

Mazars publishes the results of its new study

“France – Germany: Key success factors and constraints of a cross-border operation”

At the heart of economic activity and commercial transactions in Europe, France and Germany have enjoyed an auspicious relationship for a number of years. The Franco-German axis, generally considered to be the driving force behind European growth, is well established: today more than 2700 German businesses are based in France and 1400 French companies have subsidiaries or distribution networks located in Germany. It is clear therefore to just what extent the economies of both countries are interlinked.

It is in this context that Mazars surveyed more than 150 French and German companies, each of which is established in the neighbouring country, in order **to gather their perceptions, opinions and conclusions regarding the motivations behind opening their offices, as well as to learn of the difficulties that they encountered, how they adapted to the market and the factors which enabled them to succeed in establishing their business.** The second part of the study is dedicated to the future; focusing on the steps that the companies have taken and will take in order to **maintain and consolidate their position or, in the worst case scenario, to withdraw from France or Germany.**

Key Findings:

① Germany and France continue to be prosperous commercial partners

- 90% of the companies consider their presence in the neighbouring country to be essential.
- More than 50% believe that it is necessary to consolidate this presence, as in most cases it accounts for between 10% and 20% of the global annual turnover of the company.

② They share common motivations for establishing themselves in the other country, but in differing orders of priority

- For those French companies already integrated, the reason for setting up in Germany is primarily because it forms part of a general strategy of international development. After this they highlighted the wealth of business opportunities followed by the proximity of the markets as the secondary and tertiary motivations
- The German companies on the other hand are primarily motivated by the business opportunities, followed by the proximity of the markets between the two countries. Setting up in France in order to adhere to an international development strategy only appears as a tertiary consideration.

③ The French and German companies have differing views regarding the constraints of setting up a cross-border company...

→ The German companies insist that the cumbersome French bureaucracy and the increased costs associated with the local workforce really hinder their development in France.

→ The French companies put the difficulties associated with establishing their brand image in Germany at the top of their list of constraints.

→ Companies from both countries do agree on one point: buying patterns vary enormously on each side of the border and this is a challenging element to overcome.

④ ...but they share the same opinions when it comes to success

→ For the companies in both countries, knowledge of the market, the quality of the products and the geographical proximity guarantee successful operations in the opposing country.

“For Mazars, an international organisation originating from Europe, Franco-German activity is of great importance. Our offices and our professionals have a long-standing presence in both countries, providing services to both French and German companies. For example, we have assisted in 25% of the total French investment in Germany during the last ten years” explains **Amand Rufin, managing director and founder of Mazars Germany**.

Moreover, **Michael Pfeiffer, managing director of Invest in Germany**, the official agency for promoting investments in Germany, and **Emmanuel Lefèvre, managing director of Invest in France in Germany** as well as **Giles Untereiner, managing director of the French Chamber of Commerce in Germany**, shed their own light and comment on the results of the study

Mazars est une organisation internationale spécialisée dans l'audit, la comptabilité, la fiscalité et le conseil aux entreprises. Son *partnership* intégré est présent dans 42 pays et rassemble plus de 8 000 collaborateurs.

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