

France

October 2021

Executive Summary

This country fact sheet provides key trade and investment related statistics for France. Specifically, it shows France's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. Key findings and trends are outlined below:

Economy

- In 2020 France suffered one of the sharpest economic contractions among all European Union (EU) countries. According to IMF estimates, GDP growth contracted by nearly -19% (y-on-y) in the second quarter of 2020. During the whole year 2020, output declined by -7.99%, buoyed by a rebound in economic activity in the third quarter. According to the IMF's October 2021 forecast, GDP growth is estimated at 6.29% in 2021 before slowing to 3.9% in 2022, subject to the post-pandemic global economic recovery. Private consumption and investment activity should benefit from the fiscal stimulus measures, while firming global demand should boost exports. However, a prolongation of the health crisis into 2022 could delay the economic recovery.

Trade

- France's services export fell by 16.51% in 2020, while services imports eased by 14.18% in the same year. This resulted in a narrowing of the services trade balance surplus to USD13.91bn in 2020 from USD24.17bn recorded in 2019. Other business services accounted for the largest proportion (34.34% or USD84.33bn) of services exported by France in 2020, while simultaneously accounting for the largest proportion of services imports at 33.16% (or USD76.81bn) in 2020.
- Machinery and mechanical appliances dominated the country's goods export basket, accounting for 11.47% of total exports at a value of USD54.44bn in 2020. This product category also dominated the import basket with a total import value of USD7.22bn and comprising a 12.53% share.
- In 2020 France accounted for 2.8% of global exports and 3.3% of global imports, making it the ninth largest global exporter and the seventh largest global importer.
- Bilateral trade between South Africa and France is robust, with South Africa a net importer of goods trade with France over the period 2016 to 2020. Accordingly, the trade balance remained firmly in deficit over the said period, albeit narrowing from a deficit of ZAR22.76bn in 2016 to (a deficit of) ZAR16.8bn in 2020.

Investment

- According to FDI Market statistics, a total of 10,049 foreign direct investment (FDI) projects were recorded into France over the period 2003 – December 2020. These projects represented a total capital investment (capex) of USD230bn, which equated to an average investment of USD222.88m per project. During the period, 495,842 jobs were created.

Tourism

- French arrivals to the Western Cape recorded a steady increase over the period 2015 - 2018, increasing by 32.93% from 76,736 tourists in 2015 to 102,007 tourists by 2018. However, in 2019, tourism from France fell by 38.88% y-o-y, to its lowest point in five years of 62,404 tourists to the Western Cape.
- The highest increase in France tourist arrivals into South Africa was seen in October 2018, where tourist arrivals increased by 48.91% y-o-y totalling 23,352 from 15,681 in January 2018. From this point, there was a steady decrease in tourism from France to South Africa, where it reached its trough in June 2019 with 6,512 French tourists visiting the nation before steadily inclining again to reach a total of 16,485 by February 2020.

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1. GENERAL INFORMATION



France today is one of the most modern countries in the world and is a leader among European nations. It plays an influential global role as a permanent member of the United Nations Security Council, NATO, the G-7, the G-20, the EU, and other multilateral organisations. France re-joined NATO's integrated military command structure in 2009, reversing DE GAULLE's 1966 decision to withdraw French forces from NATO. Since 1958, it has constructed a hybrid presidential-parliamentary governing system resistant to the instabilities experienced in earlier, more purely parliamentary administrations. In recent decades, its reconciliation and cooperation with Germany have proved central to the economic integration of Europe, including the introduction of a common currency, the euro, in January 1999. In the early 21st century, five French overseas entities - French Guiana, Guadeloupe, Martinique, Mayotte, and Reunion - became French regions and were made part of France proper.¹

TABLE 1: ECONOMIC INFORMATION

Capital city	Paris
Government type	Semi-presidential Republic
Chief of State	President Emmanuel Macron
Population	68 084 217 (July 2021 est.)
Life expectancy	82.39 years
Literacy	99.00%
Ethnic groups	Celtic and Latin with Teutonic, Slavic, North African, Indochinese, Basque minorities
Religions	Christian (overwhelmingly Roman Catholic) 63-66%, Muslim 7-9%, Buddhist 0.5-0.75%, Jewish 0.5-0.75%, other 0.5-1.0%, none 23-28% (2015 est.)
	note: France maintains a tradition of secularism and has not officially collected data on religious affiliation since the 1872 national census, which complicates assessments of France's religious composition; an 1872 law prohibiting state authorities from collecting data on individuals' ethnicity or religious beliefs.
Languages	French (official) 100%, declining regional dialects and languages (Provençal, Breton, Alsatian, Corsican, Catalan, Basque, Flemish, Occitan, Picard); note - overseas departments: French, Creole patois, Mahorian (a Swahili dialect)
HDI (2020)	0.901 (Ranked 26 th)

Sources: CIA World Factbook, 2021; Human Development Indicators, 2021

¹ Sources: CIA World Factbook, 2021

2. ECONOMIC OVERVIEW

France has a well-diversified economy across all sectors. The government is partially or fully privatised and the country is home to many large companies, including Air France, France Telecom, Renault, and Thales. However, the government maintains a strong presence in some sectors, particularly power, public transport, and defence industries. France's leaders remain committed to capitalism in which they maintain social equity by means of laws, tax policies, and social spending that mitigate economic inequality. Since entering office in May 2017, President Emmanuel Macron has launched a series of economic reforms to improve competitiveness and boost economic growth. Macron campaigned on reforming France's labour code and in late 2017 implemented a range of reforms to increase flexibility in the labour market by making it easier for firms to hire and fire and simplifying negotiations between employers and employees. In addition to labour reforms, President Macron's 2018 budget cuts public spending, taxes, and social security contributions to spur private investment and increase purchasing power. The government plans to gradually reduce corporate tax rate for businesses from 33.3% to 25% by 2022.

France is one of the countries that has been most affected by the COVID-19 pandemic. In 2020 authorities responded by implementing two stringent lock-down measures in March and October, and the budget was amended several times to adapt to the crisis. A large emergency support package, which focuses on supporting households and firms by preserving jobs and providing liquidity, was adopted. As a result of these support measures and falling revenues, the budget deficit widened to -3.6% GDP in 2020, from -2% of GDP in 2019, and is forecast to remain at a high level in 2021 (-5.2% of GDP) and 2022 (-4% of GDP). Public debt, which was already one of the highest in the eurozone, soared from 98.1% of GDP in 2019 to 113.5% in 2020, and is forecast to reach 115.2% of GDP in 2021 and 114.3% in 2022. Inflation decreased from 1.3% in 2019 to 0.5% in 2020 and is expected to remain low in 2021 (1.1%) and 2022 (1.2%). The current account deteriorated significantly as exports fell faster than imports.

The priorities for 2021 include deploying the vaccination plan as well as implementing the recovery plan to support French businesses, minimise the rise in unemployment, and facilitate the green and digital transitions as outlined in the *Plan de Relance*. In addition to the risk posed by a prolongation of the health crisis into 2022, France faces structural challenges: high structural unemployment, weak competitiveness, and high public and private debt burdens. High unemployment rates, especially among youth, remain a growing concern for policymakers. The unemployment rate, which was declining before the pandemic, reached an estimated 8.2% in 2020 and is expected to increase to 9.1% in 2021 and 9.2% in 2022. Social mobility remains low and the employment rates of many disadvantaged groups are poor. The labour reform passed in 2017 aimed at injecting more flexibility in the labour market.²

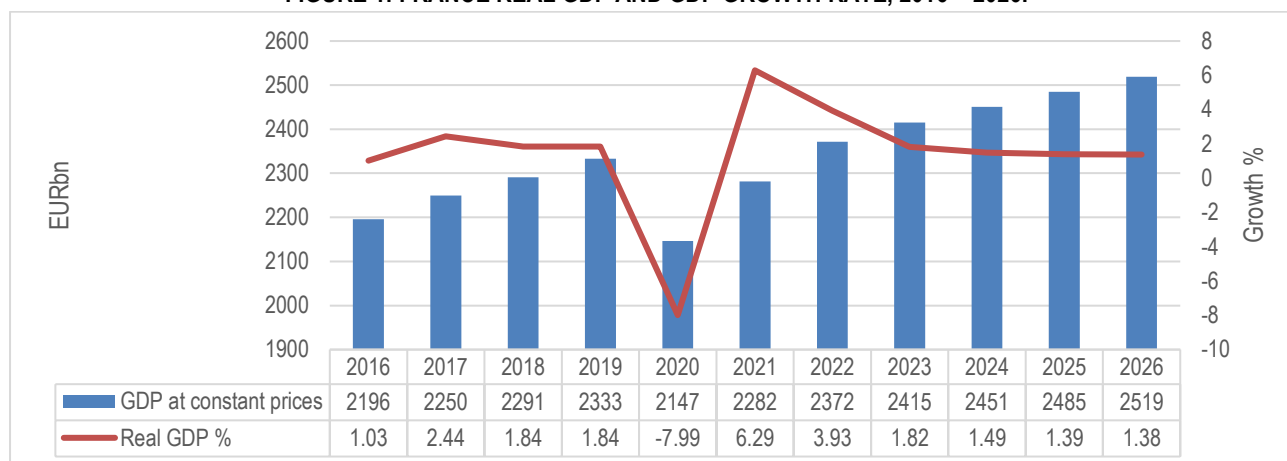
TABLE 2: ECONOMIC INFORMATION	
GDP, constant prices (national currency) (2021 est.)	EUR2, 281.83bn
Real GDP growth (2021 est.)	6.3%
GDP per capita, constant prices (2021 est.)	EUR34, 942.76
Inflation, consumer average prices (2021 est.)	1.97%
Benchmark refinancing rate (ECB) (18 September 2019)	0..00%
Unemployment rate (2019 est.)	8.1%
Total Exports (2020)	USD475.07bn
Total Imports (2020)	USD568.33bn

Sources: IMF 2021; ECB, 2021; Trade Map 2021.

² Source: CIA World Factbook, 2021; Santander, 2021; IMF, 2021

The COVID-19 pandemic resulted in France recording one of the sharpest economic contractions among EU countries in 2020. According to IMF estimates, GDP growth contracted by nearly -19% (y-o-y) in the second quarter of 2020. . During the whole year 2020, output declined by -7.99%, buoyed by a rebound in economic activity in the third quarter. According to the IMF's October 2021 forecast, GDP growth is estimated at 6.29% in 2021 before slowing down to 3.9% in 2022, subject to the post-pandemic global economic recovery. Private consumption and investment activity should benefit from the fiscal stimulus measures, while firming global demand should boost exports. However, a prolongation of the health crisis into 2022 could delay economic recovery.³

FIGURE 1: FRANCE REAL GDP AND GDP GROWTH RATE, 2016 – 2026F



Source: IMF, 2021.

France is the largest agricultural powerhouse in the EU, accounting for one-fourth of the EU's total agricultural production. Nevertheless, the agricultural sector only represents a very small part of the country's GDP (1.6%) and employs 2% of the population. French agricultural activities receive significant subsidies, especially from the EU. Wheat, corn, meats and wine are France's main agricultural products.

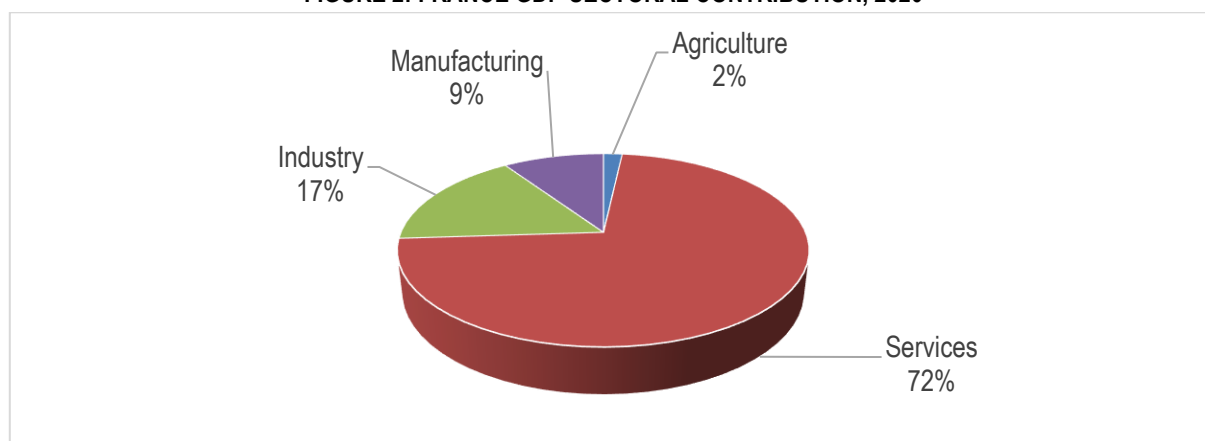
France's manufacturing industry is highly diversified; however, the country is currently undergoing a de-industrialisation process, which has resulted in the outsourcing of many activities. Industry represents 17.1% of GDP and employs a fifth of the active workforce. The key industrial sectors in France are telecommunications, electronics, automobile, aerospace and weapons.

The tertiary sector represents 70.2% of the French GDP and employs 78% of the active workforce. France is the leading tourist destination in the world with 91 million foreign visitors in 2019, another consecutive record year after 2018. The discovery of the cultural and gastronomic heritage of France and shopping are the main activities popular with foreign tourists.

In 2020, due to the COVID-19 pandemic, the lockdown measures caused an unprecedented loss of activity in virtually all sectors. The most sharply impacted include tourism, automobiles, transport and aerospace, while the agri-food and pharmaceuticals sectors have been resilient.

³ Sources: Santander, 2021; IMF, 2021

FIGURE 2: FRANCE GDP SECTORAL CONTRIBUTION, 2020



Source: Global Edge, 2020

2.1 MAJOR COMPANIES IN FRANCE

France has more than 20 of the 500 largest companies in the world (measured by revenue) according to the *Forbes* 2021 listing. Paris is also an important location for company headquarters, with the city home to more than 17 of the Fortune Global 500 companies. Paris is also the leading location in Europe for several multinational firms, ahead of Zurich, Munich and Frankfurt. The largest publicly traded French companies as per the Forbes 2000 Global rankings in 2021 are tabled below:

TABLE 3: LARGEST PUBLICLY TRADED FRENCH COMPANIES AS PER THE FORBES 2000 GLOBAL RANKING, 2021						
GLOBAL RANK	COMPANY	SALES (US Dbn)	PROFITS	ASSETS (USDbn)	MARKET VALUE (USDbn)	SECTOR
30	BNP Paribas	102.7	7.6	3,044.8	79.1	Financial Services
54	AXA Group	129.5	3.4	951.5	67.8	Diversified Insurance
64	LVMH Moët Hennessy Louis Vuitton	50.9	3.4	951.5	67.7	Household & Personal Products
72	Sanofi	41.1	14	140.1	127.4	pharmaceutical
117	Credit Agricole	43.5	2.6	2,399.5	41	Regional Banks
153	Orange	48.2	5.5	135.8	33	Communication
158	L'oreal	31.9	4.1	53.4	225.7	Household/Personal Care
175	Vinci	50.1	1.4	111.5	61.4	Cosmetics & Beauty
199	Schneider Electric	28.7	2.4	60.5	91.3	Capital Goods
210	EDF	78.7	741m	374.4	44.4	Electric Utilities
223	Air Liquide	23.4	2.8	51.4	79.9	Chemicals
238	Danone	26.9	2.2	52.3	46.4	Food products
282	Kering	14.9	2.5	34.3	95	Household & Personal Products
299	CNP Assurances	37.5	1.5	515.7	13.6	Diversified Insurance
319	Vivendi	18.3	1.6	46.6	37.3	Telecommunications Services
344	Total	119.7	-7.6	266.1	118.4	Oil & Gas Operations
405	Saint-Gobain	43.5	519.8	59.5	33.8	Construction
451	Carrefour	82.2	730.7m	58.2	14.7	Food Markets
460	ENGIE	63.6	-1.8	187.4	35.9	Electrical distribution
470	Mechelin Group	23.3	715.9m	38.7	26.6	Consumer Durables

Source: Forbes 2000, 2021

Note: The Methodology

We compile our Global 2000 list using data from FactSet Research systems to screen for the biggest public companies in four metrics: sales, profits, assets and market value. Our market value calculation is as of April 18, 2019, closing prices and includes all common shares outstanding.

All figures are consolidated and in U.S. dollars. We use the latest-12-months' financial data available to us. We rely heavily on the databases for all data, as well as the latest financial period available for our rankings (the final database screen was run in early-April). Many factors play into which financial period of data is available for the companies and used in our rankings: the timeliness of our data collection/screening and company reporting policies, country-specific reporting policies and the lag time between when a company releases its financial data and when the databases capture it for screening/ranking. We quality-check the downloaded financial data to the best of our ability using other data sources, including Bloomberg and available company financial statements.

Publicly traded subsidiaries for which the parent company consolidates figures are excluded from our list. For most countries, the accounting rules for the consolidation of a subsidiary is when the parent's ownership (control) of the subsidiaries stock is more than 50%. Some countries accounting rules allow for the consolidation of a subsidiary at less than 50% ownership.

2.2 FRANCE SOVEREIGN CREDIT RATING

"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating" (Investopedia, 2020).

