In the area of innovation, there is the **"credit d'impôt recherche"** (CIR – research tax credit) up to an amount of €400,000 at a rate of 20%, which was extended to cover innovation expenditure in 2013. The CIR allows businesses to deduct their investments in R&D, design of prototypes or pilot installations of new products from their corporate taxes. The CIR is one of the most powerful tax incentive mechanisms for R&D and innovation in the OECD. In addition, there is the "Jeune Entreprise Innovante" (JEI – Young Innovative Enterprise) status, which offers tax advantages to SMEs that are less than eight years old and whose R&D expenditure constitutes at least 15% of their total investment.

In addition to fiscal leverage, the **policies of competitiveness clusters** aimed at structuring sectoral and territorial collaboration between universities, research centres and businesses, and by doing so promoting the exchange of knowledge and expertise, participate fully in initiatives for innovation, territorialisation of activities and promoting attractiveness of territories. This is with a view to making these economic, scientific and technological connections factors of competitiveness for the national economy. The French Tech initiative launched in November 2013 also aims to federate digital players around metropolitan growth projects, increase their development potential within dedicated structures (accelerators, incubators, etc.) and give them international visibility.

The merger on 1 January 2015 between Ubifrance, the **French government agency for international business development** and the AFII (Invest in France Agency), charged with attracting foreign capital, aims to better structure and coordinate policies for attractiveness, notably by drawing on France's diplomatic network. Ubifrance and the AFII were two public institutions that had common tasks (analysing France's economic fabric, promoting France internationally) and partners (regional directorates for foreign trade, chambers of commerce and industry, development agencies, etc.). The new structure born of the merger is known as "Business France".

The above-mentioned measures are not an exhaustive list of all the reforms implemented, but rather reflect the wide range of initiatives undertaken since the second half of the 2000s to promote the growth, competitiveness and attractiveness of the French economy.

These initiatives are generally deemed positive by foreign investors,[92] but insufficient to remedy the main structural difficulties of France's production system, which directly affect France's attractiveness: the instability and complexity of the regulatory environment, the cost and rigidity of labour, and the tax burden.

Businesses have strongly called for, and the French government has committed to, the streamlining of France's administrative framework, which lacks transparency (notably because it is constantly changing) and which generates long and costly procedures. The government aims to relieve the French economy of a burden estimated by the OECD at €60 billion per year, i.e. 3% to 4% of national GDP.[93]

The **"simplification shock"** was announced in March 2013. It is a multi-year programme (50 new simplification measures announced every six months) spearheaded by the Conseil de la simplification, which brings together heads of businesses, top-level civil servants and elected representatives. The "simplification shock" should facilitate administrative procedures that affect businesses, i.e. procedures relating to business start-ups and takeovers, support, access to government subsidies and public procurement, accounting and tax requirements, labour law, import/export, etc.[94] Emblematic reforms such as simplifying pay slips, providing online access to administrative procedures, clarifying procedures for registering intellectual property rights, making access to public procurement more flexible for SMEs and mid-tier companies, publishing tax instructions at a fixed date, removing certain filing requirements, and introduction of the principle excluding retroactive application of corporate taxes are on the agenda.

The New Territorial Organisation of the Republic Act (the "NOTRe Act") is also part of this move towards simplification. It redefines and rationalises some of territorial authorities' competences in the area of economic development (increasing the role played by the regions).

[92] AFII, DG Trésor and CGET, *Tableau de bord de l'attractivité de la France*, Edition 2014, p.67-68.
[93] http://www.gouvernement.fr/action/le-choc-de-simplification
[94] http://www.modernisation.gouv.fr/sites/default/files/fichiers-attaches/programme_de_simplification.pdf