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1. SMEs in France – a brief fact check:

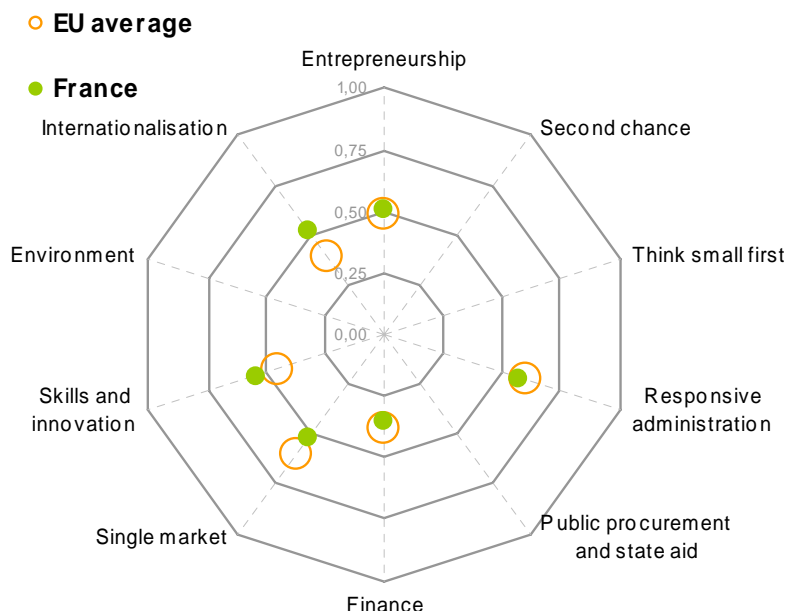
There are approximately 36 SMEs per 1000 inhabitants in France, which is almost in line with the EU average of ca 40. The proportion of SMEs as compared to all enterprises is at par with the EU average as well. However, in terms of SME employment and value creation, French SMEs, and in particular micro enterprises, account for smaller shares than the respective EU averages.

	Number of enterprises			Number of persons employed			Value added (MEUR)		
	Value	%	EU-26 average	Value	%	EU-24 average	Value	%	EU-26 average
Micro	2.103.795	92,3%	91,8%	3.439.907	23,9%	29,6%	153.425	20,2%	21,1%
Small	147.410	6,5%	6,9%	3.017.626	21,0%	20,6%	140.268	18,5%	19,0%
Medium	23.094	1,0%	1,1%	2.376.895	16,5%	16,8%	118.552	15,6%	17,8%
SMEs	2.274.299	99,8%	99,8%	8.834.428	61,4%	67,1%	412.245	54,2%	57,9%
Large	5.000	0,2%	0,2%	5.553.907	38,6%	32,9%	347.744	45,8%	42,1%

Source: Eurostat SBS data base, 2004 and 2005 data.

2. France's SBA profile¹

The SBA policy radar for France indicates a performance generally in line with, and in some cases slightly above, the EU average: France is above par in two of the six SBA sections with sufficient data for averages to be calculated ("Skills and innovation" and "Internationalisation"). In three areas ("Entrepreneurship", "Responsive administration" and "Finance"), France is almost exactly in line with the average. On the other hand, in one area ("Single market") the data available positions France behind its EU peers. In the four sections where no category-average could be calculated the existing indicators are predominantly positive.



Source: European Commission, DG Enterprise

¹ It should be noted that the different dimensions of the radar correspond to the set of 10 principles foreseen in the European Commission's Small Business Act.



I. Entrepreneurship: overall France's performance in this category is on a par with the EU average. This also holds true for most of the individual indicators: the desire to become self-employed is at the same level as the EU average (around 30%), as is the share seeing entrepreneurship as an opportunity (slightly above 50%). On the positive side, a substantially larger share of the population participate in entrepreneurship education in France (51% compared to the EU average of 34%). Nevertheless, this does not seem to translate into women becoming entrepreneurs (only 3,2% compared to 7,3% on the EU level).