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

On 7 May 2021, Fitch affirmed France's long-term issuer with an AA rating and a negative outlook. France's 'AA' ratings are underpinned by a large, wealthy and diversified economy, strong and effective institutions and a record of macro-financial stability. The French economy has displayed signs of resilience to the coronavirus shock. Public finances, and in particular the high level of government debt, are a rating weakness. Low interest rates and access to deep and liquid capital markets, both in France and abroad as a core eurozone member, help mitigate the risks from high government debt. The negative outlook reflects the uncertainty surrounding the path of public indebtedness following the shock from the Covid-19 pandemic, which has left public debt substantially higher than in previous years, and at risk of rising further over the long term. This deterioration took place in the context of already elevated debt levels compared with rating peers, limited progress in fiscal consolidation in recent years, and moderate economic growth. France's credit ratings from the major agencies are as following:

TABLE 4: UNITED ARAB EMIRATES' SOVEREIGN CREDIT RATINGS, 2021			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	AA	Aa2	AA
OUTLOOK	Stable	Stable	Negative
DATE OF LAST CHANGE	2016-10-21	2020-02-21	2020-05-15

Sources: Ministère De L'économie Des Finances et de la Relance, 2021

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company that offers these services is Belgium's Delcredere du Croire's (the country's official export credit agency and public credit insurer). The table below shows Delcredere du Croire's current risk assessment of France in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risks associated with exports transactions in France, these are deemed to be low both in the short-term and medium to long-term.
- Business environment risk in turn relatively low.
- Regarding direct investments, all the categories are considered to be low risk as indicated by scores awarded below.

TABLE 5: FRANCE'S RISK ASSESSMENT - Delcredere du Croire		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	1
	Medium-Long term	1
	Premium Classification OECD	1
Business Environment Risk	D **	
DIRECT INVESTMENTS		
Political Violence Risk	1	
Risk of expropriation and government action	1	
Currency Inconvertibility and Transfer	1	
* Where 1 is associated with the least risk and 7 the most.		
** Where B is associated with mid risk; A is low risk and G is high risk.		

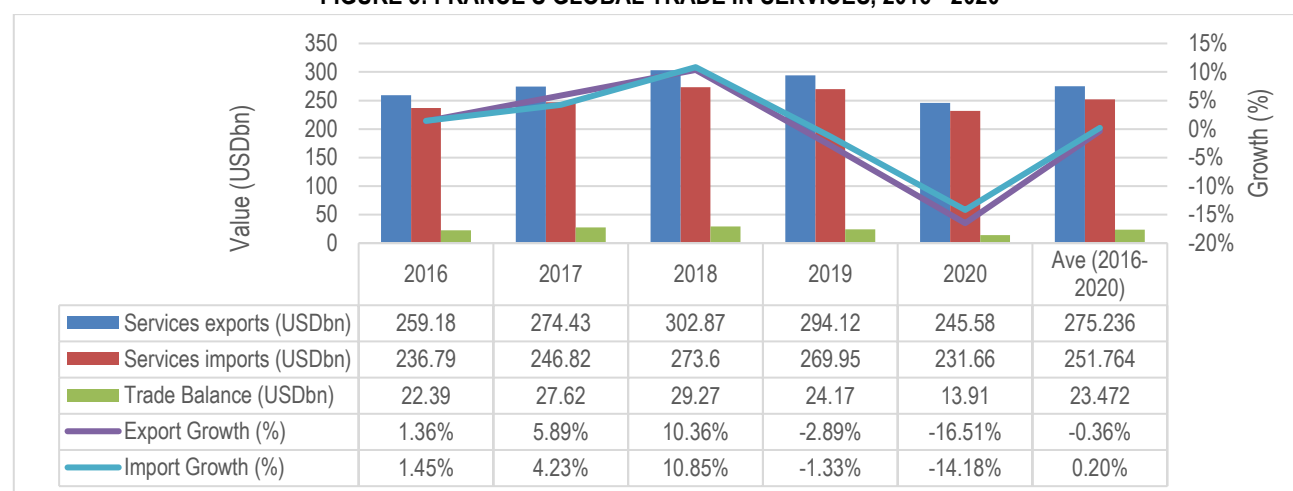
Source: ONDD, 2021

3. TRADE

3.1 FRANCE TRADE IN SERVICES

The liberal trade policies adopted by the French President, Emmanuel Macron, has had a positive effect on the French current account, especially in terms of its trade in services. To this end, trade in services exports grew from a value of USD259.18bn in 2016 to USD294.12bn in 2019, with the respective trade surplus widening from a surplus of USD22.39bn in 2016 to USD24.17bn in 2019. However, the advent of the COVID-19 pandemic caused a disruption to this upward trend in 2020 as governmental measures on the movement of goods and services across borders severely restricted trade. In particular, the export of services fell by 16.51% to a value of USD245.58bn, while the import of services fell by 14.18% to a cost of USD231.66bn in the same year, resulting in a narrowing of the services trade balance surplus to USD13.91bn in 2020 from USD24.17bn in 2019. Overall, average services export growth declined by 0.36% per annum from 2016 to 2020, while import growth inclined marginally by 0.20% per annum over the same period. With that said, despite challenging economic conditions, France remained a net exporter of services trade over the five years from 2016 to 2020.

FIGURE 3: FRANCE'S GLOBAL TRADE IN SERVICES, 2016 - 2020



Source: TradeMap, 2021

As shown in Figure 4 below, other business services, which include research and development; professional management and consulting services; legal and accounting; and advertising dominated the country's global export services trade in 2020, accounting for 34.34% (USD84.33bn) of services exported by France (in 2020). Transport, and travel export services followed in a distant second and third place, accounting for 17.52% (USD43.02bn) and 13.35% (USD32.79bn), respectively in the same year. Other significant export services occurring in 2020 were the export of telecommunications, computer and information services (accounting for 7.81% or USD19.18bn), financial services (6.76% or USD16.61bn), and charges for the use of intellectual property in fifth place, which accounted for 5.98% with an export value of USD14.69bn in 2020. Further to this, insurance and pension services trade recorded the highest growth in export services, growing at an average annual rate of 18.63% over the period 2016 to 2020. Other high growth exports were financial services (7.27%), maintenance and repair services (7.21%), and personal, cultural and recreational services (6.29%).

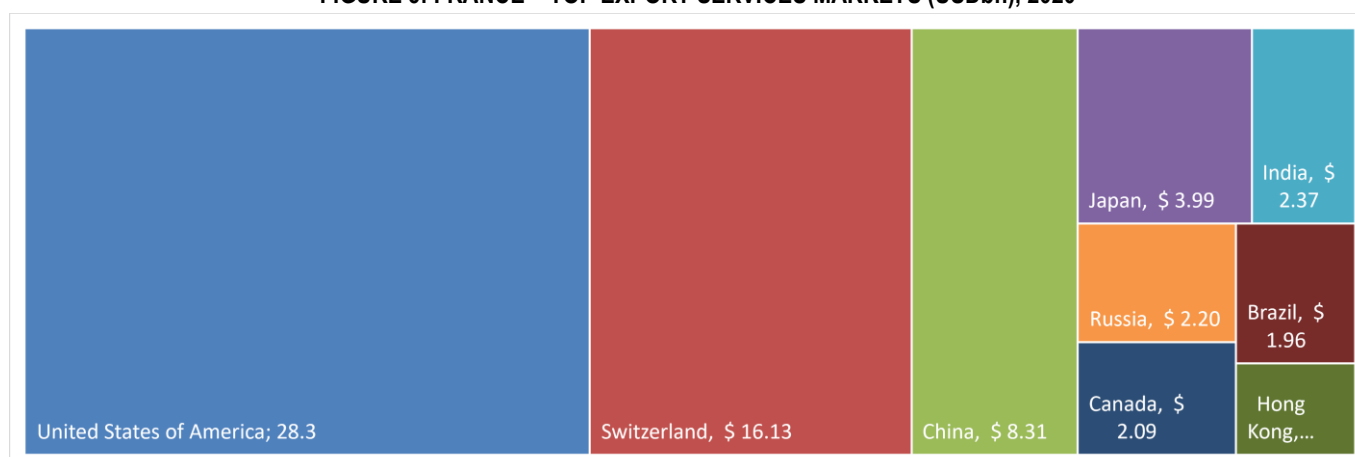
FIGURE 4: FRANCE – TOP 10 EXPORTED SERVICES, 2020

	Exported Value (USDbn), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Other business services	84.33	34.34	0.68
Transport	43.02	17.52	0.81
Travel	32.79	13.35	-7.71
Telecommunications, computer, and information services	19.18	7.81	2.6
Financial services	16.61	6.76	7.27
Charges for the use of intellectual property n.i.e.	14.69	5.98	-0.47
Manufacturing services on physical inputs owned by others	10.81	4.4	5.26
Maintenance and repair services n.i.e.	10.18	4.14	7.21
Insurance and pension services	6.12	2.49	18.63
Personal, cultural, and recreational services	4.6	1.87	6.29
All services	245.58	100	-0.36

Source: TradeMap, 2021

Given the active and friendly long-standing relationship between France and the United States (US), with common values and parallel policies on most political, economic and security issues, it's not surprising that the US was France's top export services market in 2020. Export services to the US reached a value of USD28.30bn in 2020, nearly twice that of the second largest export services market, Switzerland, which reached an export value of USD16.13bn in 2020. China ranked as France's third largest export services market, reaching a value of USD8.31bn in 2020.

FIGURE 5: FRANCE – TOP EXPORT SERVICES MARKETS (USDbn), 2020



Source: TradeMap, 2021

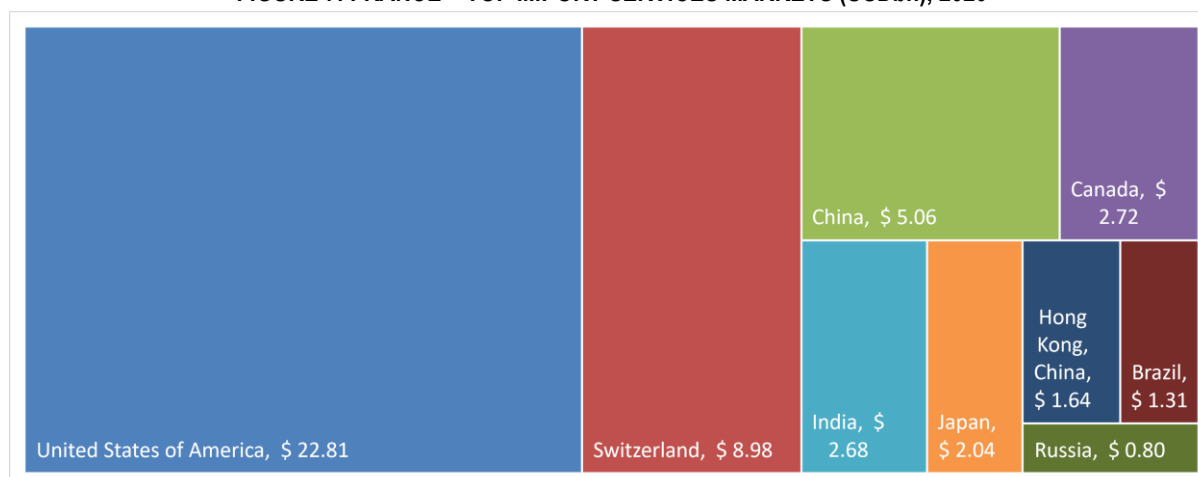
France's imported services followed a similar trend, with imports of other business services dominating the list, accounting for 33.16% (or USD76.81bn) of all services imported by the country in 2020. Likewise, the import of transport services ranked second, comprising a 19.83% share (or USD45.95bn) of all service imports, while travel services ranked in third place, with a total import cost of USD27.95bn (or 12.07%) in 2020. Again, much like export services, the import of insurance and pension services had the highest average annual growth rate, increasing by 13.75% over the period 2016 to 2020. This was followed by personal, cultural and recreational services (8.12%); financial services (6.62%), and telecommunications, computer and information services imports (6.03%).

FIGURE 6: FRANCE – TOP 10 IMPORTED SERVICES, 2020

	Imported Value, 2020 (USDbn)	% Share (2020)	Ave Growth (%), 2016 - 2020
Other business services	76.81	33.16	-0.82
Transport	45.95	19.83	0.75
Travel	27.95	12.07	-3.6
Telecommunications, computer, and information services	23.61	10.19	6.03
Charges for the use of intellectual property n.i.e.	12.47	5.38	-4.27
Insurance and pension services	11.09	4.79	13.75
Manufacturing services on physical inputs owned by others	9.62	4.15	2.68
Financial services	8.98	3.87	7.62
Maintenance and repair services n.i.e.	8.38	3.62	4.74
Personal, cultural, and recreational services	4.77	2.06	8.12
All services	231.66	100	0.2

Source: TradeMap, 2021

Much like services exports, the US was France's top import services market, reaching a total import value of USD22.81bn in 2020. Other prominent import markets were Switzerland, which ranked in second place and reached a total services import value of USD8.98bn, followed by China with a total import value of USD5.06bn in 2020. Canada (USD2.72bn), India (USD2.68bn) and Japan (USD2.04bn), were among the top six largest services import markets for France in 2020 as indicated by Figure 7 below:

FIGURE 7: FRANCE – TOP IMPORT SERVICES MARKETS (USDbn), 2020

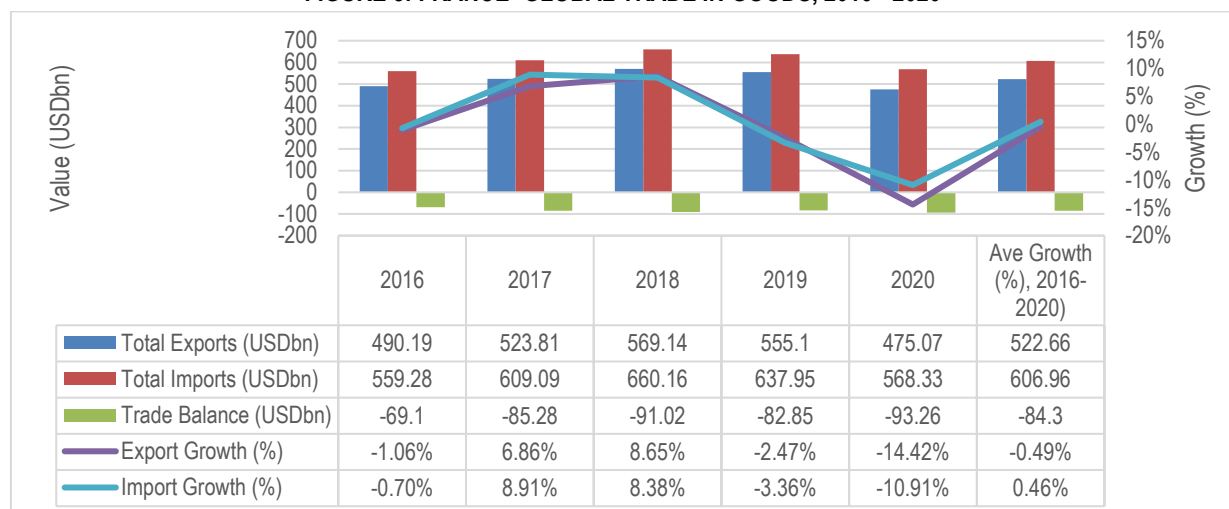
Source: TradeMap, 2021

3.2 FRANCE TRADE IN GOODS

France's trade in goods paints a somewhat different picture to that of its trade in services. France recorded a trade deficit in goods trade throughout the period 2016 to 2020. Although the impact of COVID-19 has certainly exacerbated the situation, it is worth noting that the trade deficit has widened consistently since 2016, from a shortfall of USD69.1bn (in 2016) to a trade deficit of USD93.26bn in 2020, resulting in an average deficit in goods traded of USD84.3bn per annum over the period under review. Furthermore, growth in both exports and imports were marginal over the last five years, with export growth diminishing at a rate of 0.49% per annum, while import growth increased at a rate of 0.46% per annum from 2016 to 2020. As expected, both exports and imports were significantly impacted

in 2020 due to restrictive policies on the movement of goods during the pandemic. As a result, goods exports fell by 14.42% to a value of USD475.07bn in 2020 from USD555.10bn in 2019, while imports fell by 10.91% to USD568.33bn in 2020.

FIGURE 8: FRANCE- GLOBAL TRADE IN GOODS, 2016 - 2020



Source: TradeMap, 2021

In terms of France's top traded products, machinery and mechanical appliances dominated the export basket, accounting for 11.47% of exports at a value of USD54.44bn in 2020. Vehicles and parts thereof followed at an export value of USD44.03bn, accounting for 9.27% of exports in the same year. Electrical machinery and equipment (USD38.67bn or 8.14%), pharmaceutical products (USD37.94bn or 7.99%), and aircrafts and spacecrafts (USD29.07bn or 6.12%) made up the rest of the top five exported goods from France in 2020. The export of pharmaceutical products had the highest growth in exports, increasing at an average annual rate of 4.56% per annum from 2016 to 2020. Essential oils followed in second place with an average growth of 3.69%, while miscellaneous chemical product exports followed in third with a growth rate of 2.55% per annum.

