

Economy of France

France is the fifth largest economy in the world, by measurement of GDP (nominal), behind the United States, Japan, China and Germany. On May 15, 2009, the INSEE announced that France has officially entered a recession after its GDP decreased by 1.2% of Q1 in 2009.

Sectors of the economy

Industry

France, as with many modern industrialised nations, has a large and diverse industrial base. Leading industrial sectors in France are telecommunications (including communication satellites), aerospace and defense, ship building (naval and specialist ships), pharmaceuticals, construction and civil engineering, chemicals, and automobile production (3.5 m units in 2005).

Research and development spending is also high in France at 2.3% of GDP, the third highest in the OECD.

Energy

With no domestic oil production, France has relied heavily on the development of nuclear power, which now accounts for about 78% of the country's electricity production, up from only 8% in 1973, 24% in 1980, and 75% in 1990. Nuclear waste is stored on site at reprocessing facilities.

In 2006 the net production of electricity in France amounted to 548.8 TWh, of which:

- ❖ 428.7 TWh (78.1%) was produced by nuclear power generation.
- ❖ 60.9 TWh (11.1%) was produced by hydroelectric power generation.
- ❖ 52.4 TWh (9.5%) was produced by fossil fuel power generation.
- ❖ 21.6 TWh (3.9%) by coal power.
- ❖ 20.9 TWh (3.8%) by natural gas power.
- ❖ 9.9 TWh (1.8%) by other fossil fuel generation (fuel oil and gases by-products of industry such as blast furnace gases).

- ❖ 6.9 TWh (1.3%) was produced by other types of power generation (essentially waste-to-energy and wind turbines).
- ❖ The electricity produced by wind turbines increased from 0.596 TWh in 2004, to 0.963 TWh in 2005, and 2.15 TWh in 2006, but this still accounts only for 0.4% of the total production of electricity (as of 2006).

Privatisation of EDF

In November 2004, EDF (which stands for Electricité de France), the largest electricity provider in France, was floated on the French stock market, with the French State keeping more than 70% of the capital. EDF is not the only electricity provider in France. Other electricity providers include CNR (Compagnie nationale du Rhône) and Endesa (through SNET).

Agriculture

France is the European Union's leading agricultural producer, accounting for about one-third of all agricultural land within the EU. Northern France is characterized by large wheat farms. Dairy products, pork, poultry, and apple production are concentrated in the western region. Beef production is located in central France, while the production of fruits, vegetables, and wine ranges from central to southern France. France is a large producer of many agricultural products and is currently expanding its forestry and fishery industries. The implementation of the Common Agricultural Policy (CAP) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) have resulted in reforms in the agricultural sector of the economy.

France is the world's sixth-largest agricultural producer and the second-largest agricultural exporter, after the United States. However, the destinations of 70% of its exports are other EU member states and many poor African countries (including its former colonies) which face serious food shortage. Wheat, beef, pork, poultry, and dairy products are the principal exports. The United States, although the second-largest exporter to France, faces stiff competition from domestic production, other EU member states, and third world countries. U.S. agricultural exports to France, totalling some \$600 million annually, consist primarily of soybeans and products, feeds and fodders, seafood, and consumer oriented products, especially snack foods and nuts. French exports to the United States are mainly cheese, processed products and wine.

The French agricultural sector is heavily dependent upon subsidies from the European Union, which account for €11 billion. France is the main country in the EU that is against the reduction of subsidies. Subsidies have given France a competitive advantage which also demotes the concept of free

trade. Specific government policies, such as the infamous reclassification of French wine as a 'health food' to avoid VAT, also goes a long way to create a thriving domestic sector.

Tourism

France is the most visited country in the world with over 75 million visitors a year. As of 2004, the most recent statistics compiled by the World Tourism Organization; see World Tourism rankings. Tourism is a significant contributor to the French Economy. In the 1960s the government heavily promoted the development of skiing in the French Alps through the development of new high level resorts including some of the world's most extensive ski trails.

Weapons industry

France is the third largest weapons supplier in the world. The French arms industry's main customer, for whom they mainly build warships, guns, nuclear weapons and equipment, is the French Government. Furthermore, record high defense expenditure (currently at €35 billion), which was considerably increased under the government of Prime Minister Jean-Pierre Raffarin, have contributed to the success of the French arms industries. In addition, external demand plays a big part in the growth of this sector: for example, France exports great quantities of weaponry to the United Arab Emirates, Greece, India, Pakistan, Taiwan, Singapore and many others.

External trade

France is the second-largest trading nation in Europe (after Germany). Its foreign trade balance for goods had been in surplus from 1992 until 2001, reaching \$25.4 billion in 1998; however, the French balance of trade was hit by the economic downturn, and went into the red in 2000, reaching US\$15bn in deficit in 2003. Total trade for 1998 amounted to \$730 billion, or 50% of GDP—imports plus exports of goods and services. Trade with European Union countries accounts for 60% of French trade.

In 1998, U.S.-France trade totalled about \$47 billion—goods only. According to French trade data, U.S. exports accounted for 8.7%—about \$25 billion—of France's total imports. U.S. industrial chemicals, aircraft and engines, electronic components, telecommunications, computer software, computers and peripherals, analytical and scientific instrumentation, medical instruments and supplies, broadcasting equipment, and programming and franchising are particularly attractive to French importers.

The principal French exports to the United States are aircraft and engines, beverages, electrical equipment, chemicals, cosmetics, luxury products and perfume. France is the ninth-largest trading partner of the US.

Departements economy and cities

Some Departements in France are very rich compared to others. Paris, Hauts-de-Seine (GDP per capita: €67 000 in 2000) and Rhône, for example, concentrate a lot of company headquarters. The Yvelines is the second richest département in France according to the income of inhabitants. In Hauts-de-Seine the wages are on average €28 000 per capita, in Yvelines €27 900, and in Paris €25 000 against €15 000 in France (data 2004 INSEE).

Finally, in France like in other countries, a lot of cities are extremely rich in much of Regions, so the richest is Marnes-la-Coquette in Hauts-de-Seine with €81 750 per household (according to INSEE, data 2004)

A quarterly report prepared by the Economist Intelligence Unit on behalf of Barclays Wealth in 2007 estimated that there were 3,000,000 dollar millionaires in France.

