

FRANCE



POPULATION 2016
66 896 110



URBAN POPULATION %
80 %



NUMBER OF PASSENGER CARS IN USE
32 326 000



NUMBER OF VEHICLE PER HEAD
(DATA IN 2015) PER 1000 HABITANT
580



TOTAL PASSENGER ROAD TRAVEL
DISTANCE 2016
(MILLION PASSENGER-KILOMETRES)
838 397



ROAD INFRASTRUCTURE
INVESTMENT 2017 €
8 293 899 173



% OF GLOBAL ELECTRIC VEHICLES
SALES IN 2017
LESS THAN 5%

Source of data: World Bank; OECD; Eurostat; OICA; IEA; UN-DESA/Population Division; Statistics from Departments of Transport



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France on the front foot of sustainable mobility

With French consumers showing a healthy appetite for sustainable mobility solutions, Jerome de Pastors, Partner, Mazars France explores some of the key developments that are driving growth and what players should be considering going forward.

While still a small percentage of overall car sales, EV take up in France has been relatively high compared with other European countries. In 2017, EV sales reached 36,835, which is a 26.2% increase on the previous year and now makes France one of the top four countries for EV sales alongside Norway, Germany and the UK. The challenge now is how the automotive industry can strategise this demand and plan for the future.

In terms of government involvement, innovation is certainly a key plank of President Macron's parliament. The recent announcement of the creation of the Prairie Institute as a centre of excellence dedicated to artificial intelligence (AI) in Paris is a clear sign of intent that France plans to be at the forefront of technological development. While the institute will be a collaboration of the academic world and industry to research solutions across a wide range of areas, the involvement of Faurecia, PSA Group and Valeo highlight that mobility will be a beneficiary.

How the automotive industry as a whole reacts to such developments will set the tone for the factors considered important in shaping what the industry will look like in the future.

MEGA-PARTNERSHIP REPLICATION

Recent mega-partnership developments in France have seen PSA Group acquire Opel/Vauxhall from General Motors, as well as rumours of a merger between Renault and Nissan who between them produce France's top two selling EVs - the Renault Zoe and Nissan Leaf. As the pace of change in the sustainable mobility space moves up a notch, best of breed mergers between OEMs and within the supply chain will continue to be attractive. Certainly, identifying individual strengths in the sustainable mobility space and brokering a marriage with a complementary partner is a game plan not just open to big players, but can be replicated by a wide range of companies across the automotive industry to gain market momentum.

HOW SUSTAINABLE IS SUSTAINABLE?

In terms of an environmental footprint, the focus so far has been on combustion engines. But it will not take long before consideration is given to having a more accurate measure of the environmental impact of EVs. We already know that while EVs reduce emissions overall, batteries use large amounts of nickel, lithium and cobalt. The mining of these elements has big environmental consequences. A further concern is whether the electricity being used to power EVs is from a renewable source. As sustainable mobility choices develop, key performance indicators (KPIs) on sustainable objectives are set to become more common across the wider supply chain.

SUPPLY CHAIN CHALLENGE

While OEMs are finding themselves at the sharp end of sustainable mobility disruption, it's players in the automotive industry supply chain that potentially face the biggest challenges at business level. With EVs requiring fewer traditional components and materials, Tier 2 and 3 companies who currently focus on a small number of product lines that have limited EV cross over potential going forward will need to spend time developing their future strategy, particularly if they do not have the support of a Tier 1 player.

INCENTIVES VERSUS INFRASTRUCTURE

Environmental regulation aside, governments are taking two main approaches to increasing EV take up - creating incentives and providing necessary infrastructure. Some such as Norway have focused on consumer incentives to great success. Whereas countries where traditional car manufacturing accounts for a large percentage of the economy, have to take a more balanced approach. In France's case, getting the infrastructure in place has been the preferred route. Indeed, in 2017 France installed more than a third more electric vehicle charging points (11,987) than anywhere else in the world, according to OSV's Electric Car Index. With lack of infrastructure a major reason for low EV take up, France's approach removes a major disincentive, while at the same time leaving open the door for financial incentives further down the line.