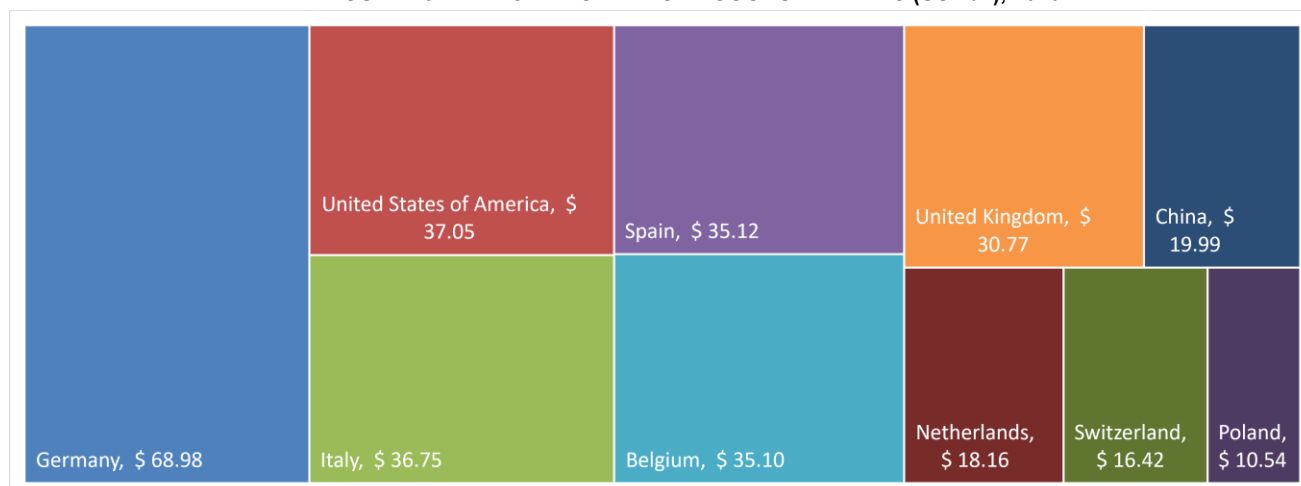
FIGURE 9: FRANCE – TOP 10 EXPORTED GOODS, 2020

	Exported value (USDbn), 2020	% Share, 2020	Ave Growth (%), 2016- 2020
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	54.44	11.46	-0.34
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	44.03	9.27	0.73
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television etc	38.67	8.14	-0.24
Pharmaceutical products	37.94	7.99	4.56
Aircraft, spacecraft, and parts thereof	29.07	6.12	-9.38
Plastics and articles thereof	19.28	4.06	-0.04
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	17.86	3.76	3.69
Beverages, spirits and vinegar	17.39	3.66	1.41
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	16.09	3.39	0.93
Miscellaneous chemical products	12.85	2.7	2.51
All products	475.07	100	-0.49

Source: TradeMap, 2021

Germany is a long-standing and key trading partner of France, and its most important partner in Europe. In 2020, trade in goods with Germany reached a total export value of USD68.98bn, making Germany its largest global export market for goods traded. The US followed in a distant second, with exports reaching a total value of USD37.05bn in 2020. Italy and Spain followed in third and fourth position, with exports to the two nations reaching a total value of USD36.75bn and USD35.12bn, respectively in 2020.

FIGURE 10: FRANCE – TOP EXPORT GOODS MARKETS (USDbn), 2020



Source: TradeMap, 2021

Turning to imports, machinery and mechanical appliances were the largest imported good into France in 2020, reaching a total import value of USD7.22bn and comprising a 12.53% share of the entire import basket. Vehicles and parts thereof ranked in second place with a value of USD65.01bn (11.44%), while electrical machinery and equipment ranked in third with a value of USD53.35bn. Completing the top five largest imports into France were the import of mineral fuels (USD39.64bn), while pharmaceutical product imports ranked in fifth place with a value of USD28.78bn and accounted for 5.06% of France's import basket in 2020.

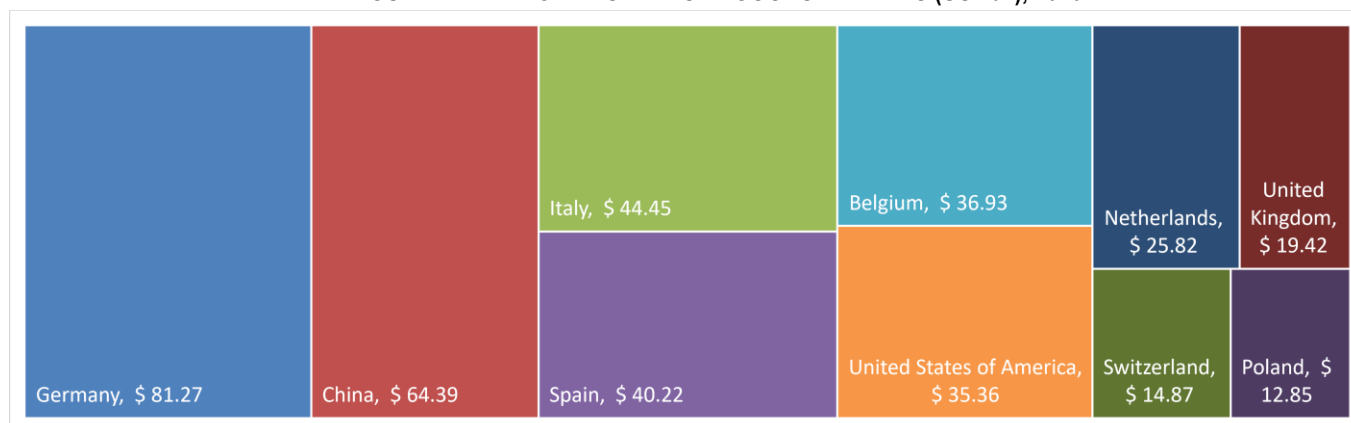
FIGURE 11: FRANCE – TOP 10 IMPORTED GOODS, 2020

	Imported value (USDbn), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	71.22	12.53	1.34
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	65.01	11.44	3.1
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	53.35	9.39	0.87
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	39.64	6.97	-4.41
Pharmaceutical products	28.78	5.06	5.44
Plastics and articles thereof	22.21	3.91	0.55
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	20.04	3.53	2.79
Organic chemicals	14.68	2.58	-0.79
Aircraft, spacecraft, and parts thereof	13.04	2.29	-11.92
Articles of apparel and clothing accessories, not knitted or crocheted	11.03	1.94	-0.16
All products	568.33	100	0.46

Source: TradeMap, 2021

France has strong trade relations with its import and export partners, with Germany ranking as the largest import partner in 2020, at a total import value of USD81.27bn which accounted for the lion's share of the country's imports. China ranked second with imports reaching USD64.39bn in 2020, followed by bordering neighbour Italy with a total import value of USD44.45bn. Spain and Belgium ranked as the fourth and fifth largest import source markets for France, reaching import values of USD40.22bn and USD36.93bn, respectively in 2020 as indicated in Figure 12 below:

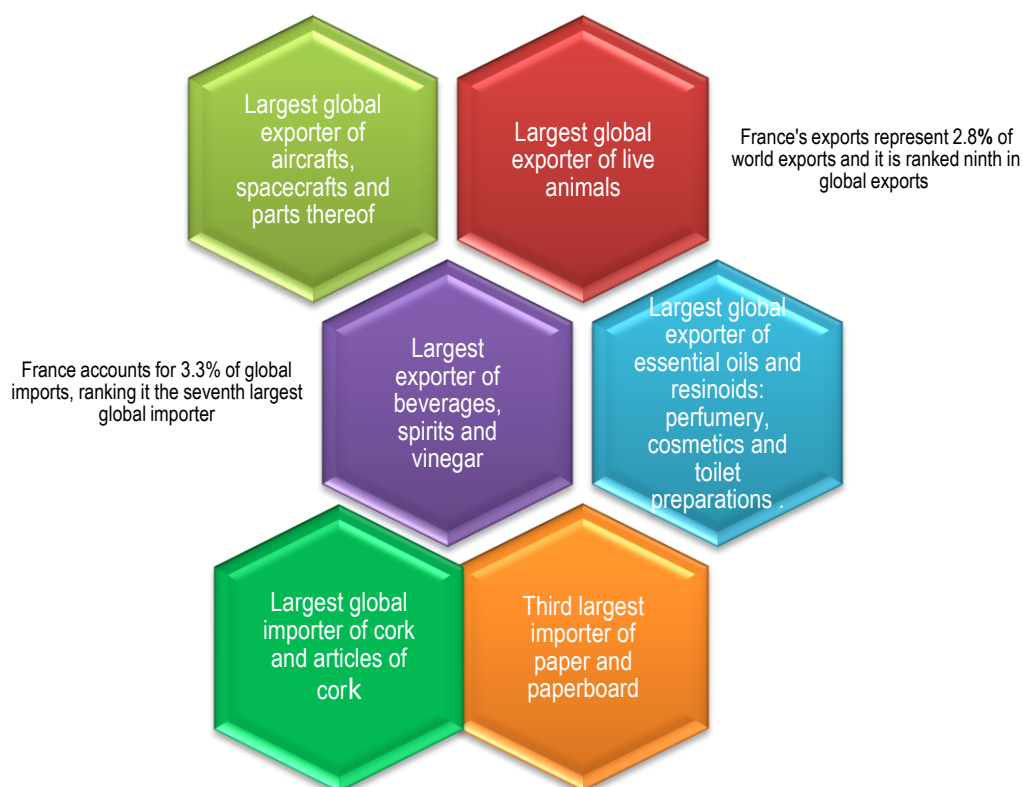
FIGURE 12: FRANCE – TOP IMPORT GOODS MARKETS (USDbn), 2020



Source: TradeMap, 2021

Figure 13 below illustrates France's dominance on the global trade front. In 2020, despite global disruptions to cross-border trade and disruptive supply chains, France accounted for 2.8% of global exports and 3.3% of global imports, making it the ninth largest global exporter and the seventh largest global importer in 2020. Furthermore, France held a clear trade advantage in aircrafts and spacecrafts (and parts); live animals; essential oils; and beverages, spirits and vinegar, given that it was the largest global exporter of these traded goods in 2020. Moreover, France was the largest global importer of cork and articles of cork, and the third largest importer of paper and paperboard as shown in Figure 13 below:

FIGURE 13: FRANCE'S COMPETITIVE TRADE ADVANTAGE, 2020

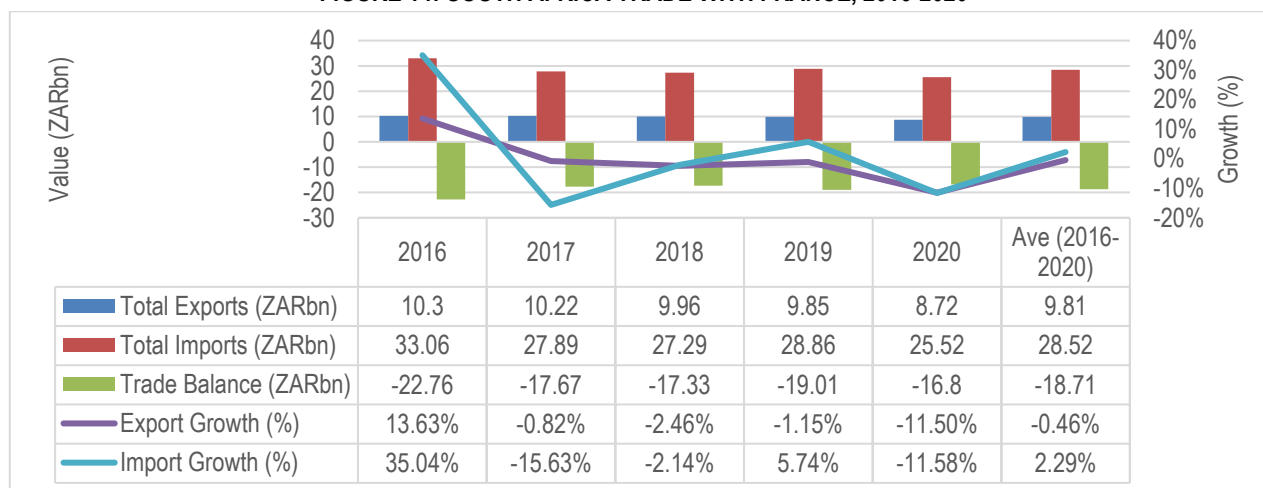


Source: TradeMap, 2021

3.3 TRADE WITH SOUTH AFRICA

Bilateral trade between South Africa and France has always been robust, with South Africa being a net importer of goods trade with France throughout the period 2016 to 2020. Accordingly, the trade balance remained firmly in deficit over the said period, albeit narrowing from a deficit of ZAR22.76bn in 2016 to (a deficit of) ZAR16.8bn in 2020. In parallel, South Africa's export growth to France deteriorated at an average annual rate of 0.46% per annum from 2016 to 2020, while imports grew at an average rate of 2.29% over the same period.

FIGURE 14: SOUTH AFRICA TRADE WITH FRANCE, 2016-2020



Source: Quantec, 2021

The export of motor vehicles for the transport of goods dominated South Africa's export basket to France, accounting for 29.96% at a value of ZAR2.61bn in 2020. Parts of aircrafts and spacecrafts ranked in a distant second place, reaching a value of ZAR563.88m and accounting for 6.47% of total exports to France in 2020. Other top export product groups to France in 2020 were other aircrafts (ZAR495.76m); motor vehicles for transporting persons (346.11m), and manganese ores and concentrates (ZAR310.79m). There has been exceptional growth in the exports of other aircrafts and suborbital vehicles from South Africa to France in recent years, increasing at an average rate of 13,983.80% over the period 2016 to 2020. Most of this growth occurred in 2019 and 2020, where exports of this product group increased by 4,314% and 65,871%, respectively.

FIGURE 15: SOUTH AFRICA TOP 10 EXPORTS TO FRANCE, 2020

	Value (ZARm), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Motor vehicles for the transport of goods	2,611.6	29.96	20.69
Parts of aircrafts and spacecrafts	563.88	6.47	4.33
Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles	495.76	5.69	13,983.8
Motor cars and other motor vehicles principally designed for the transport of persons	346.11	3.97	17.23
Manganese ores and concentrates, including ferruginous manganese ores and concentrates	310.79	3.56	39.46
Yachts and other vessels for pleasure or sports; rowing boats and canoes	236.64	2.71	103.49
Iron ores and concentrates, including roasted iron pyrites	226.3	2.6	
Leather further prepared after tanning or crusting, including parchment-dressed leather, of other animals, without wool or hair on	210.08	2.41	38.46
Wine of fresh grapes	205.61	2.36	0.79
Citrus fruit, fresh or dried	185.88	2.13	10.21
Total Exports	8,718.01	100	-0.46

Source: Quantec, 2021

Turning to South Africa's import basket from France, medicaments held the majority share of 8.61% at a value of ZAR2.20bn of imports in 2020. This was followed by; human and animal blood for diagnostic uses (ZAR1.71bn or 6.71%); other aircraft and suborbital vehicles (ZAR816m or 3.2%); undenatured ethyl alcohol (ZAR687m or 2.69%); and nuclear reactors (ZAR664m or 2.6%). Further to this, other aircraft and suborbital vehicles reached the highest growth in imports, growing at an average annual rate of 378.32% per annum from 2016 to 2020.

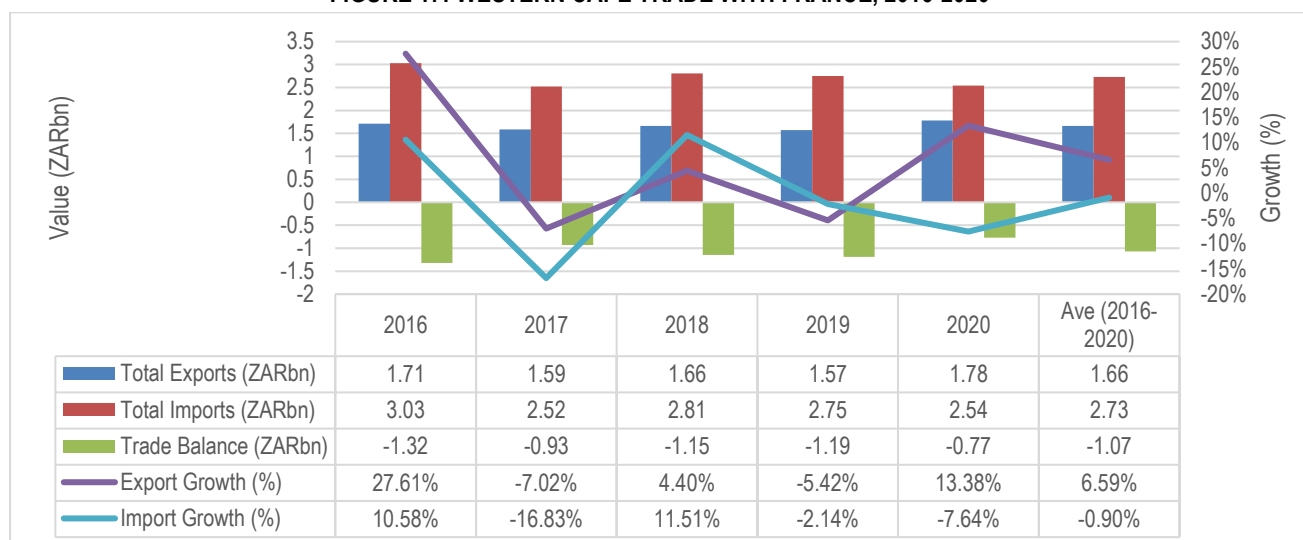
FIGURE 16: SOUTH AFRICA TOP 10 IMPORTS FROM FRANCE, 2020

	Value (ZARm), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Medicament consisting of mixed or unmixed products for therapeutic or prophylactic uses (administration systems) or in forms or packi	2,200	8.61	4.75
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera, other blood fractions and immunological products (biotechnological processes; vaccines, toxins, cultures of micr	1,710	6.71	22.91
Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles	816	3.2	378.32
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.	687	2.69	9.51
Nuclear reactors; fuel elements (cartridges), non-irradiated, for nuclear reactors; machinery and apparatus for isotopic separation	664	2.6	
Original equipment components	661	2.59	19.48
Parts of aircrafts and spacecrafts	581	2.28	-0.63
Parts and accessories of the motor vehicles	558	2.19	14.54
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators	493	1.93	3.57
Anti-knock preparations, oxidation inhibitors, gum inhibitors, viscosity improvers, anti-corrosive preparations	473	1.85	-3.41
Total Imports	25,500	100	2.29

Source: Quantec, 2021

3.4 WESTERN CAPE TRADE WITH FRANCE

Turning to trade between the Western Cape and France, the province has historically recorded a trade deficit with France, whereby associated import costs have traditionally outpaced export receipts earned by the Western Cape from associated trade with France. This trend has continued in recent years, with the province recording a trade deficit with France throughout the period analysed, with this averaging a shortfall of ZAR1.07bn over the period 2016 – 2020. That said, the trade shortfall narrowed to a deficit of ZAR0.77bn in 2020, underpinned by a combination of rising export earnings and softening import costs, from a shortfall of ZAR1.19bn recorded in 2019.

