

News Letter

Introduction

> *By Michiel Schokking, Owner Taking Up Residence*

Greetings and welcome to the October edition of our (PDF) newsletter. This month, we profile France. A combination of old world charm, unique cultural heritage, and modern sophistication lures millions of tourists from all over the world to its borders each year. For professional expats, steady economic progress and a strong social support system feeds the attraction. To read more about life in [France](#), go to the [TakingUpResidence](#) website.

The [Expat Web](#) group continues to grow, and we would like to extend a warm welcome to all our new members. Thank you for helping us to make the Expat Web one of the most effective networks of more than 7,300 professionals worldwide.

As always, we love to hear from you, so feel free to post your comments and suggestions in the [Expat Web forum](#)!

Many thanks,
Michiel Schokking

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In this issue...

 *Senior Editor, Diana Heeb Bivona offers a few French business culture tidbits in Formality and Respect are Valued.*

 *Elsa Guillais and Rachel Ryder of Emigra Ogletree Worldwide provide an overview of French immigration law in Recent Changes in French Immigration Policies.*

 *Michael Barrett an American expat living in France and creator of the blog, American Expat in France offers insights for entrepreneurs regarding Doing Business in France.*

 *Attorney Haywood Wise takes a closer look at commercial immigration in Professional - Commercial Immigration to France Favors Admission of Skilled Entrepreneurs – Recent Reforms.*



Formality and Respect Are Much Valued

> By Diana Heeb Bivona, TUR Senior Editor

American author Ernest Hemingway once said, "If you are lucky enough to have lived in Paris as a young man, then wherever you go for the rest of your life, it stays with you, for Paris is a moveable feast." People who have spent time in Paris, or for that matter, France in general, often speak fondly and favorably of their time in this country. Modern and culturally diverse, France has a long history and a prominent culture, which attracts millions of tourists and business people alike each year.

Common characteristics and traits often associated with French culture also figure prominently in the business place. Formality, courtesy, mutual trust and respect are all elements that play key roles in French business culture. Formality and a higher level of reserve should be maintained, especially when conducting business with the French. Speaking loudly or moving quickly toward establishing a first-name basis before being invited are faux pas. Similarly, as privacy is highly valued, blurring the lines between one's professional and personal life by discussing personal matters or family during meetings or at work is not well received.

Some practices by the French such as maintaining direct and frequent eye contact when speaking, or asking direct and often probing questions may make some people uncomfortable. However, these practices should be expected, as they are common. Frequent interruptions when speaking may seem rude to some, but is merely a reflection of a culture's appreciation of conversation and particularly debate.

If not fluent in French, your ability to apologize for a lack of this knowledge, and a willingness to at least learn a few key phrases can go far in the eyes of your French colleagues. While most will likely speak English quite fluently, efforts to learn and bridge any cultural gap in order to establish a solid working relationship will definitely be viewed favorably -- as it would in any culture.

A word from the editor:

The small cultural and etiquette pieces included in the newsletter are not meant to be comprehensive, analytical pieces of an academic nature. Instead, my hope is to simply provide our readers with a cultural introduction to a particular country. To arouse your interest, and possibly provide you with a few small insights into what that culture is like. It would be insulting to attempt to explain any culture in a brief article format such as this. Each culture is filled with nuances and influences that make it uniquely its own. Yes, there are common traits and traditions that can be found, and that is what I attempt to focus on and celebrate in these brief articles. My goal is simply to tickle your interest and share my love of the world's cultures. It is not to suggest that these articles act as absolute guides to all situations.

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Recent Changes in French Immigration Policies

> *By Elsa Guillais and Rachel Ryder*

French immigration has been traditionally recognized for its stability, considered to have reliable and structured regulations, especially when compared to dynamic immigration countries, such as the United Kingdom or Spain. Still, despite being structured and stable, immigration policies in France have adjusted to changing immigration and recruitment needs in recent years. In 2006 through 2008, France immigration underwent significant restructuring and adaptation, aiming to promote intra group mobility and to attract "skilled" foreign workforce to France. While France remains a country with reliable immigration policies intact, these changes have brought their share of headaches, as does almost all immigration.

