



Attractiveness of France Automotive

Innovative and open to partnerships, supported by a populous and dynamic network of subcontractors, the French automotive industry offers excellent opportunities for investment and building new sites.

PSA Peugeot Citroën and Renault, the leading French automotive manufacturers, invest 5% of their turnover in R&D. They have launched ambitious research programmes, involving public laboratories (2,500 specialist researchers) and private centres (approx 7,500 researchers). Which makes the automotive industry the No 1 investor in R&D in France. French manufacturers are particularly experienced in developing the diesel engine. For the year 2004, 46% of the output of French manufacturers was fitted with this type of engine. French manufacturers work hand-in-hand with their suppliers: For example, PSA Peugeot Citroën runs technological innovation plans along with its suppliers. The development of the clean diesel engine by PSA Peugeot Citroën, in cooperation with Saint-Gobain and

5 competitiveness clusters

10% of world output is produced by PSA Peugeot Citroën and Renault

Over 60% of turnover by parts manufacturers in France is produced by foreign parts manufacturers

the Japanese firm Ibsiden, is a prime example of this sharing logic. This concept brings together all the benefits of diesel while manifestly reducing its disadvantages. And PSA Peugeot Citroën has unveiled two demonstrator vehicles, the Peugeot 307 and Citroën C4 Hybrid HDi, both featuring a diesel-electric hybrid powertrain.

FOREIGN INVESTORS

France is also home to a culture built on partnership and teamwork, which foreign manufacturers find most beneficial.

Toyota located its production site for Europe's most popular model, the Yaris, at Valenciennes, in the north of France. After a recruitment campaign for 1,000 extra jobs last year to launch the new generation of Yaris, there are now almost 4,000 employees working on the site, which is testimony to the success of Toyota's industrial model in the French context.

Foreign parts manufacturers have located all over France, attracted by the significant purchasing capacity of the automotive manufacturers. Foreign parts manufacturers are already very well established in France: in 2004 they accounted for almost two thirds of the sector's turnover and employees.

The partnership culture between manufacturers/parts manufacturers is deeply anchored in France, as the Renault Supplier Quality

Awards have again shown recently. Bosch, Magna, Delphi, Sanden to name but a few have decided to locate in France. For all these companies, proximity is the key to success.

Another example: American BorgWarner recently built a new factory near Tulle, in the Limoges area; one stage in the company's development to meet the growing need for its DualTronic™ transmission on the European market.

ORIGINALITY AND SKILLS

The French are also known throughout the world for the quality of their automotive design. By conceiving original and unusual models, French companies have conquered new markets and exported their skills internationally. Which is why Toyota chose France for its European design centre at Sophia-Antipolis

In 2005, France's automotive industry had the best value added by employee in Europe.

French higher education offers a wide range of specialist technical training courses, in the leading edge sectors of industry or services.

These institutions supply companies locating to France with immediately effective, top quality professionals. A number of engineering schools also work in partnership with the manufacturers, parts manufacturers and research organisations: The Centre for Higher Education in Industrial Techniques (CESTI/Supmecha), The National School of Automotive Professionals (GARAC), The National Higher School of Arts and Trades (ENSAM), The Higher School of Aerospace Techniques and Automotive Manufacturing (ESTACA), the French Petroleum Institute (IFP-ENSMP).

TWO LEADING MANUFACTURERS: RENAULT AND PSA PEUGEOT CITROËN

In 2005, Renault and PSA Peugeot Citroën produced 5,182,813 private cars, UVs and commercial vehicles worldwide, representing a 0.3% increase over the previous year, 50% of which was in France. The two French manufacturers have acquired almost 20% of Europe's market share.

"In France today we have two major groups, PSA Peugeot Citroën et Renault Nissan, with whom we have forged leading partnerships for our business."

Christophe Deneuille, Sales Director, Bosch.

