

considered by the EEC (there is no indication in the agreement), the Japanese share of the European market reaches 16%.

- in **home-electronics**, France is handicapped by the relatively small size of its companies and product lines in comparison with European competitors. France must also make up for its slow progress in adapting to uniform European standards. In the area of high definition television, however, France could play an important role through the Thomson group;

- the outlook for the **pharmaceutical industry** is less positive. Even though this industry is relatively strong in France and includes several large companies (Rhône-Poulenc, Sanofi), it is hampered by its small size, the low international presence of its laboratories, an inadequate level of research and development (in particular, in comparison with Germany), and by its profits;

- the **sectors most threatened** by establishment of the integrated market are consumer goods (shoes, chocolate and confections) and equipment in which France has little specialized expertise (medical-surgical equipment, mechanical equipment). For mechanical industries, where the battle of 1993 will be that of standards (particularly, security regulations), France appears less well prepared than Germany and will, therefore, need to adapt to German standards and industrial practices.

## FRENCH ADVANTAGES AND DISADVANTAGES

France's major advantages, within the context of a more competitive European market, are as follows:

- **geographic location**: France is at the centre of Europe of the Twelve. It is at the crossroads between the United Kingdom, the Iberian Peninsula, Italy and Germany;

- **a strengthened industrial fabric**: Although France undertook industrial restructuring later than its principal trading partners, French companies have nonetheless succeeded in this area: they are now sounder financially and better established in the world;

- **moderate labour costs**: currently lower than those of Germany, Belgium and the Netherlands. The high level of mandatory French social security contributions (32% of total salary costs) is offset by lower direct salaries;

- **relative good labour relations** which have improved since the beginning of the eighties. The number of work days lost as a result of strikes is now one of the lowest of all EEC countries;

- **internationally recognized technical skills**: Airbus, high speed train (TGV), medical research, etc.

France, however, also has some disadvantages which it is gradually correcting. These include: