

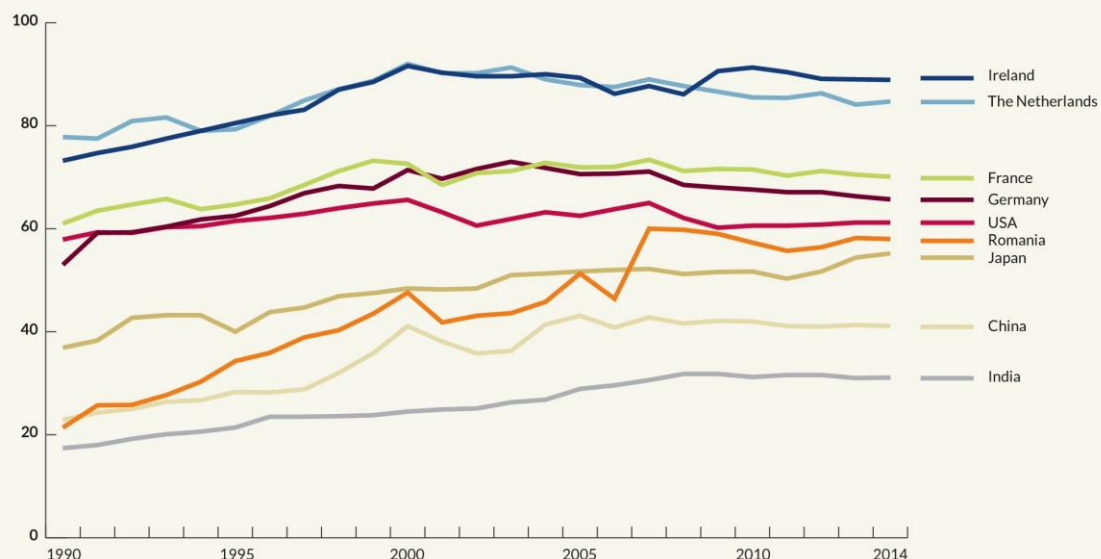
# Globalization Report 2016

## Fact Sheet France

France is closely integrated into the world economy. Economically, politically and socially, France is even stronger interconnected with the rest of the world than Germany.

In our “Globalization Report 2016”, we examined how far individual countries benefited from increasing globalization between 1990 and 2014. In order to answer this question, the first step was to draw up a globalization index, which measures how interconnected a country is with the rest of the world. This index is very closely based on the well-established “KOF Index of Globalization” produced by the Swiss Federal Institute of Technology (ETH) in Zurich. In addition to indicators on economic interconnectedness, it also includes information on the social aspects of globalization (international tourism, migration etc.), and how politically integrated a country is in the world (e.g. data on membership of international organizations and international treaties). The data enable a globalization index to be drawn up for every country and every year, with scores between 0 and 100. The higher the number of points on the index, the more interconnected that country is with the world.

FIGURE 1: Development of the globalization index for selected countries from 1990 to 2014



Source: Prognos 2016

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Large countries such as Germany and France are usually less globalized than small countries such as Ireland and the Netherlands. One reason for this is the fact that Germany and France have large domestic markets. Hence they depend less on exports to other economies or imported preliminaries. In 2014, the last year covered by the “Globalization Report 2016”, France ranked 13th of all 42

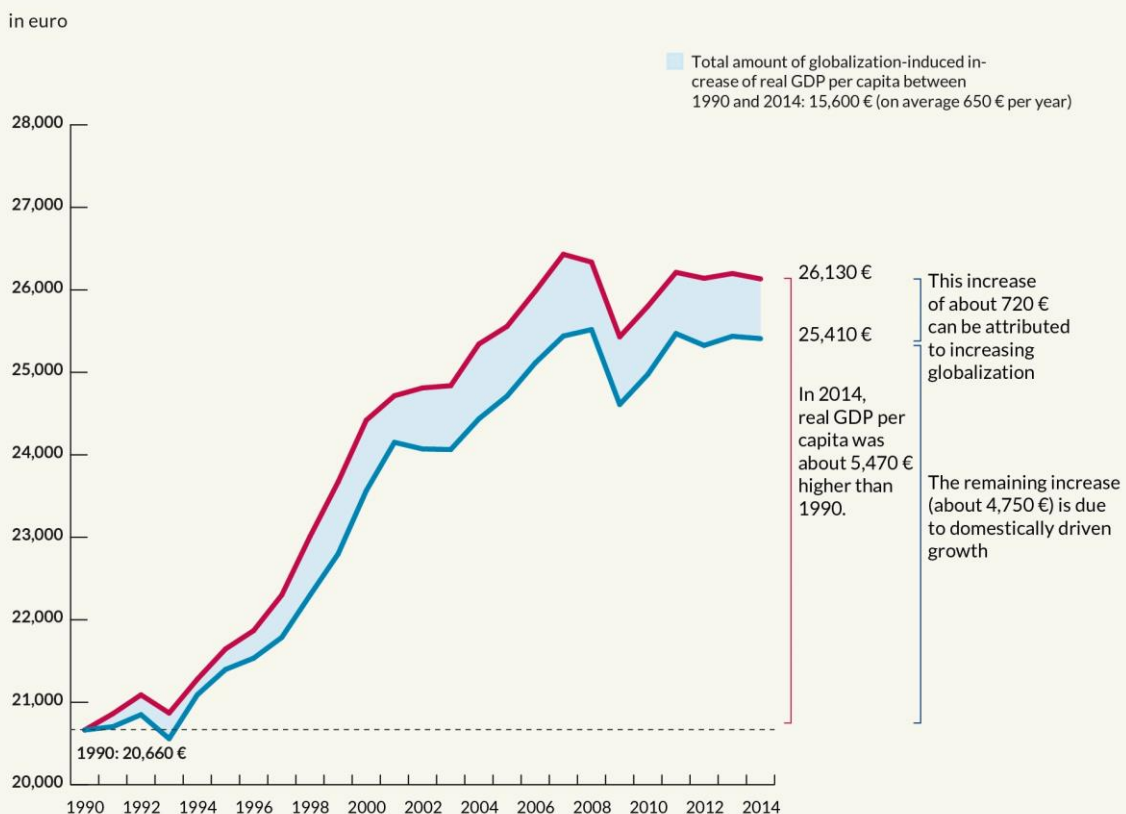
countries. Thereby, France is more closely interwoven with the rest of the world than Germany (see figure 1).

