France’s economic freedom score is 66.0, making its economy the 64th freest in the 2020 Index. Its overall score has increased by 2.2 points, primarily because of an increase in the score for government integrity. France is ranked 34th among 45 countries in the Europe region, and its overall score is below the regional average and well above the world average.

The French economy has languished in the moderately free category since 2004. GDP growth over the past five years has likewise been tepid.

The government continues to push its package of legislative reforms aimed at lowering the stubbornly high rate of unemployment, especially among young people; improving foreign investors’ negative views of the economic environment; increasing competitiveness; and improving public finances. Unfortunately, it is doubtful that the proposed reforms, even if implemented, would have much impact either in curtailing levels of government spending that are among the highest in the world or in reducing stifling rigidities in the labor market.

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**ECONOMIC FREEDOM STATUS:** MODERATELY FREE

**BACKGROUND:** France is one of the world’s most modern countries and sees itself as a leader among European nations. The populist “Yellow Vest” movement has disrupted French society and politics since 2018, staging ongoing protests over the cost of living, economic inequality, fuel prices, and taxes. Embattled President Emmanuel Macron of the center-left La République en Marche (REM) was elected in 2017 but remains unpopular. Although his coalition won a majority of parliamentary seats in 2017 elections marked by a record-low turnout, Macron’s planned economic reforms have stalled. 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.
Real property rights are regulated by the French civil code and are uniformly enforced, although highly specialized lawyers are needed to handle residential and commercial conveyance and registration. France has robust laws protecting intellectual property rights. The judiciary is independent, and the judicial process is known to be competent, fair, and thorough albeit time-consuming. The government has strengthened its anticorruption legal framework.

The top individual income tax rate is 45 percent, and the top corporate tax rate is 31 percent. Other taxes include a value-added tax. The overall tax burden equals 46.2 percent of total domestic income. Government spending has amounted to 56.4 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 98.6 percent of GDP.

The overall managerial environment is bolstered by France’s modern business culture, mature financial markets, skilled entrepreneurs, and well-protected intellectual property rights. Badly needed and long-postponed labor market reforms are finally in sight. The government has pledged to fight a planned post-Brexit 5 percent reduction in agricultural subsidies under the EU’s Common Agricultural Policy (CAP).

The total value of exports and imports of goods and services equals 63.4 percent of GDP. The average trade-weighted applied tariff rate (common among EU members) is 1.8 percent, with 637 EU-mandated nontariff measures reportedly in force. France has an additional 28 country-specific nontariff barriers. In May 2019, the PACTE Act, which strengthens foreign direct investment screening mechanisms, entered into force. The financial sector is competitive.