FIGURE 17: WESTERN CAPE TRADE WITH FRANCE, 2016-2020


Source: Quantec, 2021

The Western Cape's dominant export product to France in 2020 was that of yachts and other vessels at a value of ZAR218.28m. This was equivalent to 12.29% of all export receipts earned by the Western Cape from trade with France in the year. Leather further prepared after tanning and crusting placed second at a value of ZAR210.08m (11.83%), followed by wine of fresh grapes at ZAR201.71m (11.36%). The Western Cape's fastest growing export product categories over the six-year period leading up to and including 2020 were yachts and other vessels (104.79%), ethyl alcohol (53.23%) and leather further prepared after tanning or crusting (38.47%).

FIGURE 18: WESTERN CAPE TOP 10 EXPORTS TO FRANCE, 2020

	Value (ZARm), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Yachts and other vessels for pleasure or sports; rowing boats and canoes	218.28	12.29	104.79
Leather further prepared after tanning or crusting, including parchment-dressed leather, of other animals, without wool or hair on	210.08	11.83	38.47
Wine of fresh grapes	201.71	11.36	0.77
Citrus fruit, fresh or dried	150.82	8.49	24.27
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.; spirits, liqueurs and other spirituous beverages	123.39	6.95	53.23
Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	108.82	6.13	21.81
Apples, pears and quinces, fresh	97.47	5.49	2.95
Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	74.08	4.17	3.87
Grapes, fresh or dried	50.17	2.83	-1.03
Parts of sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	49.66	2.8	-6.02
Total Exports	1,775.44	100	6.56

Source: Quantec, 2021

Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves dominated products imported by the Western Cape from France in 2021 at a cost of ZAR259.87m. This was equivalent to 10.22% of all import costs incurred by the Western Cape with the European country in 2021. Mixtures of odoriferous substances category placed second at a cost of ZAR181.21m (7.13%), followed by perfumes and toilet waters ZAR176.12m (6.93%). There were three notable product categories which experienced significant growth over the period 2016 to 2020, namely mixtures of odoriferous substances which topped the list at an average annual growth rate of 100.05% per annum; import of chocolate (74.18%), and casein (72.57%).

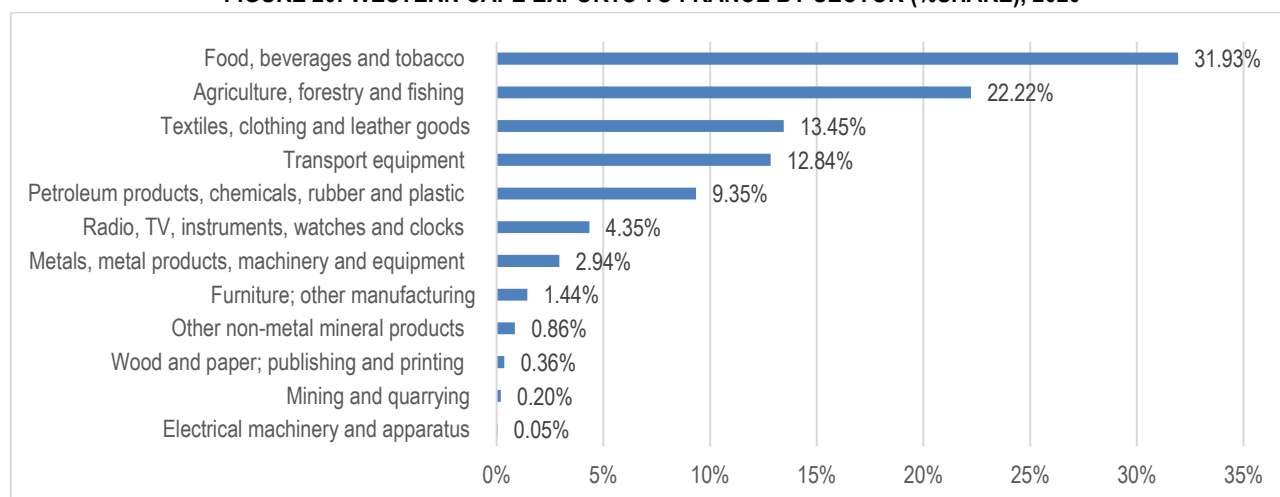
FIGURE 19: WESTERN CAPE TOP 10 IMPORTS FROM FRANCE, 2020

	Value (ZARm), 2020	% Share, 2020	Ave Growth (%), 2016-2020
Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	259.87	10.22	6.6
Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances	181.21	7.13	100.05
Perfumes and toilet waters	176.12	6.93	14.87
Barley	103.1	4.05	
Chocolate and other food preparations containing cocoa	74.18	2.92	73.15
Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 84.37	69.4	2.73	19.53
Casein, caseinates and other casein derivatives; casein glues	56.09	2.21	72.57
Carboys, bottles, flasks, jars, pots, phials, ampoules and other containers, of glass, of a kind used for the conveyance or packing of goods; preserving jars of glass; stoppers, lids and other closures, of glass	53.66	2.11	10.43
Wine of fresh grapes	50.26	1.98	5.72
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.	43.29	1.7	-0.36
Total Imports	2,542.98	100	-0.86

Source: Quantec, 2021

Trade between the Western Cape and France is relatively well diversified. The two diagrams below are reflective of this and provide an overview of key trade flows between the Western Cape and France on a *sector level*. As indicated in the graphs below, the food, beverages and tobacco sector were the Western Cape's top sector in terms of export receipts earned from trade with France in 2020, accounting for 31.93% of export earnings. Agriculture, forestry and fishing placed second, accounting for 22.22% of all Western Cape's export receipts from France, while textiles, clothing and leather goods industry accounted for 13.45% in third position.

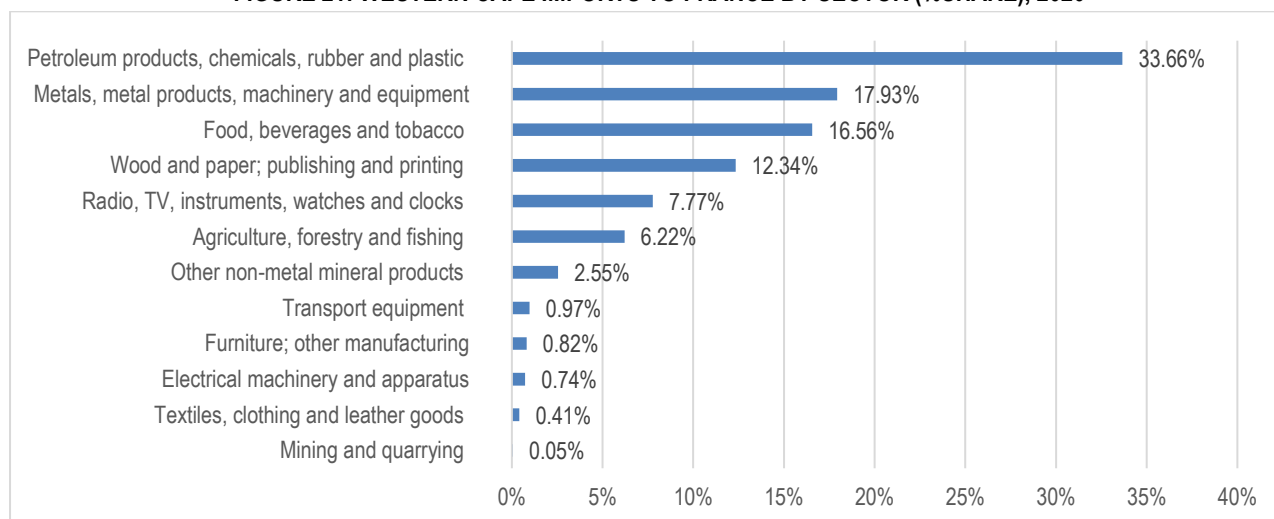
FIGURE 20: WESTERN CAPE EXPORTS TO FRANCE BY SECTOR (%SHARE), 2020



Source: Quantec, 2021

In terms of the Western Cape's top import sectors (ranked by associated cost) with France last year, the petroleum products, chemical, rubber and plastic industry dominated, accounting for 33.66% of all import costs incurred in 2020. The metals, metal products, machinery and equipment sector followed accounting for 17.93% of import costs incurred with France in 2020, while the food, beverages and tobacco ranked in third position (16.56%).

FIGURE 21: WESTERN CAPE IMPORTS TO FRANCE BY SECTOR (%SHARE), 2020



Source: Quantec 2021

4. CUSTOMS, REGULATIONS AND STANDARDS

4.1 TRADE REGULATIONS, MARKINGS AND STANDARDS

Import Tariff

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Import Requirement and Documentation

The Single Administrative Document: The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU member states. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent. Prohibited and Restricted Imports

Agricultural documentation:

- **Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.
- **Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that a certificate issued by the competent authority of the exporting country accompany shipments.

Labelling and Marking Requirements

Labels should be written in French and include the following information:

- Product definition
- Shelf life: indicate "used by" and "best before" dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: ingredients, weights, volumes, etc., in metric units. All additives, preservatives and colour agents must be noted on the label with their specific group name or their "E" number
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

Product Certification

To sell products in the EU market of 28 member states as well as in Norway, Liechtenstein and Iceland, exporters are required to apply CE marking whenever their product is covered by specific product legislation.

Prohibited or restricted imports

Tariff measures:

- "Third country duty", customs duty applicable to all imports originating in a non-EU country/territory,
- Tariff preferences
- Autonomous tariff suspensions⁴
- Tariff quotas
- Customs Unions

⁴ https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/customs-tariff/suspensions-autonomous-tariff-suspensions_en

Agricultural measures:

- Agricultural components
- Additional duties on sugar, on sugar content and on flour content
- Representative prices for poultry
- Standard Import Values and Unit Prices for fruits and vegetables

Trade Defence instruments:

- Antidumping duties and countervailing duties
- Safeguard measures

Prohibitions and restrictions to import and export:

- Import and/or export prohibition of certain goods (e.g.: ozone-depleting substances, certain products originating in or exported to some countries/territories like Iran, North Korea, etc.)
- Quantitative limits
- Import and/or export controls of certain categories of goods (e.g. products subject to CITES, luxury goods, cultural goods, products and equipment containing fluorinated greenhouse gases, dual use goods, veterinary or phytosanitary controls on animals and food, etc.)

Trade agreements with South Africa

South Africa signed an Economic Partnership Agreement with the European Union in 2014 together with other SACU member states as well as Mozambique and Angola. The benefits include improved market access for 32 agricultural products, with a significant improvement in access to the EU market for wine (110-million litres duty-free), sugar (150,000 tons duty-free) and ethanol (80,000 tons duty-free). There was also improved access to EU markets for South African exports of flowers, dairy, and fruit products. Geographic indicator status has also been given to rooibos, honey bush, Karoo lamb and certain wines.

Source: *International Trade Administration, 2021.*

4.2 TARIFFS

The table below shows tariffs imposed by France on South Africa's exports in 2021.

TABLE 6: TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY FRANCE, 2021					
HS CODE AND PRODUCT DESCRIPTION	TARIFF , %	HS CODE AND PRODUCT DESCRIPTION	TARIFF , %	HS CODE AND PRODUCT DESCRIPTION	TARIFF , %
H01: Live animals	9	H33: Essential oils, perfumes, cosmetics, toiletries	0	H65: Headgear and parts thereof	0
H02: Meat and edible meat offal	15	H34: Soaps, lubricants, waxes, candles, modelling pastes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	0
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Al8.uminoids, modified starches, glues, enzymes	2	H67: Bird skin, feathers, artificial flowers, human hair	0
H04: Dairy products, eggs, honey, edible animal product	5	H36: Explosives, pyrotechnics, matches, pyrophorics	0	H68: Stone, plaster, cement, asbestos, mica, articles	0
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	0	H69: Ceramic products	0
H06: Live trees, plants, bulbs, roots, cut flowers	1	H38: Miscellaneous chemical products	0	H70: Glass and glassware	0
H07: Edible vegetables and certain roots and tubers	4	H39: Plastics and articles thereof	0	H71: Pearls, precious stones, metals, coin	0
H08: Edible fruit, nuts, peel of citrus fruit, melons	3	H40: Rubber and articles thereof	0	H72: Iron and steel	0

H09: Coffee, tea, mate and spices	0	H41: Raw hides and skins (other than fur skins) and leather	0	H73: Articles of iron or steel	0
H10: Cereals	3	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	10	H43: Fur skins and artificial fur, manufactures thereof	0	H75: Nickel and articles thereof	0
H12: Oil seed, oleagic fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	2
H13: Lac, gums, resins, vegetable saps and extracts	1	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish and seafood food preparations	4	H48: Paper & paperboard, articles of pulp, paper and board	0	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	29	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	5	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	6	H52: Cotton	0	H85: Electrical, electronic equipment	0
H21: Miscellaneous edible preparations	3	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0
H22: Beverages, spirits and vinegar	3	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	0
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated or laminated textile fabric	0	H92: Musical instruments, parts and accessories	0
HS28: Inorganic chemicals	0		0	H94: Furniture, lighting, signs, prefabricated buildings	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H95: Toys, games, sports requisites	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H96: Miscellaneous manufactured articles	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H97: Works of art, collectors pieces and antiques	0

H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H99: Commodities not elsewhere specified	0
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Source: TradeMap, 2021.

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit www.macmap.org to determine the exact tariff applicable to the product at HS6.

4.3 PORT-TO-PORT RATES

France is primarily a part of Western Europe and comprises Metropolitan France amongst several marine regions and borders. Metropolitan France extends from the area of Rhine to the North Sea, encompassing the Atlantic Ocean, Mediterranean Sea and the English Channel. The marine borders of France include French Guiana of South America and many islands located across the Atlantic, Pacific, and Indian Oceans. The country has borders with Belgium, Luxembourg, and Germany towards its northeast direction; countries of Switzerland, Monaco, and Italy towards the east direction and countries of Andorra and Spain towards the southern direction. The country of France has the highest number of time zones ever constituted by any country, standing at twelve.⁵

The table below shows the most important ports in France. It also shows the **distance** and **time** it takes goods to travel from Cape Town Port terminal to these ports.

TABLE 7: CAPE TOWN PORT TERMINAL TO FRENCH MAIN SEA PORTS		
FRENCH PORTS	DISTANCE	TRANSIT TIME
Port of Bordeaux	10645.28 km	18 days 10 hours
Port of Brest	10606.79 km	18 days 8 hours
Port of Fos-Sur-Mer	10649.57 km	18 days 10 hours
Marseille	10659.68 km	18 days 10 hours
Sete Terminal	10553.35 km	18 days 6 hours
Port of La Rochelle-Pallice	10636.58 km	18 days 9 hours
Port of Rouen	11096.55 km	19 days 4 hours
Port of Le Harve	11003.48 km	19 days 1 hour

Source: Sea-Rates, 2021.

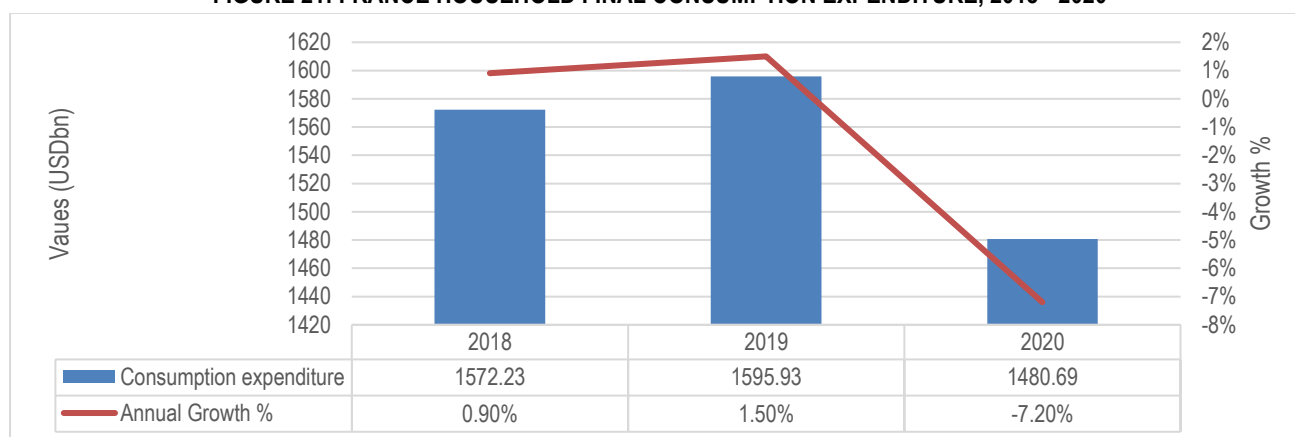
⁵ Source: Marine Insight, 2021

5. CONSUMER INSIGHTS

5.1 HOUSEHOLD INCOME EXPENDITURE

The figure below presents France's household final consumption expenditure and growth for the period 2018 – 2020. In 2020, expenditure stood at USD1480.69bn, declining by 7.20% from the 2019 value of USD1595.93bn.