Prior to 2006, France immigration was restrictive, with few options for French employers who wanted to hire or host foreign workers. For example, prior to almost all foreign hires, an employer was required to first complete a local labour market search, a process that can be long and tedious.

In an effort to respond to the needs of the French employers, and taking into account the evolution of the modern French economy, immigration authorities set goals to establish policies which would control immigration flows, better organize legal immigration (which implicitly reduces illegal immigration), and allow for more flexibility for employers.

Below are three categories of significant change, and of importance to French employers:

Adjustments made to current immigration categories.

Most notably, policies regarding intra company transfers were improved. It has become easier for a French company to hire or host a foreign national from a company abroad. The French labour authorities are instructed to process a work permit application for an intra company transfer as a priority and, consequently, processing time is reduced. Also

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(when conditions are met), the intra company transferee receives a work/residence permit called “salarié en mission”. The “salarié en mission” permit is valid for up to three years, and remains renewable under some circumstances. Previously, the residence permit for an intra company transferee was only valid for one year, and required renewal annually. Also, the spouse of a “salarié en mission” transferee is now also allowed the right to work in France.

New work / residence permit categories created.

A new permit called the “compétences et talents” was made available. This permit is granted to foreign nationals making a contribution to France through “skills and talents,” specifically contributing to the economic development or to the expansion in the intellectual, scientific, cultural, humanitarian or sports fields of France and, directly or indirectly, of a foreign national’s country of origin. Previously, no such permit for this category was available. The “compétences et talents” is also valid for up to three years.

Simplification and flexibility of current procedures.

Some categories of foreign nationals can obtain a long stay visa valid between 3 and 12 months, exempting them from applying for a residence permit. The visa acts as a residence permit. If the stay in France is extended beyond the validity date of the visa, they are then required to apply for a residence permit. Typically, a long stay visa is valid for 3 months and once in France the foreign national must apply for a residence permit, a process which can take up to eight weeks (longer during peak seasons).

Also, a local labour market search is no longer required when an employer wishes to recruit foreign workers for occupations experiencing a workforce shortage, allowing for more timely and less expensive relocations for French employers. The French government establishes and maintains the lists of job “shortages.” These lists are generally negotiated through bilateral agreements, and often vary by the country of origin of the workers.

While French immigration has made strong efforts to improve policies, there are still common difficulties that can occur:

- There are many different work / residence permit categories, and it can be confusing as to which category is the most appropriate.

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- French authorities may apply immigration regulations inconsistently. This leads to the labor department potentially issuing a wrong work permit, a French consulate issuing the wrong visa, or possibly the police authorities issuing the wrong residence permit.
- Some of the new regulations are subject to interpretation, and local authorities may interpret with different nuances. For this reason, a French employer may have two foreign transferees of the same company, with the same employment conditions, who will not obtain the same immigration documents.

France continues to implement beneficial and organized immigration policies, but it would benefit any French employer to be educated on the current regulations and seek expertise when hiring foreign nationals.

Doing Business in France

> *By Michael Barrett*

Attracted by the je ne sais quoi of France? Are you fluent in the language, know the culture well and have an entrepreneurial spirit? You may then be thinking about starting a business in France. Before undertaking such an adventure, however, it is important to understand the business and legal environment in order to evaluate your options, constraints and opportunities.

What follows is a brief look at starting a business in France. Note that it would be wise to seek the advice of a French lawyer and accountant if you are serious about this project. You should have a clear business plan, the drive to keep you focused and enough capital for start-up costs and expenses for at least the first couple of years. Knowledge of the French legal system, business environment, as well as cultural codes is also essential for success.

