

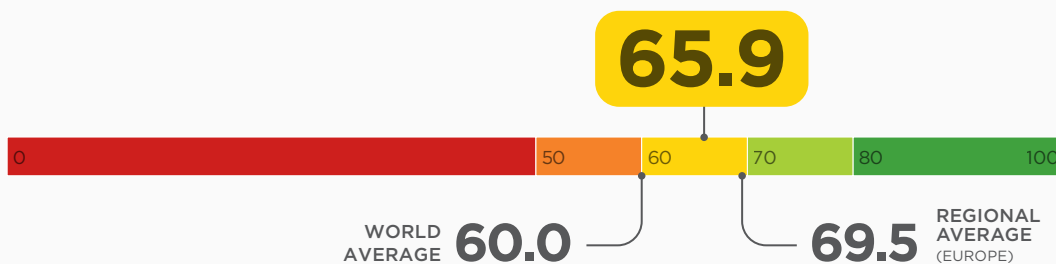
FRANCE

France's economic freedom score is 65.9, making its economy the 52nd freest in the 2022 *Index*. France is ranked 31st among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past five years, France's economic growth slowed from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of slightly rising economic freedom has continued. Led by solid increases in its rule of law (**property rights**, **judicial effectiveness**, and **government integrity**) scores, France has recorded a 2.6-point overall gain of economic freedom since 2017 and has remained in the midrange of the "Moderately Free" category. Business freedom, **monetary freedom**, and **trade freedom** are strong, but the score for **government spending** is one of the lowest in the world.

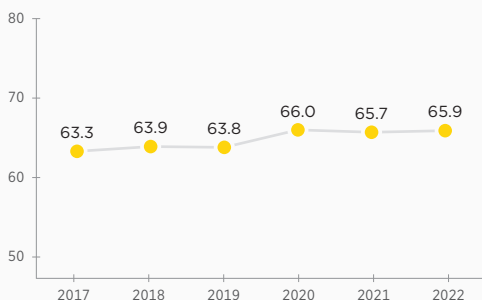
IMPACT OF COVID-19: As of December 1, 2021, 120,208 deaths had been attributed to the pandemic in France, and the government's response to the crisis ranked 25th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
67.4 million

GDP (PPP):
\$3.0 trillion
-8.2% growth
in 2020
5-year compound
annual growth -0.3%
\$46,062 per capita

UNEMPLOYMENT:
8.6%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$17.9 billion

PUBLIC DEBT:
113.5% of GDP

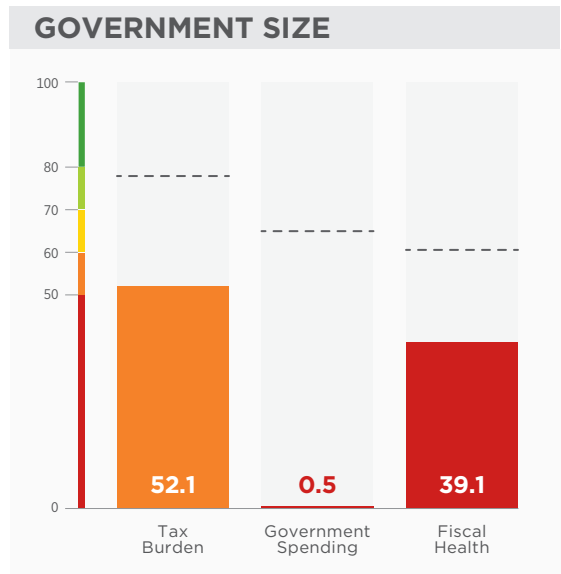
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: France is one of the world's most modern countries and sees itself as a leader among European nations. President Emmanuel Macron of the center-left La République en Marche (REM) was elected in 2017. His REM performed poorly in 2021 local elections, and defections caused Macron's coalition to lose its absolute majority in parliament. Flagging REM popularity also led to a change in prime ministers in 2020. While opposition protests and strikes have quieted, reforms remain stalled because of the economic downturn. France's diversified economy is led by tourism, manufacturing, and pharmaceuticals. The government has partially or fully privatized many large companies but maintains a strong presence in such sectors as power, public transport, and defense.

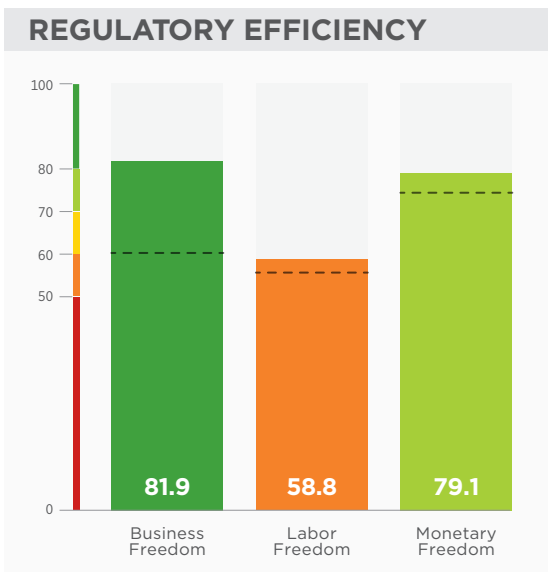
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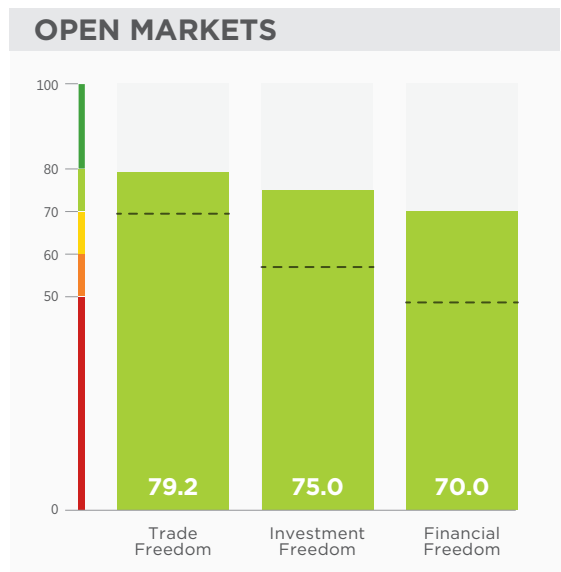
Real property rights are regulated by the French Civil Code and uniformly enforced. Contracts are enforced, and robust laws protect intellectual property rights. An independent judiciary and the rule of law are firmly established. Although the government actively promotes a strong anticorruption legal framework, corruption remains a problem in procurement in such sectors as public works, defense, and wherever else business and politics overlap.



The top individual income tax rate is 45 percent, and the top corporate tax rate has been further reduced to 26.5 percent. The overall tax burden equals 45.4 percent of total domestic income. Government spending has amounted to 57.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 113.5 percent of GDP.



World-class infrastructure and communications, an innovative business community, and a modern regulatory system help France to earn high marks for business freedom. Much-needed labor market reforms were stymied by France's Yellow Vest movement and further put on hold with the advent of the Covid-19 pandemic. The government has introduced a new subsidy of €1,000 specifically for the purchase of used purely electric cars.



As a member of the EU, France has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. France has an additional 29 country-specific nontariff barriers. Investment in some sectors remains restricted with a new decree in 2020 covering additional strategic sectors. The financial sector is competitive and mostly in private hands.