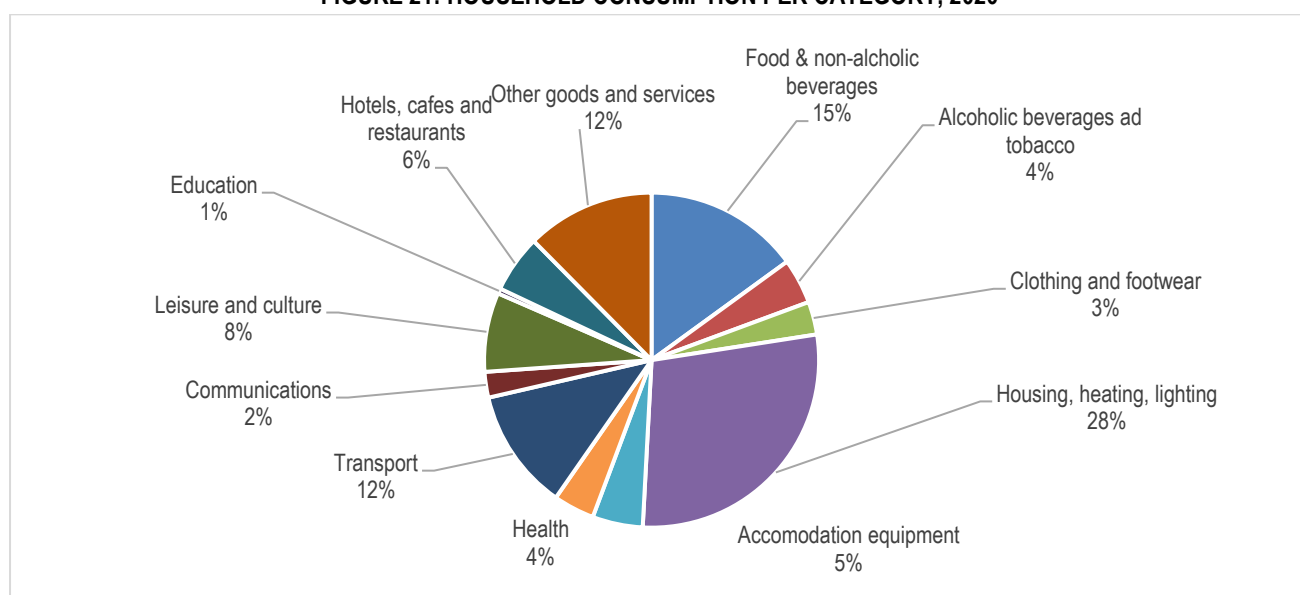
FIGURE 21: FRANCE HOUSEHOLD FINAL CONSUMPTION EXPENDITURE, 2018 - 2020



Source: Santander, 2021

Household consumption per category is presented in the figure below. Housing, heating and lighting was the largest household expenditure in 2020 accounting for 28% of total household consumption. This was followed by food and non-alcoholic beverages (15%).

FIGURE 21: HOUSEHOLD CONSUMPTION PER CATEGORY, 2020



Source: Santander, 2021

5.2 CONSUMER PROFILE

- The French population is aging, the average age being 42 years in 2020 versus 41.3 in 2008.
- Half of the population is aged between 20 and 59 years old, while 24.1% is under 20 years old and 25.9% is over 60 years old.
- French households are more and more numerous and small, made up of 2.2 persons on average. More than one-third of households are made up of one person, one-third of 2 people and less than one-third of 3 people or more.
- The French population has 48.4% men and 51.6% women. 80% of the population is concentrated in urban areas, particularly in the Ile de France region (Paris and its suburbs).

- The level of education and number of university graduates is high and continues to increase.
- Office workers represent 27.2% of the workforce. Middle management occupations (intermediate positions between executives and workers) account for 25.7% of the active population, while lower-level workers account for 21% and executives for 18%. The rest of the labour force consists of tradesmen and entrepreneurs (6.5%) and farmers (1.6%).⁶

5.3 PURCHASING POWER

- In France, GDP per capita has been rising since 2009 and reached 40,493.9 USD in 2019 (World Bank). The yearly gross average salary of a French person is EUR 39,099 in 2019.
- In 2019, household consumption remained stable. According to INSEE, in July 2020, household consumption expenditure on goods increased slightly (0.5% in volume compared to June) after increasing sharply in May and in June (35.5% and 10.3% respectively). In July, household spending on goods is almost back to its November 2019 level.
- Income inequalities continue to persist however (the Gini index is 0.288, 1 representing the highest level of inequality). The median salary of men is on average 19% higher than that of women. Seniors have the highest median standard of living, while young people have the lowest median standard of living. The self-employed have the highest standard of living, followed by employees and pensioners. Below average are children under 18, and other inactive populations, i.e., students and unemployed.⁷

5.4 CONSUMER BEHAVIOUR

- France's population has a high and diversified level of mass consumption (defined as the very high average level of consumption whereby most of the people consume a large amount of goods and services other than satisfaction of basic needs). Most French consumers believe that consumption is synonymous with pleasure; therefore travel, restaurants, sports, culture and entertainment products and services are quite important to most French consumers.
- Most consumers purchase from mass retailers and large companies. The average purchase in urban areas is falling but is offset by a higher number of visits to several shops. However, consumer confidence in mass retailers and large companies is two times lower than the trust given to small shops and craftsmen (40% versus 80%).
- French people are increasingly attracted by online sales, e-commerce and m-commerce (smartphone use). This practice also applies to the purchase of consumer products (primarily food), through the development of drive and home delivery services in major cities.
- Foreign products are widespread in supermarkets and other distribution channels. In cities, foreign restaurant chains and other foreign services are also omnipresent. However, "Made in France" products are gaining importance to 79% of French consumers, who believe they are participating in support of the local economy and perceive domestic products as a guarantee of quality.
- According to the market research firm IFOP, brand loyalty depends on the type of products. For cosmetics, clothing, TV / hi-tech, half of consumers will be faithful, while for home appliances and home furnishings, the majority will be unfaithful.
- Most French consumers are worried about big data and personal data protection. Social media can influence consumer decision-making particularly with regards to cooking, beauty products and fashion, thanks to advertisements, opinions and comments of users and influencers. One in three internet users follow an influencer, and 75% of those followers have already made a purchase following advice from an influencer.
- However, consumer behaviour in France has undergone several changes in recent years. The consumer seeks to adopt more responsible consumption habits (quality, traceability, composition, authenticity, transparency, environmental respect etc.).
- In 2019, 67% of the French feel concerned about "responsible consumption" and claim that they have changed some of their practices and 13% say they are doing everything possible to reduce the impact of their consumption. This includes a growing interest in "sustainable" products: organic, local, natural, without parabens or preservatives.
- In the food sector despite a fall in prices in the recent years, the quantity of products purchased has decreased whereas quality of purchases has improved (increase in sales of organic products, labelled, vegan, local, fresh, seasonal, highlights of short circuits etc.).

⁶ Source: Santander, 2021

⁷ Source: Santander, 2021; INSEE, 2020

- Regarding transport, even if the car remains the most used means of transport, there is development of alternative modes of transport in urban areas (cycling, scooters etc.), as well as bus travel. Use of collaborative platforms such as Airbnb, Uber, Blablacar is increasing, especially among young people.⁸

⁸ Source: Santander, 2021; IFOP, 2021

6. FOREIGN DIRECT INVESTMENT

6.1 GLOBAL FDI INTO FRANCE

According to FDI Market statistics, a total of 10,049 foreign direct investment (FDI) projects were recorded into France over the period 2003 – 2020. These projects represented a total capital investment (capex) of USD230bn, which equated to an average investment of USD222.88m per project. During the period, 495,842 jobs were created.

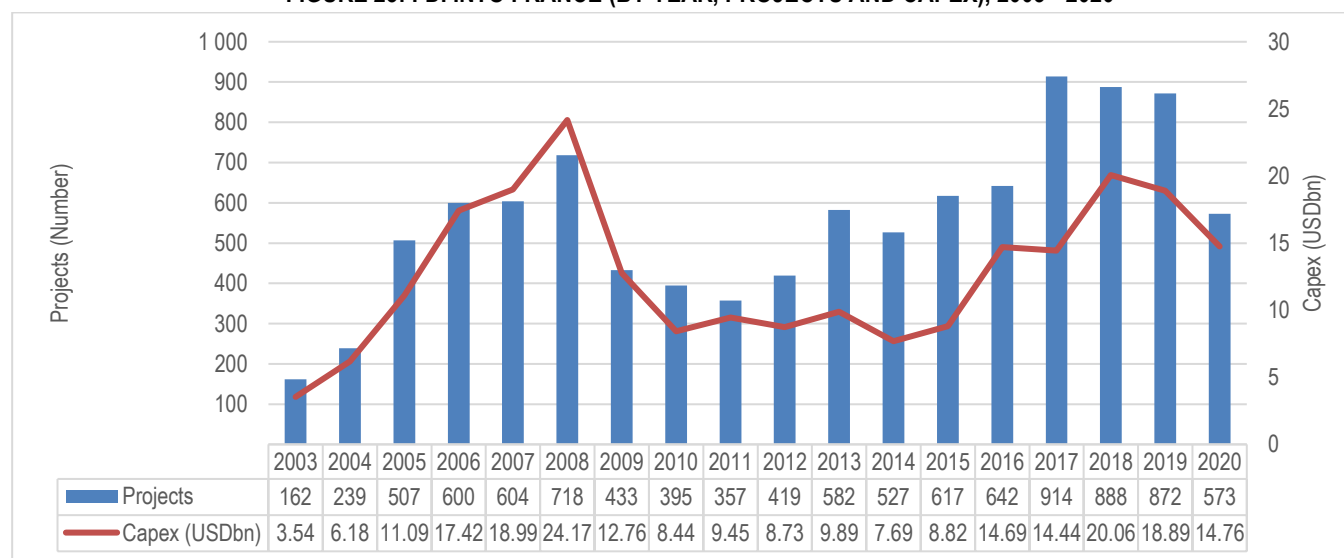
FIGURE 22: GLOBAL FDI INTO FRANCE, 2003 - 2020



Source: FDI markets, 2021

Figure 23 below shows a 18-year trend in FDI projects and capital expenditure into France spanning the period 2003 to 2020. Overall, the graph shows an upward trend of FDI projects into France, increasing from 162 projects in 2003 to 872 projects in 2019, with a notable drop in projects (573 projects) invested in 2020 – providing further evidence of the global economic downturn as a result of adverse economic conditions associated with the COVID-19 pandemic. Capex, in turn also followed an upward trajectory over the latter half of the decade, increasing from USD9.45bn in 2011 to USD20.06bn by 2018 before declining slightly and settling at USD14.76bn in 2020.

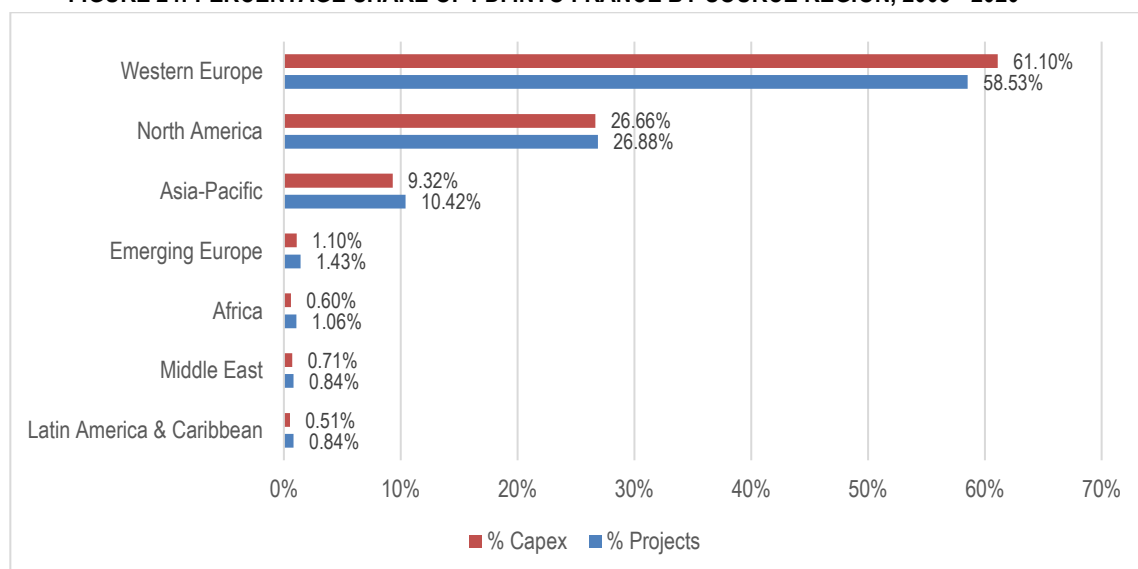
FIGURE 23: FDI INTO FRANCE (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI markets, 2021

Western Europe was the largest source region for FDI into France in terms of both projects and capex. In particular, Western Europe accounted for 58.53% (5,822 projects) of projects invested and accounted for 61.10% (USD140.53bn) of capex over the period 2003 to 2020. North America followed with 2,701 projects (26.88%); Asia Pacific with 1,047 projects (10.42%); while Emerging Europe (144 projects or 1.43%) followed in a distant fourth place.

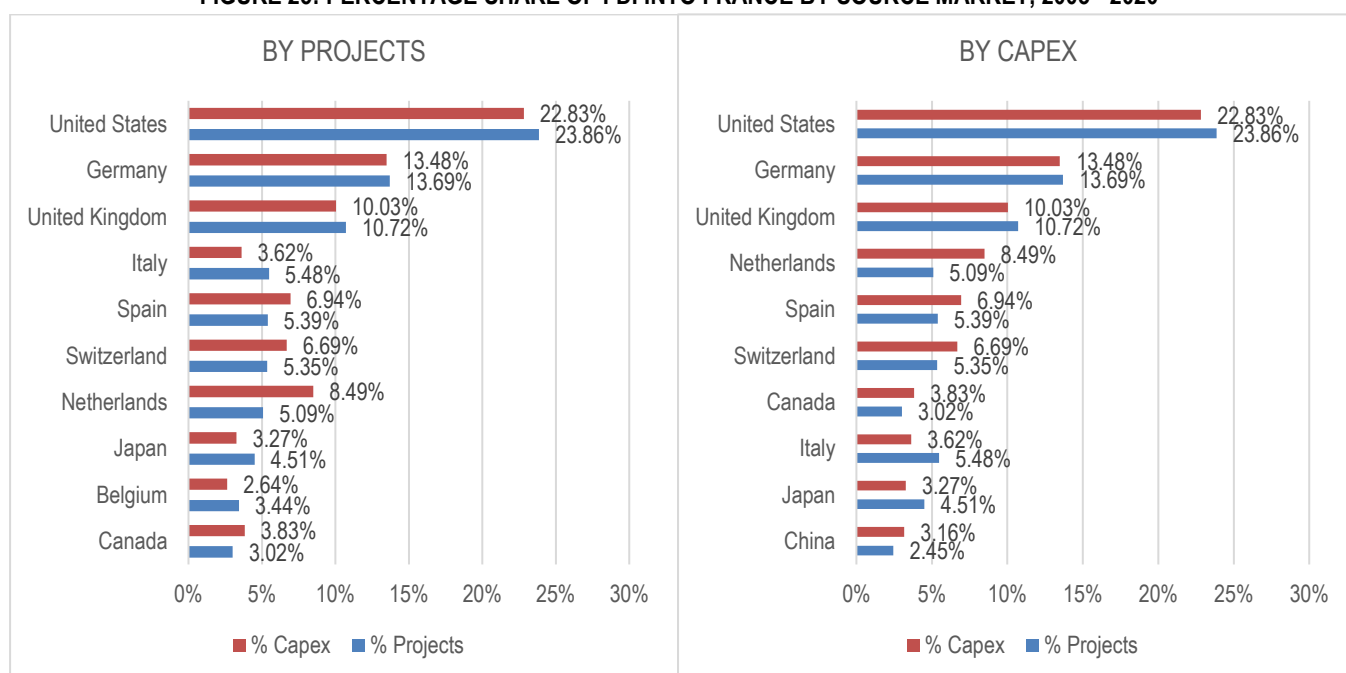
FIGURE 24: PERCENTAGE SHARE OF FDI INTO FRANCE BY SOURCE REGION, 2003 - 2020



Source: FDI Markets, 2021

In terms of largest source market of inward investment into France by country, the US clinched the number one position, both in terms of the number of projects invested and in terms of capex over the said period. These projects accounted for 23.86% (2,398 projects) of total global FDI projects into France over the period 2003 to 2020. Germany and the United Kingdom (UK) ranked second and third respectively, with Germany the source market for 1,376 FDI projects (equivalent to 13.69% of all projects) into France in the period, while the UK reached a total of 1,077 FDI projects (10.72%), as shown below.