Although France is less known than the US and UK as a culture of innovation and successful SME's, that is gradually changing as business parks with favorable tax rates are expanding. Where do you want to do business,

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Previously, he worked at [AmCham France Rhône-Alpes](#) and has also lived, studied and worked in Angers, Grenoble and Lyon.

Very active within the American community of France, he writes a must-read blog for expats called [American Expat in France](#). Michael can be reached at: MichaelBarrett1984@gmail.com.

and what will be your focus are key questions demanding answers. A thorough market analysis is vital. For example, English teaching and translation are saturated markets in Paris with significant competition. It might be better to specialize in a specific translation type (culinary, technology, tourism, etc.) or a certain clientele for English teaching (CEOs or students).

Real estate costs are much more expensive in the Ile de France greater Paris region, so that should be another consideration. Furthermore, certain regions have specialties: Toulouse for aerospace engineering, Grenoble for nanotechnology and IT, Lyon for biotechnology and pharmaceutical, etc. that may influence your decision in terms of where to set up shop.

Let's look at some of the main legal entities possible for businesses in France. There are many cases of entreprises individuelles, where your personal finances are engaged in the company. This means that if your business goes bust, you could lose your house.

For entreprise unipersonnelle à responsabilité limitée (EURL), the business owner's personal finances remain independent from the business capital, and the business owner is the only associate.

If you want to have several associates who contribute capital, you could choose the société à responsabilité limitée (SARL) structure, where you can have between 2 and 100 associates and the minimum capital is only 1€. SARL's are not required to have a board but are directed by an executive chosen by the shareholders.

Another business structure is société anonyme (SA), reserved for bigger companies who aim to be listed on the stock exchange. There are at least 7 associates in this case with a minimum capital investment of 37,000€ (225,000€ for those going the IPO route).

Two structures are possible here. Shareholders can either elect a board of 3 to 18 members (and a board member is limited to membership on 5 corporate boards). The Director of this board can then become the PDG (président directeur général, the equivalent of CEO). The other option is a directoire ou conseil de surveillance structure where the membership is still 3 to 18 board members. However

in this case they only monitor company activities and the everyday management is delegated to a directive structure (directoire) made up of 1 to 5 members (or 2 if the capital is more than 150,000€, and 7 members if the company is listed).

There is also the société par actions simplifiée (SAS). Associates have more control over the governance of the company and its legal entity as well as everyday activities, but they cannot use public money. It is used often by groups, which control their subsidiaries 100%.

These are just a few options available for setting up a business. There are many others including société européenne (SE), association loi 1901, and société coopérative, mutuelle. More information and resources regarding venture capital, business advice and legal structure can be found at [American Expat in France job, networking links, creating business](#).

This article is intended to provide general information only for educative and illustrative purposes, and is not professional or technical advice.

Professional - Commercial Immigration to France Favors Admission of Skilled Entrepreneurs – Recent Reforms

> *By Haywood Wise, Avocat-Attorney at Law and Joyce Maarek, jurist*

The reform of French immigration law under the law of July 24, 2006 is one of the most major reforms of French immigration law in regard to foreign professionals, creating a coherency between residency status and the right to engage in commerce, while establishing a new status for talented professionals with a project in France, the Skills and Talents Permit.



Abolishing the “merchant’s card”, an authorization to be requested at the Consulate abroad, French law now makes a distinction between merchants who intend to engage in a commercial, artisanal or industrial activity in France, and those who will act as merchants, in their capacity as corporate officers, in their home countries.

It is the first type of merchant or independent professional, which is of the greatest interest to entrepreneurs who have chosen France for their home. Henceforth, such an immigrant must be in possession of a residency card (carte de séjour) authorizing a commercial, industrial or artisanal activity. This particular residency card is granted on a one year, renewable basis. The Skills and Talents Permit also grants the right to its holder to engage in commercial, industrial or artisanal activity, for a period of three years, renewable.

Of course, a foreign person who is the holder of a 10-year residency card (carte de résident) or a family life visa (vie privée et familiale) such as the spouse of a French citizen, is exempted from the obligation to hold such a card.

