



EPISODE 01

EY France Attractiveness Survey 2025

France and Europe into the storm

May 2025 - Executive Summary



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The better the answer.
The better the world works.



Shape the future
with confidence

FRANCE ATTRACTIVENESS SURVEY 2025 | SUMMARY (1/3)



EUROPE IS STRUGGLING

Europe's lack of competitiveness and mounting instability help explain why businesses invest less and less in the region.

- Foreign investments in Europe are down for the second year running and are now at their lowest point in nine years: 5,383 projects were announced in Europe in 2024, 5% less than 2023. The number of jobs created by FDI went down by 15%.
- At the same time, FDI rose by approximately 20% in the USA, with investors being attracted by the conditions of the IRA program and Donald Trump's pro-business "pledges." The number of projects announced by American investors in Europe fell by 11% as compared to 2023 and 24% as compared to 2022.
- In our March 2025 survey, geopolitical tensions were perceived as the main risk for European attractiveness (35%), ahead of the macroeconomic context (34%) and trade barriers (30%). This topic has clearly intensified further since the escalation of the tariffs trade war and its impacts on growth and investment, in Europe and elsewhere.
- International business leaders, in line with the recent Draghi and Letta reports, are encouraging Europe to respond to the structural issues of competitiveness (25%), innovation compared to the US and China (24%) and reskilling to adapt to future challenges (23%).



MODERATE SUCCESS FOR FRANCE

Despite a marked slowdown in both investment and employment, France retained its position as Europe's leading destination in 2024.

- For the sixth consecutive year, France retained its position as the leading destination for international investment projects in 2024 - a distinction tempered by its third-place ranking in terms of job creation.
- The number of foreign investment projects in France dropped by 14% in 2024. France's two main competitors, the United Kingdom and Germany, followed the same trend.
- The number of jobs created by these projects fell sharply by 27% between 2023 and 2024, reflecting increased investor caution, rising costs, and lengthening timelines for new investment projects – issues previously highlighted in our past reports.
- According to our survey of 200 executives conducted in March 2025, France's strengths – including market size, innovation, skills, infrastructure, and quality of life – are increasingly at odds with short-term imperatives such as profitability, stability, energy concerns, and the resources available for the ecological transition.
- Across the rest of Europe, a sharp increase in projects in Southern countries, particularly Spain, alongside stable investment levels in Central Europe, sharply contrast with the broader slowdown observed in Western Europe.

FRANCE ATTRACTIVENESS SURVEY 2025 | SUMMARY (2/3)



MAJOR CONCERNS

Industry and value-added services face the challenge of European competitiveness amid rising competition from the U.S. and Asia.

- In 2024, France maintains its position as Europe's top destination for new factory setups and expansions. However, these projects are generating fewer jobs and contributing less to industrial revitalisation than elsewhere in Europe.
- Industrial attractiveness is perceived by foreign investors as weakened by high salary costs as well as a lack of available land, energy competitiveness, automation, innovation and agility. Additionally, the country's weak economic growth, marked by sluggish household consumption, exacerbates these concerns.
- Certain traditional sectors, such as chemicals and automotive, are experiencing a slowdown, with the balance between new openings and expansions versus closures and restructurings turning negative for the first time since the COVID crisis.
- After a period of strong investment, the project curve for the pharmaceutical industry has returned to its pre-COVID level and European competition is intense.
- Industry excluded, France is still struggling to compete with the UK for decision-making centers and Paris continues to lag far behind its British counterpart in the finance business.



SUCCESSSES AND POTENTIAL SUCCESSSES

Key strategic sectors, such as energy, AI, and agri-food, are increasingly choosing France and its regions as their preferred destinations for investment.

