

III. A Strategy for Business Growth

Increasingly, Canadian companies from all regions of the country are making France the focal point for their European business strategy and investments. As the second-largest market in the EU and the fourth-largest economy in the world, France is an excellent base from which Canadian firms can tap the benefits and opportunities of Europe's expanding economic and political union.

Canada and France have undertaken to enhance their co-operation and joint activities, particularly in the commercial sphere. The *France-Canada Action Program*, signed by the two Prime Ministers in December 1998, aims to consolidate the political and economic relations between the two countries as part of a bilateral cooperation strategy which also emphasizes increased investment and strategic partnerships.

In recent years, Canada-France economic and commercial relations have enjoyed unprecedented growth. France's external trade performance remains strong, and since 1992 France has enjoyed an annual trade surplus of roughly 1% of gross domestic product (GDP) in its current account balance. It is aggressively pursuing outward and inward foreign direct investment.

France is becoming a more accessible, more open, and more transparent market in which Canadian firms and investors can do business. This is largely a result of the effects of globalization and the move toward a single European market and monetary union. The new environment is good news for financial investors and competitive firms seeking to penetrate the French market or to consolidate their presence by taking advantage of strategic sectors that are being liberalized and restructured.

France, for its part, has identified the following high-technology sectors as priorities for strategic partnerships and commercial development: telecommunications and information technologies, multimedia and cultural industries, defence systems and products, environmental products and services, biotechnology and biomedical products, geographic information systems and geomatics, electronics, and composites

France actively supports its small- and medium-sized enterprises (SMEs). Like Canada, France increasingly recognizes the importance of SMEs as engines for growth and employment creation. The strategic alliance between the *Banque de développement des petites et moyennes entreprises* (BDPME) and its Canadian counterpart, the Business Development Bank of Canada, can offer support to SMEs, particularly those in target sectors that plan to expand trade and investment in Canada, in France, or throughout the EU and NAFTA regions.

A strategy for growth -- key sectors: Canadian firms and investors interested in doing business in France should consider the following six sectors, which hold the greatest potential for growth and strategic partnerships over the next five years (2000-2005):

- 1- Telecommunications and information technology
- 2- Agriculture and agri-food industries
- 3- Aeronautics and defence industries