In the event that a foreign person holds a residency card as an employee (“salariée”), student (“étudiant”), artist (“artiste”), independent professional (“profession libérale”), he/she is required to request a change of status at the Préfecture to engage in a commercial, industrial or artisanal activity, even if that activity is only secondary to their principal activity.

For the foreign person not yet residing in France, the merchant’s visa request must be made at the French Consulate having jurisdiction over their residence.

An Ordinance (Arrêté) dated September 12, 2007 sets forth a very detailed list of the documents to provide in a petition to be authorized to engage in a commercial, industrial or artisanal activity.

These documents must demonstrate, either to the Préfecture or to the French Consulate abroad, that the commercial endeavor is viable and will continue in the future. In particular, it must be demonstrated in any request that the activity will result in income for the petitioner of at least the equivalent of the French minimum wage.

About the Author:

Haywood Martin Wise is an American born French attorney who specializes in French immigration and business law, in particular for entrepreneurs seeking to establish businesses in France.

Information on immigration to France can be found on his website, www.parislawyer.fr.

The Consulates and Préfectures will be particularly swayed by any financial guarantees given, such as guarantees from a French banking or insurance institution or the constitution of a share capital in a commercial company. As a practical matter, our offices have encouraged future merchants to form commercial companies, such as the SARL, in order to provide such financial guarantees to the Consulate or Préfecture.

All merchants are required to register with the Commercial and Companies' Register in France where they are established. However, an individual entrepreneur as defined in the law on modernization of the economy dated August 4, 2008 is not required to register with the Commercial and Companies' Register or Professional's list (Répertoire des métiers) (Article L. 123-1 of the Commercial Code).

The 2006 immigration law also established a catch-all extraordinary persons status by establishing the Skills and Talents Card (Carte Compétences et Talents) which is of particular advantage for foreign professionals given that it is a three-year, renewable card, absolving them of the need to renew their status on a year-to-year basis. This card is issued to foreign persons "who are likely to participate, due to their skills and talents, in a significant and longstanding manner in the economic development, territorial improvement, or intellectual, scientific, cultural, humanitarian, or athletic success of France, and directly or indirectly, the success of the country of which he/she is a national."

This broadly drafted catch-all gives the French Administration a great deal of discretion to choose gifted foreign persons who will contribute to French life. The card allows the holder to perform any professional activity of his/her choice, and the Skills and Talents project may be for an activity operated as a merchant, independent professional, artists, or even employee status. As a result, for high level executives, this status is a means of legitimately avoiding prior labor approval – such a petition may be submitted directly to the Consulate of France without submission to the French Labor Office (DDTEFP).

A Commission has been established to review petitions for the Skills and Talents Card. Petitions will be granted on the basis of the significance of the project, its location, the

sector of activity, any job creation which may result, and the profile of the candidate and his/her aptitude to realize the project in light of his/her educational and professional qualifications and financial investments in the project.

Experience has demonstrated that the French Consulates abroad have quickly oriented qualified foreign professionals to the Skills and Talents Card and granted such status, even where minimal financial investment is involved. On the contrary, the Préfectures, and in particular the Préfecture de Police de Paris, have been more hesitant in granting such petitions in the context of a change of status.

The reform of merchant's status in France and the establishment of the Skills and Talents Card offer foreign professionals a great deal of choice in the manner in which they choose to organize their professional activity in France. This open-ended legislation gives considerable power to the Consulates and Préfectures to grant status to professionals of their choice.

Did You Know that France...

- Has almost 3,000 miles of seashore, and access to three major bodies of water: the Mediterranean Sea, Atlantic Ocean, and the English Channel.
- Is one of the largest wine producing nations in the world, with 17 distinct wine producing regions.
- Is home to the Louvre, one of the largest art museums in the world.
- Is one of the oldest state's in Europe, founded in 843.
- has the highest wealth tax of any European country.