- In the energy sector, 70 foreign companies chose France in 2024 and some of them are contributing to France's energy transition.
- In artificial intelligence, even before the announcements made during the AI Summit held in Paris in February - 109 billion euros are expected to flow into this sector in the future. France is now positioning itself as a major European hub attracting foreign investment.
- France remains a key player in the growth strategies of international agri-food companies, despite challenges such as evolving consumption patterns and complex relationships with distributors.
- The number of projects in French R&D centers has declined (-15%), but France stays top of the European rankings, while this issue is key to the UK's strategy for recovery.
- Foreign companies are expanding operations nationwide, with 75% of projects situated outside the Paris region. This highlights the growing appeal of France's regional offerings beyond its major cities and their surrounding areas.

FRANCE ATTRACTIVENESS SURVEY 2025 | SUMMARY (3/3)



AT A CROSSROADS

Current crises (political, diplomatic, trade, technological and others) are forcing France and Europe to make bold choices if they wish to stay globally competitive

Why it is urgent to take action

- France faces unprecedented political and budgetary instability in its recent history, with public confidence at an all-time low in 2024. This instability with the same causes and effects has impacted other European countries, starting with Germany and the UK. How long can this situation go on?
- Investment trends are clearly in decline for two years running, with projects that do not generate much job creation. Further, investment prospects amidst the challenge to the multilateral world order and the US withdrawal strategy appear limited at best, but more likely chaotic.
- Business leaders' assessment of 2025 is becoming increasingly loud and clear: labor costs and stability, energy and environmental policies, access to financing and capital markets, regulatory complexity and tax competitiveness are the primary impediments to the return of larger investments.

Grounds for confidence

- According to our March 2025 survey, the situation is improving slightly: some foreign companies eventually finalized investment projects in France that they had initially planned to reduce or even postpone according to our October 2024 survey.
- Despite wavering, business leaders are not giving up and may increase their presence in France, the second-largest economy in the world's second-largest economic region. One caveat is noteworthy: the lack of firmly positive economic outlooks and the increasingly tough international climate could once again impact the scope of their investments.
- Despite its size, which is limited after all, France has been able to seize opportunities in future growth sectors: AI, carbon-free energy, software, defense, etc.

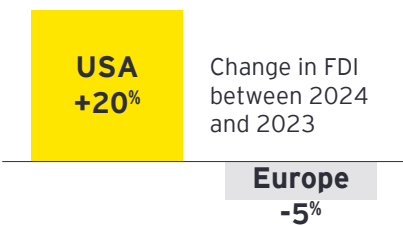
- In some fields (energy, aerospace, agri-food, defense, etc.) France boasts world leaders, human talent and resources, all of which may guarantee a degree of sovereignty. This is a real advantage for its European partners.
- These are the reasons why business leaders are fairly confident for the next three years, if France and Europe can take immediate action on competitiveness and sovereignty, as well as stay on course on innovation, support for entrepreneurship and investment in infrastructure.
- One caveat should be noted: the lack of clearly positive economic prospects and the worsening international climate could once again weigh on the size of their investments

Key questions

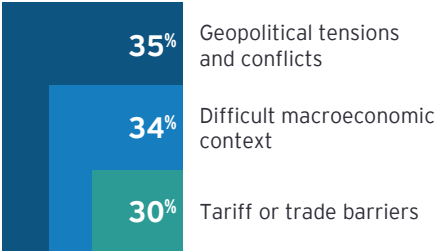
- Although France has advantages, its capacity for recovery (low growth, deteriorating public finances, capacity for investment rather than savings, etc.) is fragile. Are stakeholders (executive, legislative, social partners, citizens and others) ready to compromise to find an appropriate solution to the current situation?
- Certain sectors in Europe are either under threat (automobile, robotics, chemical, etc.) or totally absent from global competition (big tech, semiconductors, major digital platforms, etc.). Can France rebuild a proper, worthy independence, either alone or with its European partners - for example in the security and defense sectors? Failing this, the future of the French and European economies would be extremely fragile.
- Faced with the other major economic blocs, Europe can no longer afford to react in a piecemeal manner. Is the political will for action strong enough? Could the trade war triggered by the USA be the ultimate test of Europe's ability to act and win together?

