



The 5 “Pros” and 4 “Cons” of starting your European Business in France

At the end of 2015 as I was founding my own consultancy company, BioNautilus Consulting, I was wondering as a European citizen where the best place to base my business would be. I was trying to collect solid information, fact based, well-sourced and crossed-checked: localization, tax regime, national labor codes, transport, banking, etc.

As I put all elements on a blank page in a pros and cons exercise I suddenly realized that I was asking myself a question with no good answer.

How to honestly weight and interpret all those Business and Economic criteria? Is “scoring” a pertinent decision maker to build a business?

“Systems” in balance with “Human Capital”?

Asking myself what, in fact, the purpose and driver for my business are? It is about my DNA and philosophy. Systemic versus Human elements popped-up in the balance. There is no obvious & good answer, and I did it simple and pragmatic: the main thing is to start and make it happen.

Below is a summary of how I see my own country (France) with the eyes of a non-French: define your own balance!

Tax Systems
Labor Code
Trade Unions / strikes
Political capacity to reform

“My perception of France”

Cost of living
Localization
Education
Social Aspects
Attractiveness for expats



The 5 Pros:

1 – Cost of living 2016 (source: numbeo.com)

With New York City as base 100 index, the Consumer Price + rent index are

San Francisco: 112, Geneva: 102, NYC: 100, London: 90, Tokyo: 68, **Paris: 64**

2 – Localization:

Part of Schengen area and Euro zone, France is ideally located and surrounded by the Atlantic Ocean in West, Mediterranean Sea in South, and borders to Northern and Eastern Europe with extensive high-quality road network. Paris airport is the second largest in Europe with 90 million passengers and 1.476 million tons of fret in 2014. (source insee)

3 – Education in France:

It represents 6,1% of GDP in 2014 (source: ministère de l'education).

Over a population of 64 million inhabitants:

- 12,8 million students enrolled in primary and secondary school systems (under 18y old).
- 2,5 million at university level and with minimum Bachelor degree for 29% of them.
- French education system (Lycées Français de l'Etranger) covers vast majority of countries over the world with 494 institutions, enabling a continuous education within the same system wherever students are in the world.

4 – French Social Security

Sometimes considered to be too protective by Anglo-saxons, the French “General Regime” is about € 324 billion financed by employees (46%), companies (45%), and Public administration (9%). This budget is then distributed & split into 4 different public expenditures (branches): Family (17%), Pension (33%), Work Accident (3%) and Health Insurance (47%). (sources French Social Security 2013).

5 – Attractiveness for Expats

Did you ever hear that somebody was “punished” with expatriation to Paris or the French Riviera? Long is the list of good reasons for foreigners to experiment the French paradox and lifestyle!

The 4 “Cons”

1 – Tax System

With a repartition model amongst the population for a lot of social aspects, France is at the high-end in terms of tax level (direct – indirect – social contributions) as a % of GDP with 45, 3% in 2013, when Germany, Belgium, UK are at 38.1%, 45,2 and 33,7% respectively. (source: eurostat – Taxation trends in the EU).

There is a need to consider the big picture when compared to other models, also the savings in balance for other natures (less private insurances, free education, access to free high standard public hospitalization, cheap transportation...)

Yes and No: good Value for the Money

2 – Labor Code

French Economy minister, M.Macron declared himself that French Labor Code is “unreadable and bloated”. It is one of the main area for administrative simplification in the near future.

So true and work still in progress.

3 – Trade Unions and Strikes

How to balance the admiration for the “French Revolution”, country of “Human Rights” and the understanding of “Strike”, another French specialty? Strike is part of French DNA, but also a right under conditions in France. Trade Unions are under-represented, and strike is a step of negotiation process providing momentum for core discussions. Back to Facts and Figures, it concerned 1,3% of companies with 10 employees at least in 2012 (last consolidation). Thanks to new communication tools, it is largely mitigated by home-office.

So, yes

4 – Political Capacity to reform

France is traditionally presented as the paradigm of central state from French revolution time and its

Napoleon aftermath sweeping away not only provincial autonomy, but creating a sophisticated central and rigid administrative infrastructure and a conservative culture with predefined roles in politics, administration and economy. It has played a huge role with positive social outcomes during the 20th century, providing economic stability for baby boomers generation within Europe under construction.

In a more global economy, in a changing environment & despite initiatives to give more regional autonomy, this still highly centralized model shows its limits in terms of rapid adaptation and flexibility in a context where the presidential election plays the central role every 5 years.

So yes, still need improvements

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