The French Defense Sector – Market Opportunities and Entry Strategies, Analyses and Forecasts to 2015

Description: This report offers insights into the market opportunities and entry strategies adopted by foreign OEMs (original equipment manufacturers) to gain a market share in the French defense industry. In particular, it offers in-depth analysis of the following:

- Market opportunity and attractiveness: detailed analysis of the current industry size and growth expectations during 2010–2015, including highlights of the key growth stimulators. It also benchmarks the industry against key global markets and provides detailed understanding of emerging opportunities in specific areas.
- Procurement dynamics: trend analysis of imports and exports, together with its implications and impact on the French defense industry.
- Industry structure: five forces analysis to identify various power centers in the industry and how these are likely to develop in the future.
- Market entry strategy: analysis of possible ways to enter the market, together with detailed descriptions of how existing players have entered the market, including key contracts, alliances, and strategic initiatives.
- Competitive landscape and strategic insights: analysis of competitive landscape of the defense industry in France. It provides an overview of key defense companies (both domestic and foreign), together with insights such as key alliances, strategic initiatives, and a brief financial analysis.
- Business environment and country risk: a range of drivers at country level, assessing business environment and country risk. It covers historical and forecast values for a range of indicators, evaluating business confidence, economic performance, infrastructure quality and availability, labor force, demographics, and political and social risk.

Synopsis:

- Top level overview of the French defense industry
- A breakdown of the French defense industry by spend pattern valued from 2004 through 2009 and forecasted from 2010 through 2015
- A breakdown of the markets by segment valued from 2004 through 2009 and forecasted from 2010 through 2015
- Details of top companies active across the French defense industry
- Emerging trends and opportunities in the French defense industry in the last 12 months

Scope:

- Analysis of Defense industry market size from 2004 through 2009 and forecasts till 2015
- Analysis of defense budget allocation
- Benchmarking with key global markets
- Market opportunities
- Defense procurement dynamics
- Industry dynamics
- Market entry strategy
- Competitive landscape and strategic insights
- Business environment and country risk

Reasons to Buy

- Gain insight into French defense industry with current, historic and forecast market values
- Get insight on market opportunity and attractiveness
- Get insight on industry procurement dynamics
- Gain insight on industry structure
- Gain insight into the regulations governing the French defense industry and the potential market entry strategies with an expert analysis of the competitive structure
- Identify top companies of the French defense industry along with profiles of all those companies

Key Highlights
During the review period, French defense expenditure increased at a CAGR of 3.26%, and in 2009, valued US$60.7 billion. The military modernization plans outlined in the French white paper, coupled with perceived terrorist threats and active participation in United Nations peacekeeping missions, of which France is the second largest contributor among Security Council permanent members, has stimulated expenditure during the review period. Such factors and are expected to continue to fuel expenditure throughout the forecast period. As a result, and despite budget cuts during 2010–13 to reduce government fiscal deficit, the country's defense budget is expected to grow at a CAGR of 1.50% during the forecast period. The French defense budget, which stood at 2.3% of GDP in 2009, is expected to decline to 2.0% of GDP by 2015 due to budget reductions.

The capital expenditure allocation of the defense budget, which stood at an average of 37% during 2004–08, increased to 41% in 2009 as a result of government modernization plans. Capital expenditure allocation is expected to account for 39% of total defense budget in 2011, before stabilizing at 42% during 2012–15. Common services such as health care expenses and defense infrastructure facilities accounted for the highest budget allocation, with an average of 54% of total budget, excluding other expenses such as research and development and pensions. During the forecast period, the French Army, Navy and Air Force are expected to receive average allocations of 21%, 11% and 12% respectively, excluding other expenses.
4 Defense Procurement Market Dynamics
4.1 Import Market Dynamics
4.1.1 The company acquires the majority of defense equipment from domestic companies
4.1.2 Increased demand for improved early warning system boosts advanced sensors and engines imports
4.1.3 Imports increasing from European nations such as Italy and Germany
4.2 Export Market Dynamics
4.2.1 France is the fourth largest global exporter of defense goods
4.2.2 French export market expanding in Southeast Asian countries
4.2.3 Ships and aircraft constitute the majority of French defense exports

5 Industry Dynamics
5.1 Five Forces Analysis
5.1.1 Bargaining power of supplier: low
5.1.2 Bargaining power of buyer: medium to high
5.1.3 Barrier to entry: high
5.1.4 Intensity of rivalry: medium
5.1.5 Threat of substitution: medium

6 Market Entry Strategy
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6.1.1 France has no offset obligations for defense imports
6.1.2 Foreign direct investment in the defense sector is subject to prior official approval
6.2 Market Entry Route
6.2.1 Foreign military or direct commercial sales with technology transfers are preferred entry route
6.2.2 International product collaborations favored by the French government
6.3 Key Challenges
6.3.1 Government defense budget reductions have a negative impact on defense companies
6.3.2 Restrictive foreign policies coupled with support for domestic companies poses a challenge for the entry of non-European companies in the French defense market

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