Due to increasing globalization between 1991 and 2014, real GDP per capita in the year 2014 in France was €720 higher than it would have been without this advance in globalization. Cumulated over the whole period, GDP per capita increase due to increasing globalization totaled €15,600. Adjusted for purchasing power, the increase even achieved € 18,100.

The second step involved using regression analysis to calculate what impact an increase in globalization has had on the growth of real (i.e. inflation-adjusted) GDP per capita. In relation to the period from 1990 to 2014 and to the 42 economies studied, the calculations produced the following results: if the globalization index rises by one point, this leads to an increase in the growth rate of real GDP per capita of around 0.3 percentage points. For the French economy, the report calculated the following increases in GDP due to globalization (see figure 2):

- In 1990, real GDP per capita was around €20,660. By 2014, it had risen to €26,130 (a rise of €5,470).
- Without increasing globalization as defined by the globalization index used here, real GDP per capita would have only reached around €25,410 in 2014.
- As a result of increasing globalization since 1991, real GDP per capita in the year 2014 was therefore €720 higher than it would have been without this advance in globalization.
- Cumulated over the whole period, GDP per capita increases due to increasing globalization totaled €15,600.
- Spread out across the 24 years, it means that increasing globalization had raised the average GDP per capita in France by around €650 per year.

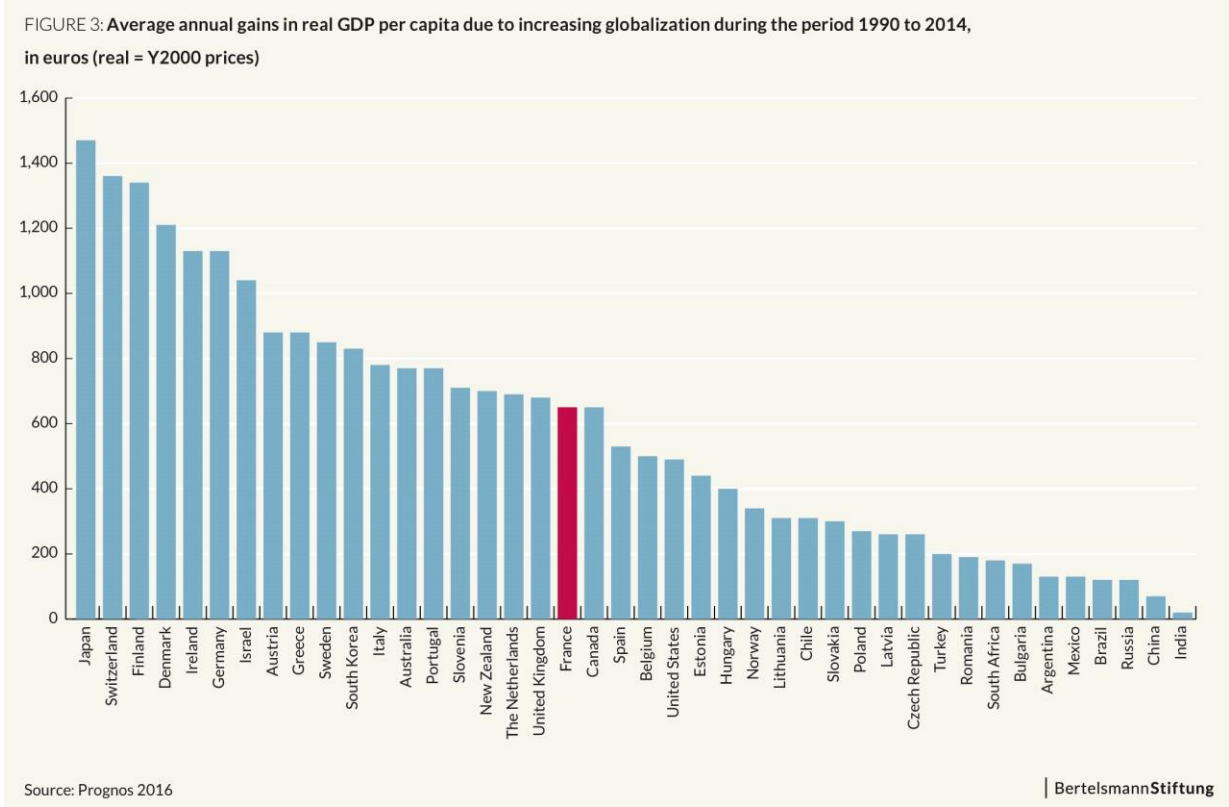
FIGURE 2: Development in real GDP per capita in France, with and without increasing globalization



Source: Prognos 2016.

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This calculation was carried out for all 42 countries; globalization-induced GDP growth was achieved in every country. France ranked 19th with its cumulated globalization-induced increase in real GDP per capita of €15,600 (respectively on average €650 per year, see Figure 3).



For additional information, please see “Globalization Report 2016” from Bertelsmann Stiftung (<http://www.bertelsmann-stiftung.de/en/publications/publication/did/globalization-report-2016/>).

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