France Attractiveness Survey 2025: Key figures

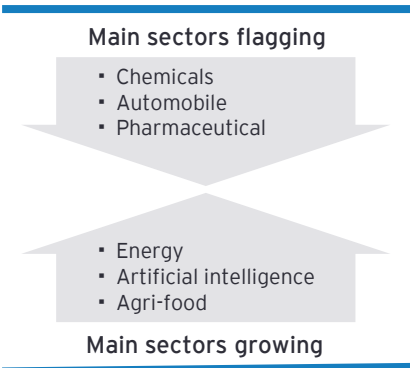
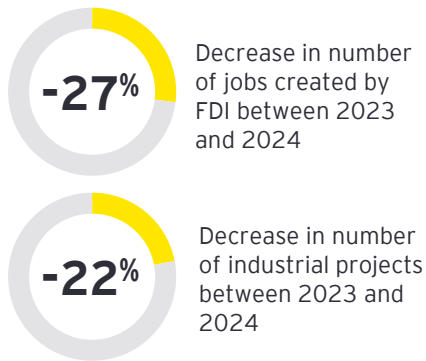
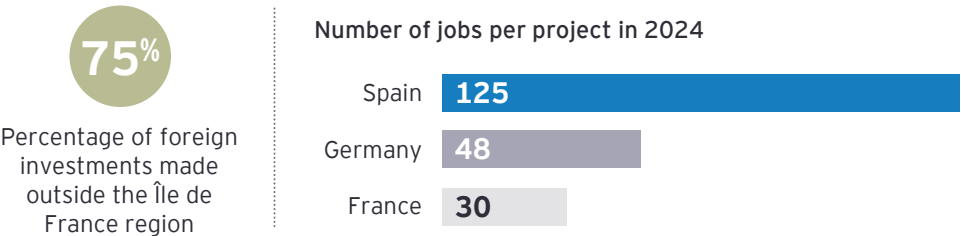
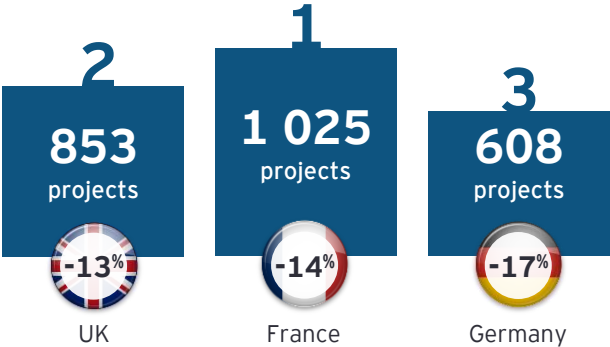
EUROPE



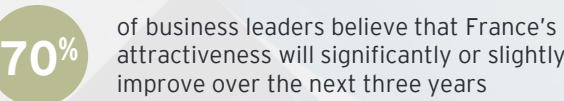
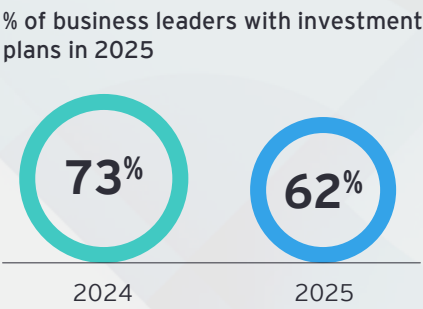
Key risks identified by business leaders



FRANCE



OUTLOOK



5 priorities in Europe		5 priorities in France	
Energy independence	1	Taxation	
Support for SMEs and intermediate-sized enterprises (ETI)	2	Strategic industries	
Strategic industries	3	Innovation and support for SMEs	
Trade war	4	Infrastructure	
Infrastructure	5	Public debt	

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