

Appeared in Independent Online, African Indy, eNCA

## France woos SA investors

September 23 2015 at 09:03pm

By Peter Fabricius

Johannesburg - It's usually South Africa seeking investment from Europe. But this week the French launched their first campaign to attract South African investment into France.

The French government and some of the 30 South African companies already established in France explained to potential investors the many advantages - and some disadvantages - of doing business in that country.

France's ambassador to South Africa Elisabeth Barbier said her country was launching the same "Invest in France" campaigns in 49 other countries around the world this week.

She noted that South Africa was the biggest customer of France – the biggest importer of French goods – in Sub-Saharan Africa and that 350 French companies were already established in South Africa, either with headquarters and sales and logistics units in large numbers or with factories and research and development centres.

Barbier said that there were many South African companies invested elsewhere in Europe, particularly in the UK, and so on October 13 France would hold a similar event in London to encourage them to expand into France.

But this campaign to increase South African investment in France did not mean the French embassy would decrease its efforts to also encourage French investment in South Africa.

Serge Boscher, head of France's regional economic department for Southern Africa, was asked why South Africans would invest in France when it so desperately needed foreign investment in South Africa.

"To grasp added value," he said. "And to return added value to South Africa. Because France is innovative and an R&D [research and development] hub. And so you develop your activity, you take profit about R&D and innovation. And with the global added-value chains, the feedback comes back to South Africa."

Boscher added that the 30 South African companies invested in France were not enough.

"The economy of South Africa is strong. You can do better."

He noted that there were 20 000 foreign companies employing nearly two million people in France.

In 2014, France had been the leading recipient in Europe of foreign investment in industry.

The innovative sector in South Africa – especially the digital business – was best placed to take advantage of the benefits France offered to investors, he said.

“France needs foreign investment because France wants to be more global,” Boscher said.

He said the top South African investor in France was the Steinhoff jewellery company with 10,000 employees. Its latest financial results just released were very good, especially because of its European footprint.

Frenchman Philippe Mellier, CEO of De Beers and formerly of the French energy company Alstom, said a conjunction of four things made France unique as an investment destination.

It was a huge market not only because it has 65 million people but also 85 million tourists a year. It had extremely good infrastructure, certainly the best in Europe.

Its hourly labour productivity was very high, even if not the highest. Officials said it was 6th in the world, one ahead of Germany.

And its fourth advantage – the most important – was education, innovation and talent. Over 44 percent of 25 to 34 year-olds were graduates.

“This creates a unique proposition,” Mellier said.

There were also many efforts by the government and corporations to boost innovation, including the best tax credits in Europe – 30 percent of all R&D expenses.

Mellier said the two retail shops of De Beers in Paris were its most successful.

Stavros Nicolaou, senior executive of Aspen Pharmaceuticals, the South African company which employs 800 people in its operations in France, said there were several advantages to doing business in France.

These included a high level of skills and expertise, especially in biochemicals, good and well established business infrastructure, a professional and well organised industry, and closeness to suppliers and the EU market.

The disadvantages were that labour laws and working hours drove up expenses, unions were not aligned with business, general costs were high, medicine costs were decreasing, and competition was high.

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