



The Greater Geneva area

Attractiveness and competition

France suffers from a clearly established lack of competitiveness vis-à-vis its neighbours along its northern and eastern borders, from Dunkirk to Geneva, where daily cross-border flows are highest. The French territories are disadvantaged in terms of per capita GDP and the employment rate. Outflows of cross-border workers are a visible consequence of this situation. Compared to their neighbouring counterparts, French SMEs are less competitive and less open to international markets.⁸⁷

- The Euler Hermes **“Export Barometer”** shows that the number of exporting French SMEs dropped from 120,000 to 95,000 from 2002 to 2012, i.e. a 20% fall in ten years, while Germany had 350,000 exporting SMEs in 2012, i.e. 3.7 times more than France.

SMEs, which represented 75% of exporting French firms in 2010, accounted for only 61% of the latter in 2012. The stickiness of the production system is unfavourable in a context of heightened global competition; the lack of competitiveness is particularly evident at France's borders. While this points to the need for reforms, such reforms are not the focus of this paper, but rather a guiding contextual element that should be borne in mind.

The issue of the competitiveness of the French economy, which has galvanised academic, economic and political debate since France entered into a cycle of weak/zero growth and rapidly rising unemployment at the end of the 2000s, has been analysed in many reports⁸⁸ identifying the strengths and weaknesses of France's production system and recommending short- and medium-term government policies to restore economic growth and boost employment. In these reports, the French economy's lack of competitiveness is mainly apprehended through the deterioration of the industrial sector: in terms of the share of industry – excluding construction – in total value added, France ranks 15th out of the 17 euro area economies.⁸⁹ This industrial decline is due both to price (wage rises that outpace increases in productivity, a strong euro) and non-price factors (production in the mid-range segment, output that is little differentiated from competitors). Comparisons with neighbouring Germany regularly highlight this lack of competitiveness.

⁸⁷ P Veltz, *La grande transition*, Seuil, 2008.

⁸⁸ <http://www.coe-rexencode.fr/public/Rencontres-et-debats/Competitivite-de-la-France-le-debat/Competitivite-de-la-France-le-rapport-Gallois-et-les-autres-rapports-parus-en-2011-et-2012>

⁸⁹ *Pacte pour la compétitivité de l'industrie française* (The “Gallois Report”), 5 November 2012, p.9.