FIGURE 25: PERCENTAGE SHARE OF FDI INTO FRANCE BY SOURCE MARKET, 2003 - 2020

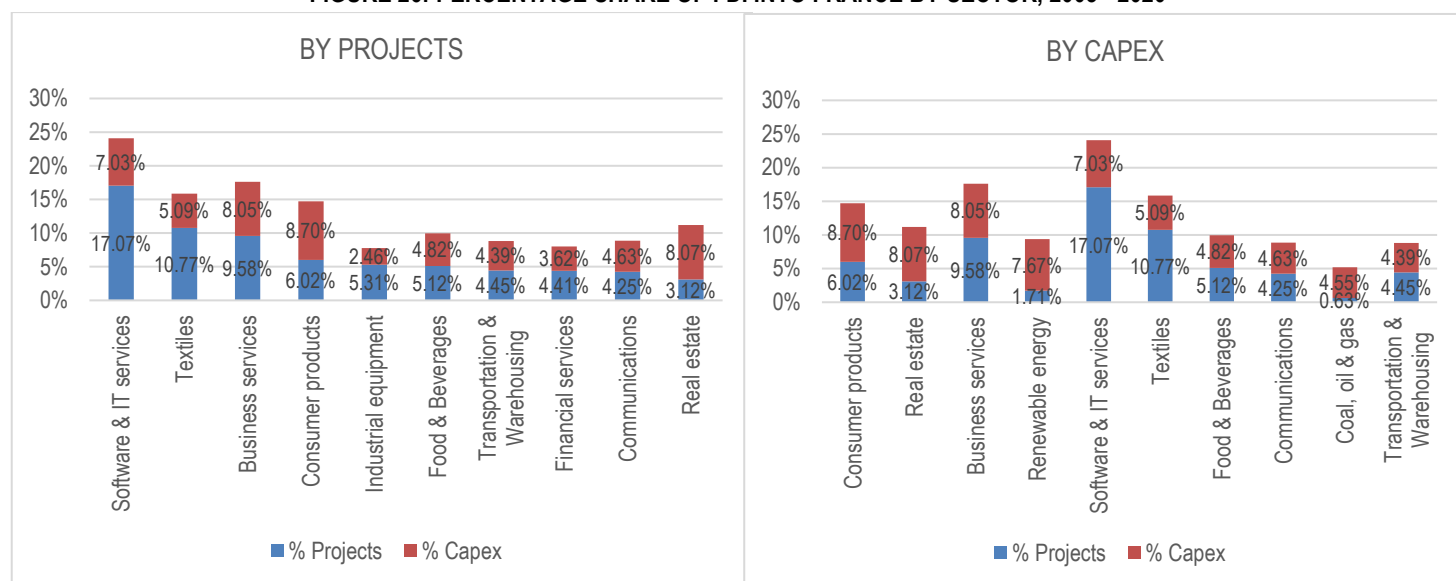


Source: FDI Markets, 2021

The software and IT services sector in France attracted the largest proportion of FDI projects over the period 2003 to 2020. More specifically, this sector attracted 1,715 projects (accounting for 17.07%), which was nearly double the number of projects invested in the business services sector. The textiles sector attracted the second largest number of projects over the period, with 1,082 projects invested which accounted for 10.77% of projects. Other high project attracting sectors were the business services sector (963 projects accounting for 9.58%); consumer products (605 projects at 6.02%); and the industrial equipment sector, with 534 projects invested (5.31%) over the period 2003 to 2020.

In turn, the consumer products sector accounted for the largest proportion of capital investment into France, reaching a capex of USD20.14billion. Other high capex attracting sectors were the real estate sector (accounting for 8.07% at USD18.55bn); business services (8.05% at USD18.50bn); and renewable energy at USD17.64bn (7.67%) as shown in Figure 26 below:

FIGURE 26: PERCENTAGE SHARE OF FDI INTO FRANCE BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

The top 10 global companies investing into France by projects from 2003 to 2020 are shown below. Lidl, with headquarters in Germany, invested the most projects (97 projects) into France's food and beverage sector over the period. The cumulative investment reached a total capex of USD1.92bn and created 5,116 jobs in France over the period 2003 to 2020.

FIGURE 27: TOP 10 COMPANIES, FDI INTO FRANCE (BY PROJECTS), 2003 - 2020

	Company name	Revenue (USDm)	No. Employees	HQ country	Projects	Capex (USDm)	Jobs Created	Primary sector
1	Lidl	58,500	310,000	Germany	97	1,922	5,116	Food & Beverages
2	Schwarz Beteiligungs (Schwarz Gruppe)	147,489	500,000	Germany	97	1,922	5,116	Food & Beverages
3	International Workplace Group (Regus)	3,504		Switzerland	68	126	531	Real estate
4	Hennes & Mauritz (H&M)	22,614	153,000	Sweden	59	532	1,081	Textiles
5	Peer Finance	4,827	24,000	Netherlands	54	1,482	3,600	Consumer products
6	Amazon.com	386,064	1,298,000	United States	52	3,373	16,814	Consumer products
7	Inter Ikea Holding	28,192	194,000	Netherlands	49	3,647	12,215	Consumer products
8	CGI Group	8,601	77,500	Canada	48	1,074	9,097	Software & IT services
9	Deutsche Post	79,250	570,000	Germany	48	729	2,217	Transportation & Warehousing
10	Inditex	23,498		Spain	45	659	1,049	Textiles

0 1298000

Source: FDI Markets, 2021

6.2 OUTWARD GLOBAL FDI FROM FRANCE

Turning to outward investment by France into the global economy from 2003 – December 2020, some 16,693 outward investment projects were undertaken, with a total capital expenditure value of USD811.95bn. This equated to an average investment of USD48.64m per project. During the period, 2,327,372 jobs were created.

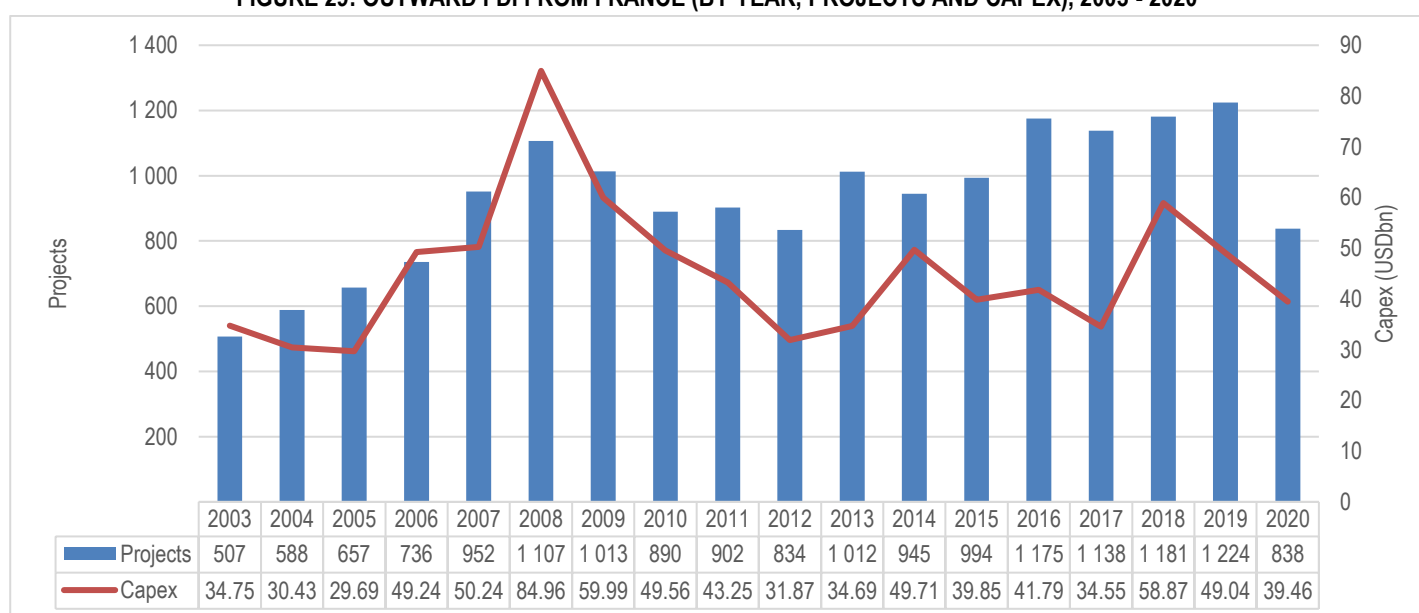
FIGURE 28: GLOBAL FDI FROM FRANCE, 2003 - 2020



Source: FDI Markets, 2021

Figure 29 below suggest a steep upward trend in outward FDI projects from France over the period 2003 to 2019, with the number of projects dropping significantly in 2020 due to adverse economic conditions as a result of COVID-19. Specifically, projects decreased by 31.53% in 2020, from 1,224 projects invested in 2019 to 838 projects in 2020. Further, the value of capital investment was more volatile than projects over the latter half of the period under review. That said, capex still continued on an upward trend, rising from USD31.87bn in 2012 to USD 58.87bn by 2018 before declining and settling at USD39.46bn in 2020 as shown below.

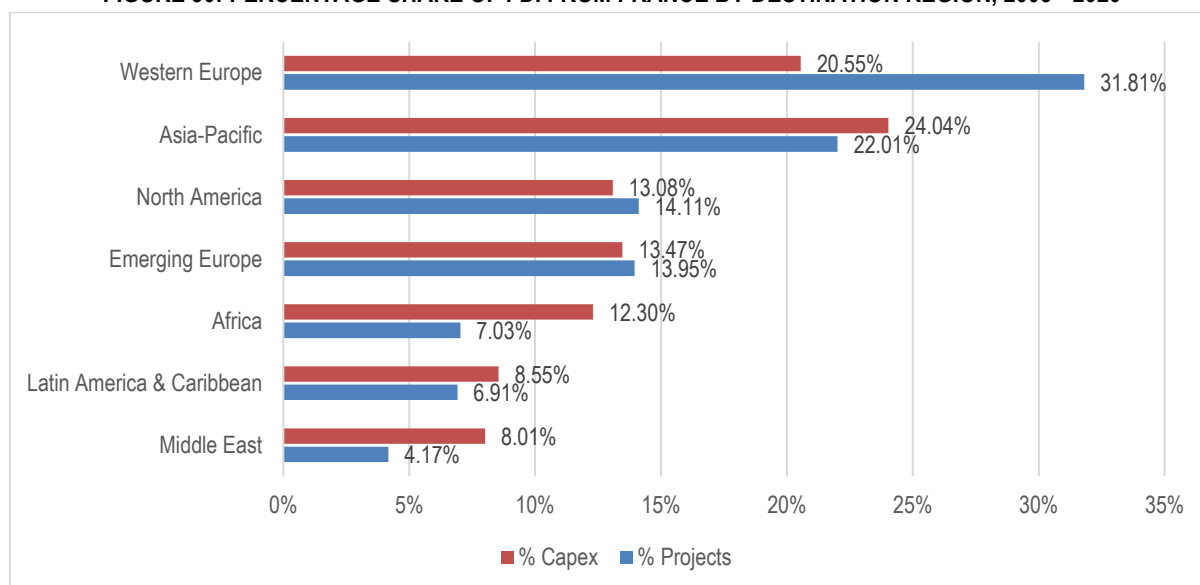
FIGURE 29: OUTWARD FDI FROM FRANCE (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI Markets, 2021

Western Europe was the largest recipient region for outward FDI from France, with a total of 5,310 projects invested (accounting for 31.81% of projects) reaching a cumulative capital investment of USD166.85bn over the period 2003 to 2020. Following this, the second largest destination region was Asia-Pacific; with 3,674 projects (22.01%), reaching a total capex of USD195.16bn, while North America followed in third place with 2,356 projects (14.11%) invested reaching a total capex of USD over the period under review.

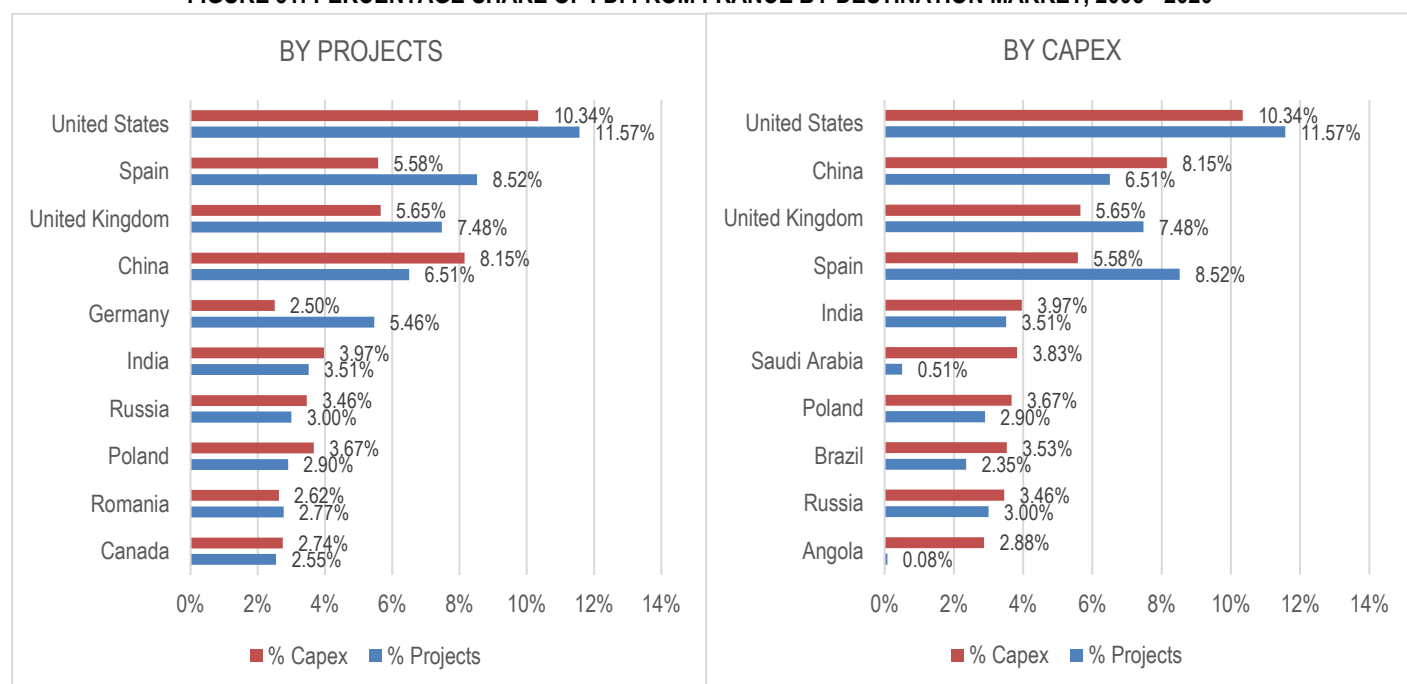
FIGURE 30: PERCENTAGE SHARE OF FDI FROM FRANCE BY DESTINATION REGION, 2003 - 2020



Source: FDI Markets, 2021

The United States was the largest recipient of FDI projects and capital expenditure from France over the period 2003 to 2020. More specifically, 1,931 projects (11.57%) were invested into the US, which reached a cumulative capex value of USD83.96bn (10.34%) over the period under review. Spain was the second largest destination market for FDI emanating from France (1,423 projects at 8.52%), while China was the second largest destination for FDI in terms of capex (USD66.14bn or 8.15%).

FIGURE 31: PERCENTAGE SHARE OF FDI FROM FRANCE BY DESTINATION MARKET, 2003 - 2020

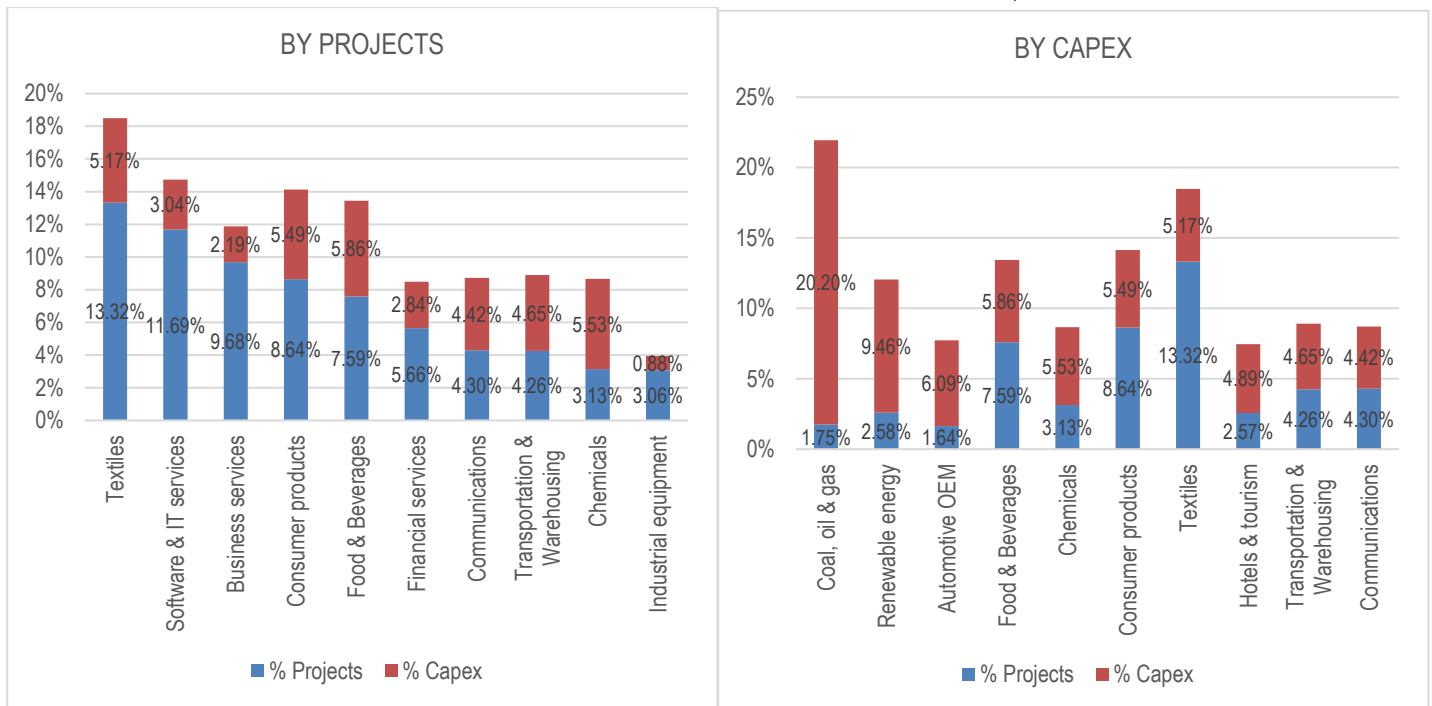


Source: FDI Markets, 2021

Key sector recipients of outward FDI (as measured by projects) included:

- The textile sector, with FDI projects reaching 2,224 projects and accounting for 13.32% of total projects invested;
- The software and IT services sector placed second, reaching a total of 1,951 projects at 11.69%; and
- The business services sector with 1,616 projects (9.68%).

