \$135 billion (US) and a GDP of \$705 billion, is the second largest industrial power within the EEC. Although France has an extremely strong and diverse industrial base, it is still a major importer of manufactured products.