Stiftung
Familienunternehmen

Press release

Munich, 20 April 2017

Country Index for Family Businesses: France drops down rankings to join Italy and Spain at the bottom of the table

Following the presidential elections, France will urgently need to implement economic reforms if it is to prevent a widening chasm between it and the other Eurozone countries. This is clear from its position in the Country Index for Family Businesses, which the Centre for European Economic Research (ZEW) in Mannheim has compiled on behalf of the Foundation for Family Businesses. France has slipped down the overall rankings to third last, followed only by Spain and Italy. The report compares the conditions for family businesses in 17 European countries and the USA. In the light of Brexit and the uncertain future of transatlantic free trade, „a further drifting apart of north and south jeopardises the political and economic stability of the EU at this difficult time," warns Prof. Brun-Hagen Hennerkes, Chairman of the Foundation for Family Businesses.

Prof. Friedrich Heinemann, head of the research area Corporate Taxation and Public Finance at ZEW and one of the authors of the Country Index, also sees the poor performance of the eurozone's three largest economies after Germany as cause for concern: „The European debt crisis has entrenched the positions of Italy and Spain at the bottom of the rankings, while France has ‚moved farther south' especially as regards financing conditions." According to the index, family businesses active in France also suffer the highest effective tax burden. Compared with the rest of Europe, France's labour market is very inflexible, and it also took last place for the criminality and political stability subindicator – creating further cost burdens for businesses.

„Whoever takes up residence in the Elysée Palace following the run-off in May is going to face an extremely difficult political task. Economic reforms are not only unpopular with the voters, they also take a long time to have an effect. So it is all the more important that the new president changes course immediately to effectively prevent further economic decline," declares Hennerkes. Although France is an important market for German family firms, the Country Index shows that the French economy is becoming increasingly more isolated and companies there are poorly integrated in the international division of labour. „The President's new priority must be to seek greater openness and less isolation," says Hennerkes. „But in comparison with other European countries, Germany is not exactly a leading light either," he adds. „The current economic upturn conceals some serious structural deficiencies here."

Country	Points 2016	Ranking 2016	Points 2014	Ranking 2014
Luxembourg	65.39	1	62.87	3
United Kingdom	65.12	2	66.87	1
Switzerland	64.63	3	65.95	2
USA	62.14	4	61.92	4
Netherlands	61.24	5	60.05	7
Denmark	60.93	6	60.86	6
Finland	58.04	7	60.91	5
Ireland	57.99	8	55.47	9
Sweden	57.76	9	57.39	8
Austria	53.89	10	54.07	10
Czech Republic	53.75	11	52.01	12
Germany	53.07	12	53.03	11
Poland	49.10	13	49.54	13
Slovakia	47.00	14	46.33	16
Belgium	46.15	15	46.86	15
France	45.91	16	47.72	14
Spain	43.02	17	41.57	17
Italy	35.09	18	34.55	18

The Country Index has been compiled every two years since 2006 by ZEW Mannheim on behalf of the Foundation for Family Businesses. It is based on measurable national and international factors that are analysed to determine the attractiveness of a particular country for large family-owned enterprises in the manufacturing sector in the EU and US. This data is then augmented by model calculations based on a family business with annual revenues of €210 million.

» Download Country Index for Family Businesses

Further information:

Georg Blaha
Communications and Programmes

Stiftung Familienunternehmen
Prinzregentenstrasse 50
80538 Munich, Germany

Tel.: +49 (0) 89 / 12 76 400 01

blaha@familienunternehmen.de
www.familienunternehmen.de
@StiftungFamUnt