FIGURE 32: PERCENTAGE SHARE OF FDI INTO FRANCE BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

The top 10 French companies as ranked by the number of outward FDI projects undertaken globally over the period 2003 – December 2020 are tabled below.

FIGURE 33: TOP 10 COMPANIES, FDI FROM FRANCE (BY PROJECTS), 2003 - 2020

	Company name	Revenue (USDm)	Projects	Capex (USDm)	Total Jobs	Primary sector
1	Association Familiale Mulliez (AFM)		770	23,359	182,985	Textiles
2	LVMH Group	53,391	761	21,447	105,642	Textiles
3	Carrefour	90,564	534	25,840	225,204	Food & Beverages
4	Kering (PPR)	15,483	423	11,003	39,619	Textiles
5	Decathlon (Oxylane)	11,400	361	4,783	36,143	Textiles
6	Groupe PSA (PSA Peugeot-Citroen)	80,621	315	36,614	114,211	Automotive components
7	Accor	1,920	312	32,011	66,105	Hotels & tourism
8	TotalEnergies (Total)	14,069	287	123,214	63,206	Coal, oil & gas
9	Orange (France Telecom)	50,241	273	20,230	25,103	Communications
10	Saint-Gobain	38,100	256	12,958	39,048	Building materials

0 123213.84

Source: FDI Markets, 2021

6.3 FRANCE FDI INTO SOUTH AFRICA

Between January 2003 and December 2020, a total of 76 French companies invested 96 FDI projects into South Africa. This FDI undertaking reached a cumulative capital investment of USD4.20bn and created 9,467 jobs in the South African economy over the period under review.

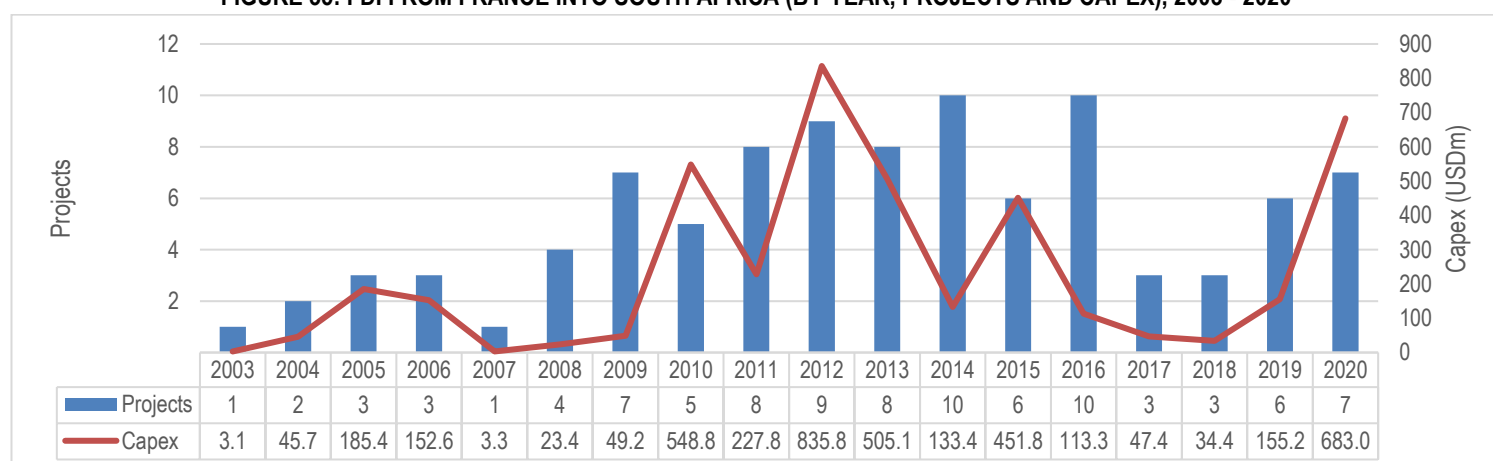
FIGURE 34: GLOBAL FDI FROM FRANCE INTO SOUTH AFRICA, 2003 - 2020



Source: FDI Markets, 2021

Figure 35 below shows a definitive upward trend in the number of FDI projects invested into South Africa by France over the period 2013 to 2020, with projects increasing from only one project invested in 2003 to reach its peak of 10 projects invested in 2016. Thereafter, the number of project undertakings drop significantly to three projects in 2017 before increasing again and settling at six projects recorded in 2020. In turn, cumulative annual capital expenditure was more volatile than FDI project undertakings, albeit rising significantly overall from a capex of USD3.1m in 2003 to a total capex of USD683m in 2020.

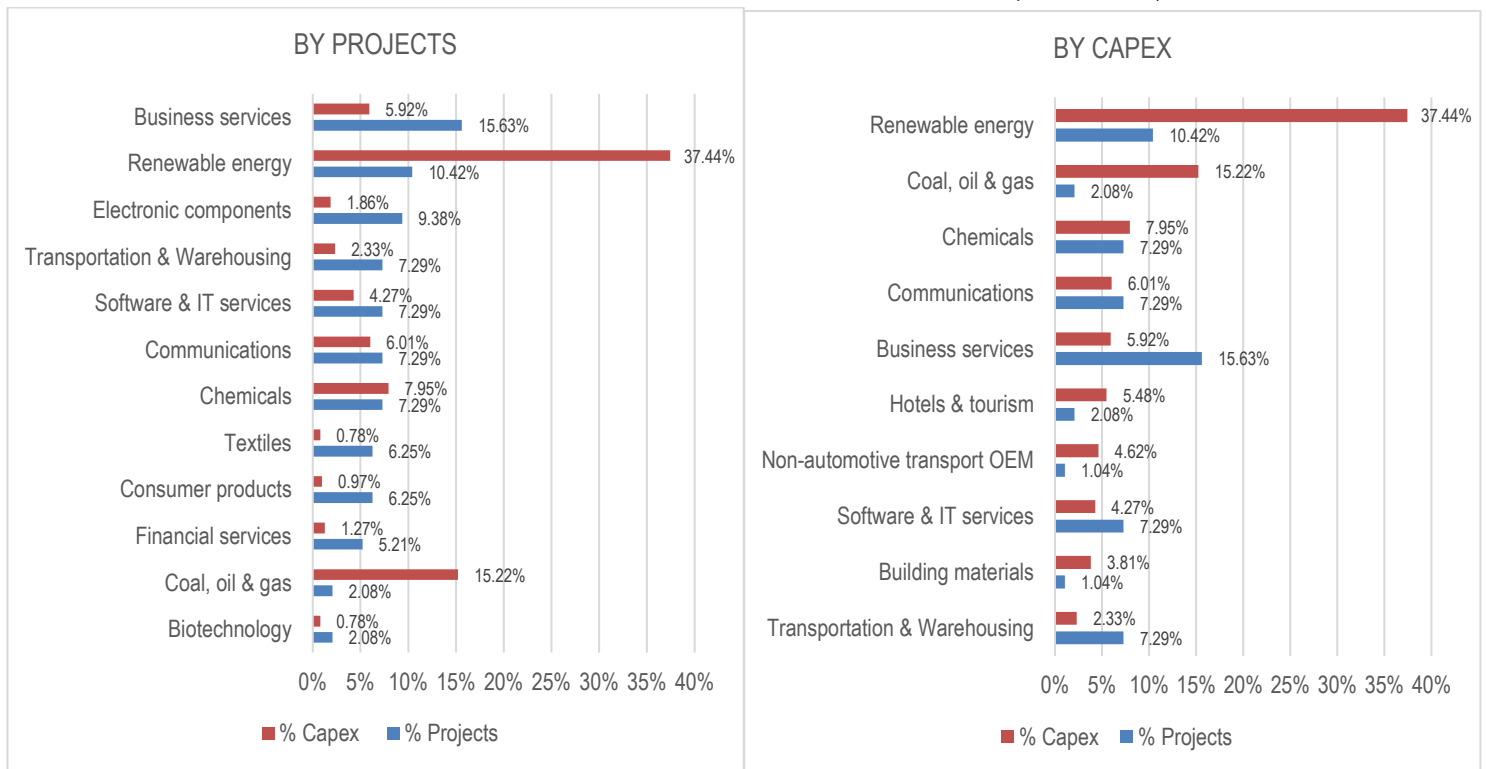
FIGURE 35: FDI FROM FRANCE INTO SOUTH AFRICA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI Markets, 2021

As Figure 36 shows, the South African business services sector attracted the most FDI projects over the period, with 15 projects invested into the sector accounting for 15.63% of all projects invested over the period 2003 to 2020. Further, renewable energy ranked in second place, accounting for 10.42% (10 projects) of projects, while electrical components attracted nine FDI projects (9.38%). In terms of capex, the renewable energy sector was the largest recipient of cumulative FDI over the period, accounting for 37.44% of capex (USD1.57bn) over the same period.

FIGURE 36: PERCENTAGE SHARE OF FDI FROM FRANCE INTO SA, BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

Top French companies investing into South Africa over the period 2003 to 2020 is tabled below. Orange invested the most FDI projects into South Africa, with five projects invested into the communications sector, reaching a total capex of USD385m and creating 408 jobs.

FIGURE 37: TOP 10 COMPANIES, FDI FROM FRANCE INTO SA (BY PROJECTS), 2003 - 2020

	Company name	Revenue (USDm)	No. of projects	Total Capex (USDm)	Total jobs	Primary sector
1	Orange (France Telecom)	50,241	5	385	408	Communications
2	Electricite de France (EDF)	81,739	4	584	217	Renewable energy
3	Association Familiale Mulliez (AFM)		3	33	320	Textiles
4	BNP Paribas	49,012	3	32	61	Financial services
5	Engie (GDF SUEZ) (Gaz de France)	70,860	3	1,026	178	Renewable energy
6	InnoWind Pty		3	577	123	Renewable energy
7	L'Oreal	25,672	3	9	186	Consumer products
8	TotalEnergies (Total)	14,069	3	231	227	Coal, oil & gas
9	Webhelp	1,500	3	88	1,300	Business services
10	Accor	1,920	2	230	421	Hotels & tourism

0 81738.54

Source: FDI Markets, 2021

6.4 SOUTH AFRICA FDI INTO FRANCE

Between January 2003 and December 2020, a total of 15 South African companies invested 18 FDI projects into France. This FDI undertaking reached a cumulative capital investment of USD206.70m and created 452 jobs in the French economy over the period under review.

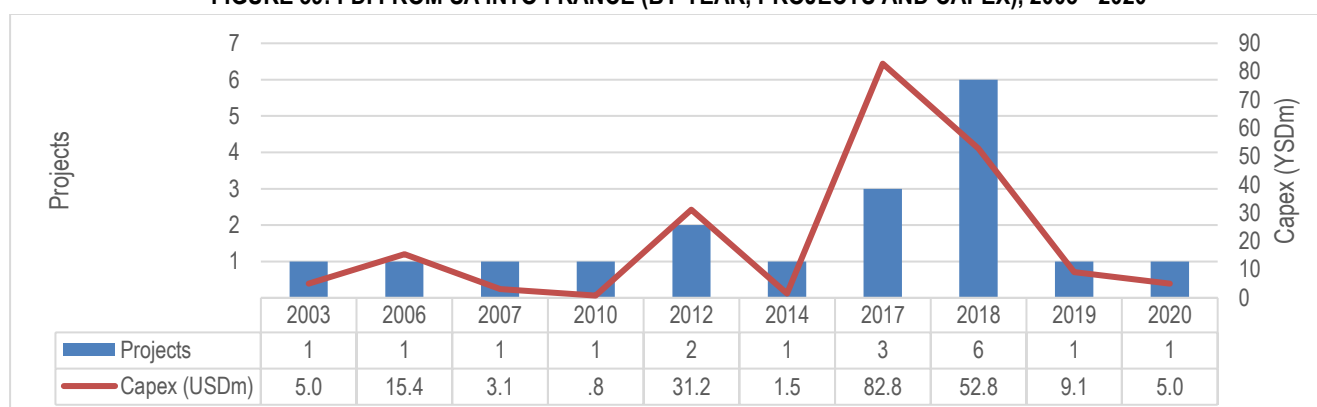
FIGURE 38: FDI FROM SA INTO FRANCE, 2003 - 2020



Source: FDI Markets, 2021

South African FDI projects invested into the French economy were relatively more staid, increasing from one FDI project in 2003 to its peak of six FDI projects in 2018 before declining sharply and settling at one project each in both 2019 and 2020. Capital investment followed a similar trend, from a value of USD5m in 2003 to its highest point of USD82.8bn in 2017 before easing and settling at USD5m in 2020.

FIGURE 39: FDI FROM SA INTO FRANCE (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



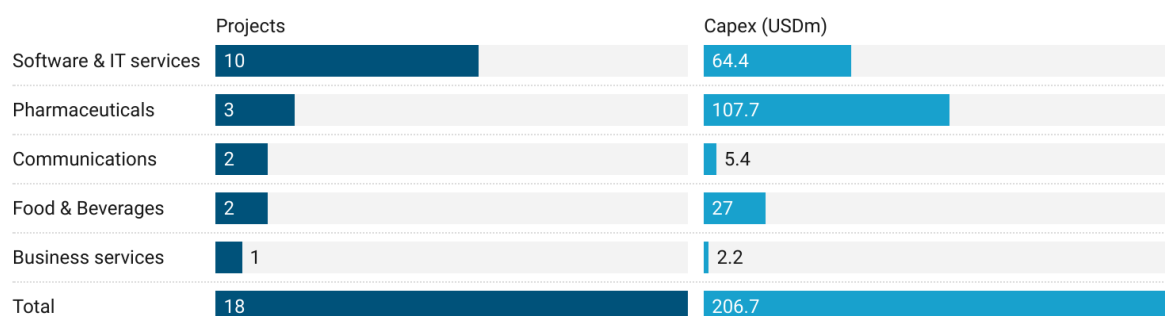
Source: FDI Markets, 2021

The charts below show global outward FDI from South Africa into France by sectors, for the period 2003 to 2020 classified by a) number of projects and b) CAPEX value.

In terms of the *number of FDI projects* undertaken by South Africa into France over the said period, the investment was concentrated in a few key sectors, which included:

- France's software and IT services sector was the largest recipient of South Africa's FDI in terms of number of projects (ten projects), which reached a total capex of USD64.4m over the period;
- This was followed by the pharmaceuticals sector at 3 project; while
- The communications and food and beverages sector ranked in third and fourth position with two projects each.

FIGURE 40: FDI FROM SA INTO FRANCE, BY SECTOR, 2003 – 2020



Source: FDI Markets, 2021

Top South African companies investing into France over the period 2003 to 2020 are tabled below:

FIGURE 41: TOP 10 COMPANIES, FDI FROM FRANCE INTO SA (BY PROJECTS), 2003 - 2020

	Company name	No. of projects	Total capex (USDm)	Total jobs	Primary sector
1	Aspen Pharmacare Holdings	3	108	113	Pharmaceuticals
2	Naspers	3	23	89	Software & IT services
3	Datatec	2	5	36	Communications
4	HL Hall & Sons	2	27	93	Food & Beverages
5	HL Hall International	2	27	93	Food & Beverages
6	Peach Bots (FinChatBot)	2	10	28	Software & IT services
7	Aspen France	1	2	14	Pharmaceuticals
8	Barloworld	1	5	18	Transportation & Warehousing
9	Barloworld Supply Chain Software	1	5	18	Software & IT services
10	Bridge People and Technology	1	5	18	Software & IT services

14 113

Source: FDI Markets, 2021

6.5 FRANCE FDI INTO WESTERN CAPE

Over the period 2003 to 2020, 16 French companies invested 18 FDI projects into the Western Cape. This FDI undertaking reached a total capital investment of USD730.60m, while creating 1,867 jobs.

FIGURE 42: GLOBAL FDI FROM FRANCE INTO WESTERN CAPE, 2003 - 2020

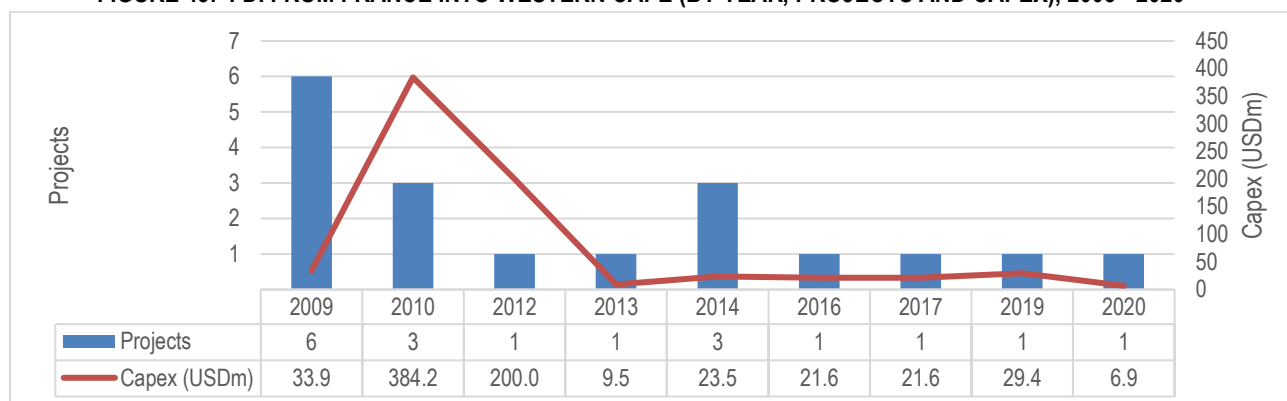


Source: FDI Markets, 2021

FDI projects invested into the Western Cape by France started robustly in 2009; with six FDI projects invested which reached a total capex of USD33.9m. Thereafter, FDI projects oscillated between one and three projects invested, before reaching a plateau with an

investment of one project each from 2016 to 2020. Capital expenditure reached a peak in 2010 with a total of USD384.2m. Thereafter, the value of capex declined to USD200m in 2012 before declining further and settling at USD6.9m in 2020.