II. Second chance: For the single available indicator for this section – degree of support for allowing a second chance, the French seem to be slightly more supportive than the average EU citizen, with 82% in comparison to 80% on the European level.

III. Think small first: The two available indicators for this section – the degree of support among SMEs for current regulations and the time it takes to comply with administrative obligations - show results mostly in line with the average, with the first being identical to the EU average of 29% and the second posing somewhat less of a problem in France than elsewhere (6% as opposed to 8% of total working time).

IV. Responsive administration: For this category France performs in line with the EU average. In terms of the specific indicators, data suggest comparatively easy and cheap start up procedures. It only takes 7 days to start a business in France, compared to 20 days on average. It should be noted that these findings, based on World Bank data, differ from corresponding figures obtained directly from the Member States through the Lisbon process according to which it only takes 4 days (corresponding EU average is 9 days). The cost of setting up a business is also limited to 1,1% of the per capita income, compared to almost 7% on average. The cost to close a business and to enforce contracts is also somewhat lower in France than among its EU peers. However, for France most relevant indicators seem pointing to a relatively rigid labour market, with comparatively complex procedures for hiring and laying off staff.

V. Public procurement and State aid: The two available indicators for this section show inconclusive results - the share of SMEs in public procurement contracts is comparatively low in

France but the proportion of state aid devoted to SMEs is substantially above the EU average (26% as compared with 11%).

VI. Finance: France's results for this section are on a par with the EU average. This holds true for most of the individual indicators: with an average level of access to venture capital and guarantees for SMEs and a share of SMEs experiencing problems with access to finance identical to the EU average (21%). Payment conditions are also representative for the EU average, both in terms of the average delay and in the share of lost payments. On the positive side, the interest rate spread for loans up to, and above, EUR 1 million is comparatively small in France, making access to finance cheaper for smaller entrepreneurs.

VII. Single market: The four available indicators for this section taken together hint at a somewhat inferior performance of France. Data show that, the average transposition delay for overdue directives linked to the Single market is longer in France than in EU peer countries. The share of French intra-EU exporting SMEs is also markedly smaller than the EU average (1,2% of all SMEs against an average of 2,9%).

VIII: Skills and innovation: In this section France performs above the EU-level. This result seems to hold true in particular for the first policy area covered in this segment whereas for the indicators measuring innovation the French results are more in line with the average. More than 80% of all French SMEs provide training for their staff (compared to 66,5% on average), and even in micro enterprises the participation rate in learning activities is quite high (ca 54% in France compared to ca 47% on average). The average time spent in continuous vocation training is also longer in France (13 hours compared to the EU average of 9 hours per employee).

IX: Environment: Three indicators are available for France for this section, and they coherently suggest a performance above the EU average. It seems that the share of SMEs having comprehensive systems for energy savings, and the share of SMEs applying simple measures to save energy are somewhat ahead of the average (5% and 33% respectively, as compared to 4% and 29% respectively on the EU level). In addition, data suggests that French companies spend more resources on environmental protection than the EU average (ca €980 compared to ca €900).



X: Internationalisation: France performs above the EU average in this section. It seems to have a particularly elevated share of SMEs gaining income from subsidiaries and/or joint ventures abroad (9,9% compared to 4,8%) and somewhat

more efficient procedures for exporting and importing than its EU peer countries. Nevertheless, in terms of the percentage of input purchased abroad, France (6%), trails the EU average of 12%

Example for a good practice in SME policy

To illustrate the efforts of the Government to promote SMEs, the statistical information of the fact sheet is enriched by an example of a good practice in SME policy – as singled out in the European Commission’s Communication on “Think small first – A Small Business Act for Europe”:

Title of the Project: Micro-business management centre

The purpose of the project is to ensure the continued development of the company through participation in associations and to improve knowledge of the economical situation of the small enterprises

The project has an associative structure (implementation approved by the Fiscal Administration) allowing the small enterprises to get a managing tool integrating training (company management, fiscal and social regulations, economic data) and supply of an economic and financial report of analysis of the company (with a benchmark of its own sector of activity). The membership of this system allows the company to get fiscal advantages.

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