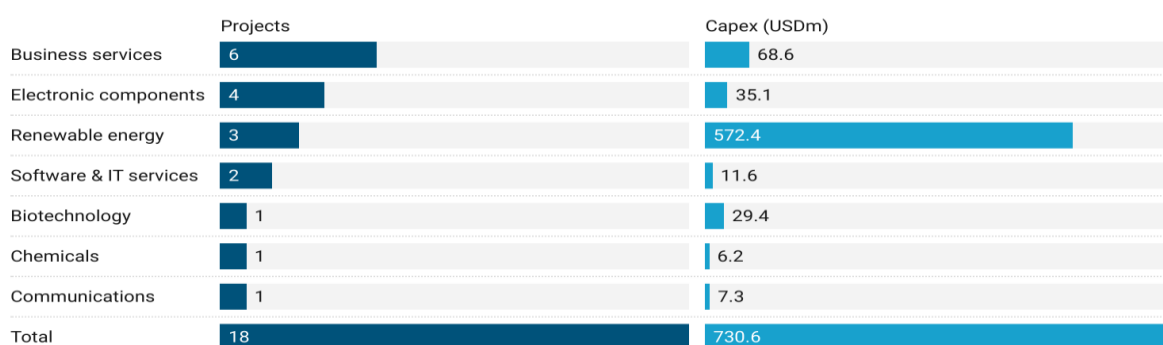
FIGURE 43: FDI FROM FRANCE INTO WESTERN CAPE (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI Markets, 2021

The business services sector attracted the largest proportion of FDI projects into the Western Cape, with six FDI projects invested into the sector over the period 2003 to 2020. This was followed by electronic components (four projects), renewable energy (three projects), and software and IT services (two projects). In terms of capex, the renewable energy sector attracted the most capex, reaching a value of USD572.4m over the period, while business services (USD68.6m), and biotechnology (USD29.4m) ranked in second and third place, respectively.

FIGURE 44: FRANCE FDI INTO WESTERN CAPE BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

The top 10 French companies investing into the Western Cape over the period 2003 to 2020 is tabled below:

FIGURE 45: TOP 10 FRANCE COMPANIES INVESTING IN WC, 2003 - 2020

	Company name	Revenue (USDm)	Projects	Total Capex (USDm)	Total jobs	Primary sector
1	Concentrix Solar		2	372	82	Renewable energy
2	SOITEC	280	2	372	82	Renewable energy
3	Teleperformance	6,744	2	9	700	Business services
4	AD Software	1	1	6	9	Software & IT services
5	Diana Group (Groupe Diana)		1	6	14	Chemicals
6	Engie (GDF SUEZ) (Gaz de France)	70,860	1	200	40	Renewable energy
7	Exosun	28	1	2	11	Electronic components
8	Liquorice		1	22	16	Business services
9	Orange (France Telecom)	50,241	1	7	34	Communications
10	Orange Horizons		1	7	34	Communications

0 70860

Source: FDI Markets, 2021

6.6 WESTERN CAPE FDI INTO FRANCE

Between January 2003 and December 2020, a total of seven Western Cape-based companies invested seven FDI projects into France. This FDI undertaking reached a cumulative capital investment of USD36.20m and created 129 jobs in the French economy over the period under review.

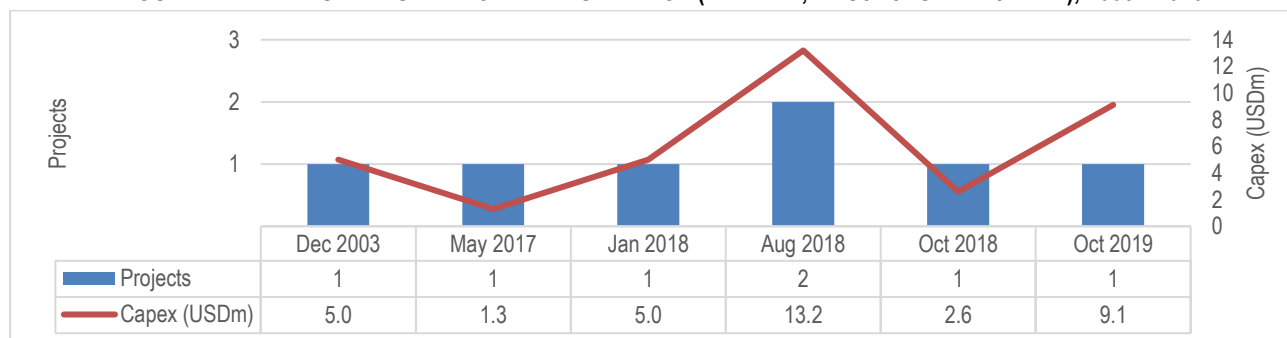
FIGURE 46: GLOBAL FDI FROM WESTERN CAPE INTO FRANCE, 2003 - 2020



Source: FDI Markets, 2021

The Western Cape invested one project each in 2003, 2017 and 2019, with a total of three projects invested in 2018 in the French economy. The highest capital investment occurred in August of 2018, where capex reached a total value of USD13.2m.

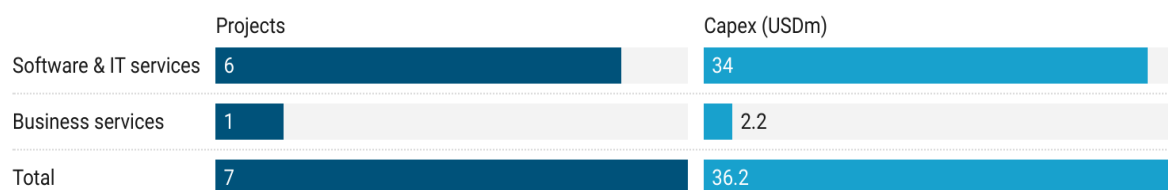
FIGURE 47: FDI FROM WESTERN CAPE INTO FRANCE (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI Markets, 2021

The software and IT services sector attracted six FDI projects which reached a total capex of USD34m over the period 2003 to 2020, while the one project invested in the business services sector reached a capex of USD2.2m over the same period as shown below:

FIGURE 48: WESTERN CAPE FDI INTO FRANCE BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

Top Western Cape companies invested into France over the period 2003 to 2020 are tabled below:

FIGURE 49: WESTERN CAPE COMPANIES INVESTING IN FRANCE, 2003 - 2020

	Company name	Projects	Total Capex (USDm)	Total jobs	Primary sector
1	Bridge People and Technology	1	5	18	Software & IT services
2	GAEA Sports	1	2	5	Business services
3	Irdeto	1	3	15	Software & IT services
4	Optilogistic	1	11	25	Software & IT services
5	PayGenius	1	1	3	Software & IT services
6	iFood	1	9	49	Software & IT services
7	wiGroup	1	5	14	Software & IT services

1 49

Source: FDI Markets, 2021

7. TOURISM

7.1 FRANCE TOURISM MARKET OVERVIEW

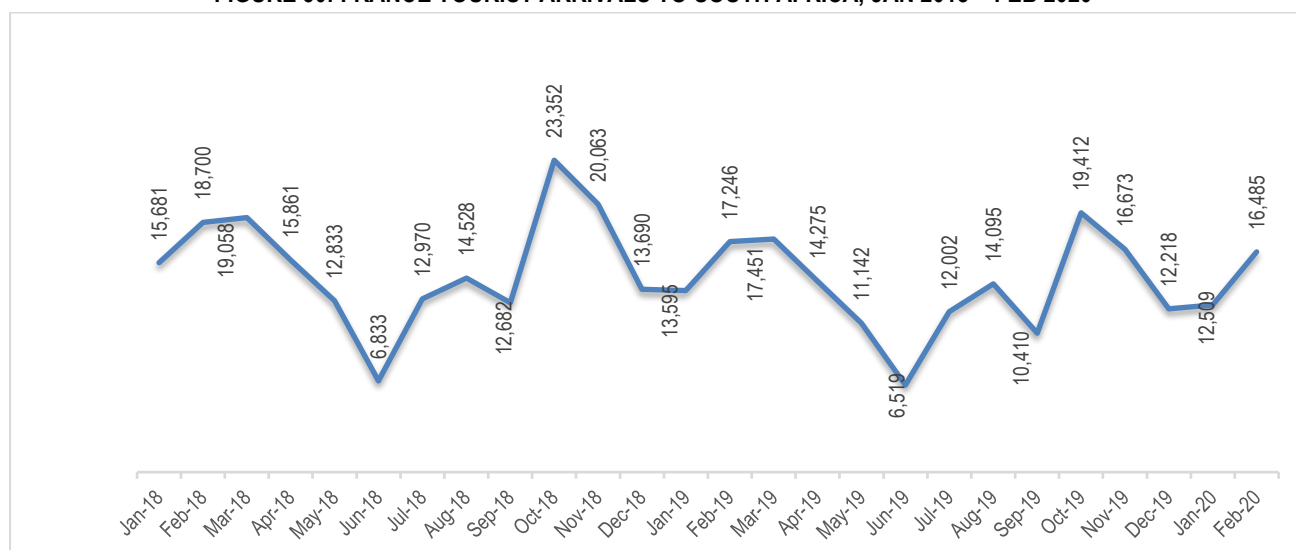
Tourism infrastructure in France is very well developed with extensive domestic and international transport connections alongside a diverse, and highly competitive accommodation sector. France is already one of the world's most popular holiday destinations and arrivals are expected to return to over the 90.0mn mark by 2025, ensuring that the tourism market will continue to attract significant investment, despite the potential for further short-term disruption caused by the COVID-19 pandemic. COVID-19 reached France in late January 2020. As the number of cases began to rise, the government implemented a nationwide lockdown for 15 days from March 17, 2020 - subsequently extended to May 11, 2020 - under which schools, businesses, restaurants, shops, cafes and hotels across the country were closed. There was a reprieve over the summer months as the hospitality sector was allowed to reopen and some international travel, primarily regional, resumed. This was brought to a halt in Q420, however, as a second wave of COVID-19 infections in France (and throughout much of Europe) led to a broad swathe of public health restrictions being reintroduced, many of which remained in place through the first half of this year. The country reopened to tourism from mid-2021, albeit with a range of restrictions still in place, and the government has approved a series of large-scale stimulus packages to support the economy for the crisis, including provisions for the tourism industry to protect wages and provide relief for businesses.

Despite the disruption caused by the COVID-19 pandemic, the French tourism industry is still attracting investors, reflecting the confidence held in the market's ability to recover rapidly over the coming quarters. Pent-up demand should boost travel over the latter half of 2021 as travel restrictions are eased. The high levels of existing competition means that instead of new developments, many hotel groups are looking to renovate and re-brand properties in the city to cater to changing consumer trends. Larger hotel groups are increasingly focused on 'lifestyle' boutique hotels in major cities such as Paris, which offer greater personality and character, but generally require lower development costs and achieve premium rates. The successful bid to host the Olympic Games in 2024 is also expected to stimulate investment in the hotel sector over the coming years, although, overall, the existing hotel stock is considered sufficient to meet most of the demand.⁹

7.2 FRANCE TOURIST ARRIVALS TO SOUTH AFRICA

The graph below depicts total tourist arrivals from France into South Africa from January 2018 to February 2020. The highest increase in France tourist arrivals into South Africa was seen in October 2018, where tourist arrivals increased by 48.91% y-o-y totalling 23,352 from 15,681 in January 2018. From this point, there was a steady decrease in tourism France to South Africa, where it reached its trough in June 2019 with 6,512 French tourists visiting the nation before steadily increasing again to reach a total of 16,485 tourists by February 2020.

FIGURE 50: FRANCE TOURIST ARRIVALS TO SOUTH AFRICA, JAN 2018 – FEB 2020



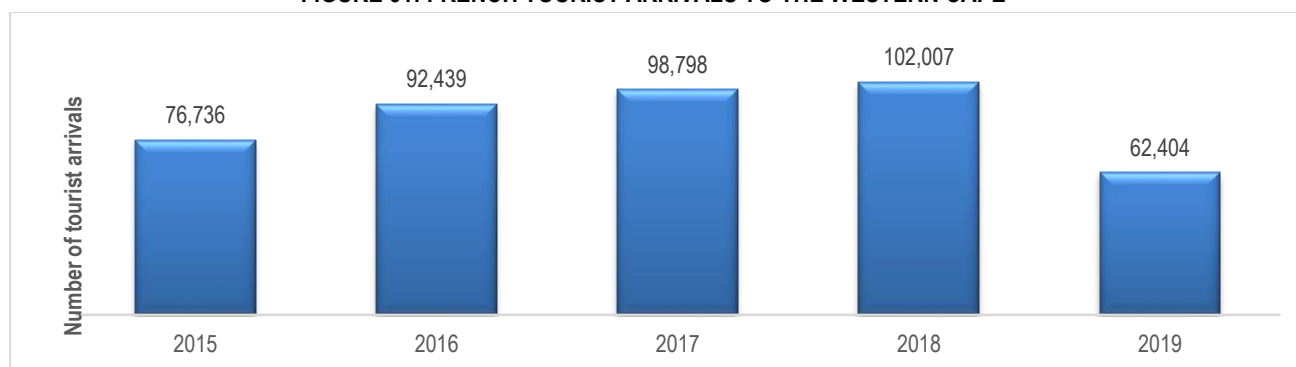
Source: SA Tourism, 2021

⁹ Source: Euromonitor, 2021

7.3 FRANCE TOURIST ARRIVALS INTO THE WESTERN CAPE

French arrivals to the Western Cape rose steadily over the period 2015 – 2018, increasing by 32.93% from 76,736 tourists in 2015 to 102,007 tourists by 2018. However, in 2019, tourism from France fell by 38.88% y-o-y, to its lowest point in five years of 62,404 tourists to the Western Cape as reflected in Figure 51 below:

FIGURE 51: FRENCH TOURIST ARRIVALS TO THE WESTERN CAPE

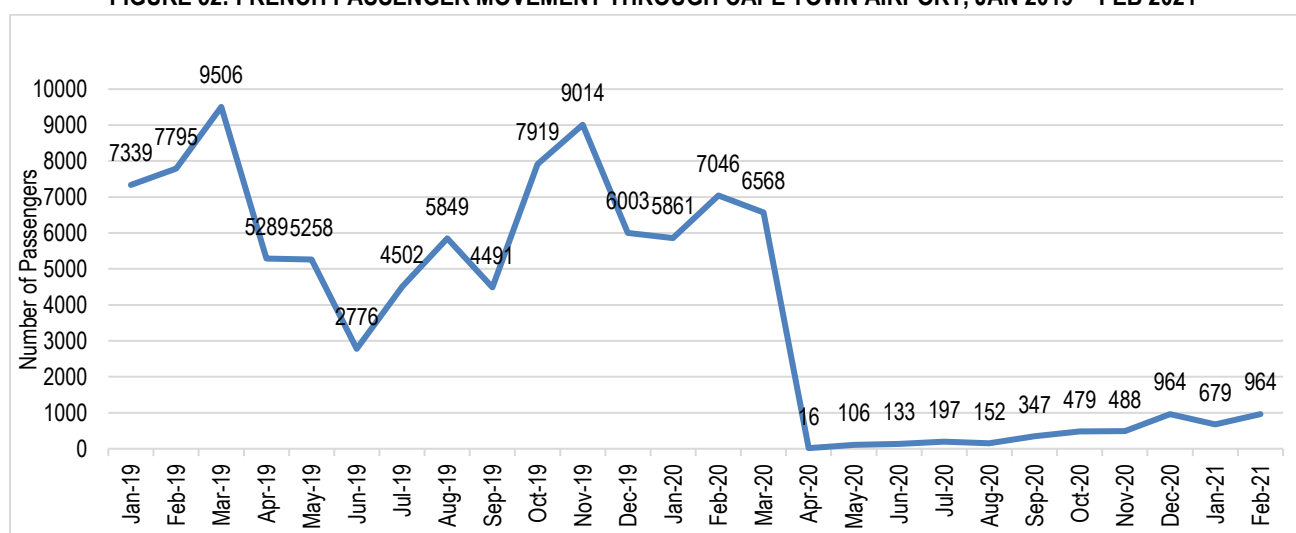


Source: SA Tourism, 2021

7.4 FRENCH PASSENGER MOVEMENT THROUGH CAPE TOWN INTERNATIONAL AIRPORT

The COVID-19 pandemic has had a devastating impact on the tourism economy. Countries world-over shut their borders to curb the spread of the virus, and this has since had devastating effects on the global travel industry. According to the latest OAG Traffic Analyser data, French passenger movement through the Cape Town International Airport started to plummet in April 2020 after the nationwide lockdown commenced on 26 March 2020, resulting in only 16 French passengers during April 2020. In spite of the severe decline in air-travel between France and Cape Town, recovery in passenger movement picked up in the remainder of 2020. December 2020 and February 2021 recorded the largest number in French passengers since the start of lockdown, registering close to a 1000 passengers respectively.

FIGURE 52: FRENCH PASSENGER MOVEMENT THROUGH CAPE TOWN AIRPORT, JAN 2019 – FEB 2021



Source: Wesgro, 2021

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