

A Guide to Exporting to Europe

An Advisory Paper Presented by the International Law Firm
SCP Weissberg - Gaetjens - Ziegenfeuter
Copyright 1997-2000 WGZ

INTRODUCTION

Europe today consists of the Member States of the European Union (EU), the Member States of the European Free Trade Area (EFTA), and the Central and Eastern European States most of which were, until recently, under the political, economic, and military umbrella of the former Soviet Union.

This paper outlines what the potential corporate investor or exporter of goods and services must know of the EU and describes the general aspects of doing business in France.

The EUROPEAN UNION (EU)

The fifteen current Member States of the EU are France, Germany, the United Kingdom, the Netherlands, Spain, Portugal, Belgium, Denmark, Greece, Luxembourg, Italy, Ireland, Austria, Finland and Sweden. The EU was initially called European Economic Community (EEC). The basic principles of the Economic Union, known as the "Four Freedoms", set up a uniform economic area free from distortions in competition and thus free from customs barriers within the Member States. The "Four Freedoms" are the free movement of goods, persons, services and capital. The Treaty of Maastricht dated February 7th, 1992 organized economic and monetary union, unanimity in foreign policy and cooperation in defense among the Member States. In May 1999, the Treaty of Amsterdam added significant improvements on social and employment matters, to the Treaty of Maastricht.

The EUROPEAN FREE TRADE AREA (EFTA)

The current Member States of EFTA are, Iceland, Norway, Switzerland and Liechtenstein. EFTA essentially creates a "privileged" trade area and is not in any sense an economic or political union. This organization has nonetheless concluded some conventions with EU, namely on jurisdiction, free trade relationship (excepted Switzerland).

It is worth noting that a number of current EEC Member States were previously members of EFTA and that the extension of the EU will probably lead to the disappearance of the EFTA.

THE FORTHCOMING ACCESSION OF THE CENTRAL AND EASTERN EUROPEAN STATES

The accession of new Member States will enhance the Union's international influence. Although economic and political realities in these countries are often very different, the Union will certainly prove its ability to merge the economic interests of nations with a long common history of exchanges.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

With accession of Central and Eastern Europe countries, as well as Malta, Turkey and Cyprus, the EU's population could rise by 25% to 500 million but its total GDP would grow no more than 5%.

The Copenhagen European Council started the pre-accession process in 1993. Negotiations started in 1998 with a first wave of 6 countries : Cyprus, Czech Republic, Estonia, Hungary, Poland, Slovenia. This has been followed by a second wave of 5 countries : Bulgaria, Latvia, Lithuania, Romania, Slovakia.

The Copenhagen European Council defined the criteria which applicants would have to meet before joining the EU : Stability of institutions guaranteeing democracy, existence of a functioning market economy, adherence to the aims of political/economic and monetary union.

The PHARE program is the pivotal financial instrument in the pre-accession strategy. ECU 21 billion are to be provided to the Central and Eastern European Countries for the period 2000-2006. 30% are to be allocated to the reinforcement of the applicant's administration and institutions, 70% in investment financing.

Lately, the Berlin European Council (March 1999) set up 2 pre-accession instruments : A structural instrument (ISPA) and an agricultural one (SAPARD). This European Council decided to double pre-accession aid from 2000.

TRANSATLANTIC ECONOMIC RELATIONS

The EU and the U.S are each other's single largest trading partner : In 1997, they traded goods worth ECU 277.000 million, around 20% of their total world trade. High added value goods like high-tech products account for 20% of this transatlantic trade. The EU and the U.S have by far the world's most important bilateral investment relationship and are each other's most important source and destination for Foreign Direct Investment. 51% of FDI stocks in the E.U originate in the U.S.

The WTO is the scene where the EU and the U.S can exercise considerable influence on global trade & investment (FDI). In this context, the EU and the U.S have worked together to conclude the Information Technology Agreement and the Basic Telecommunication Services Agreement, which together liberalize approximately one trillion ECU in trade in goods and services and most recently, the Financial Services Agreement.

Recently, the EU and the U.S went further in their attempts to enhance a closer economic co-operation. Despite many efforts on both side, a number of barriers, mainly of a non-tariff kind continue to hamper Transatlantic Trade. It was with this mind that the European Commission made a proposal in March 1998 on the creation of a New Transatlantic Marketplace (NTM). This led the EU and the U.S to agree to the launching of the Transatlantic Economic Partnership (TEP) at the 18 May 1998 EU/U.S summit in London.

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

I. GENERAL COMMENTS CONCERNING THE EU

A. From The Treaty of Rome to the Treaty of Maastricht

The European Economic Community (EEC) came into existence following the signing of the Treaty of Rome in 1957 by the six original Member States. The principal object of the Treaty was the creation of a single unified market within its Member States. The United Kingdom, Denmark, and the Republic of Ireland acceded to the Community in 1973, Greece in 1979, Spain and Portugal in 1986 and Austria, Sweden and Finland in 1996.

The Treaty of Rome is essentially an agreement of principle. For the fulfillment of its objective, it specifically envisages the free movement of goods, services, persons and capital within the Member States. The Treaty also defines and creates the institutions charged with the duties of managing, controlling and implementing the numerous steps required to result in the creation of a single European market.

The idea of a single market, as envisaged in 1957, has been taken substantially further by the Single European Act of 1986 entered into among the Member States and which envisages close economic and monetary cooperation as well as a close harmonization of social, scientific, technological and environmental policies.

Under the Treaty of Maastricht ratified by the Member States on February 7th, 1992, the EEC was replaced by the European Union, characterized by economic and monetary union, and common policy in matters of justice, security and foreign affairs. The Member States also planned the creation of a common currency named "Euro" which has entered into circulation in 1999.

Remark : The Treaty of Rome is still in existence.

B. The Institutions of the EU

The Institutions of the EU are the Parliament, the Commission, the European Court of Justice, the Economic and Social Committee and with the Treaty of Maastricht the European Monetary Institute, the European Central Bank and the European Central Bank system.

a. The Parliament

The European Parliament, also called the Assembly, is located in the Franco-German border town of Strasbourg. It is charged under the Treaty of Rome with mainly advisory and supervisory responsibilities, and was not intended as a legislative body even though it assumes a substantial part in the legislative process and has recently been given veto powers over certain aspects of the EU budget. The Parliament has an advisory role under the Treaty of Rome but the Council has no obligation to follow its advice, although its powers have been strengthened in the Treaty of Maastricht and in the Amsterdam Treaty.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

b. The Council

The Council consists of representatives of the Member States (one for each State) and is ensuring that the objectives of the Treaty of Rome are fulfilled. The Council is not a permanent body, its members having full-time responsibilities in their States either as ministers or as civil servants and meeting only a few days a month.

c. The Commission

The Commission has been described as the "guardian" of the Treaty. The Commission consists of twenty members (two from each of the four biggest members and Spain, and one from each of the other States). The members are appointed by the governments of the Member States, although in the performance of their duties they must not take any instructions from any government or any other body.

The Commission has three functions. First it is the promoter of Union's action, with respect, for instance, to its role in the enactment of the directives. Secondly, it is the Union's watchdog and thirdly, it functions as the executive of the EU. It is worth noting in particular that competition policy is enforced solely by the Commission.

d. The European Court of Justice

The European Court of Justice is in charge of the interpretation and application of Community law. It is the supreme authority on all matters of Community Law. Issues are brought before it by the national courts of the Member States or by the Member States themselves, following specific proceedings.

The case law of the European Court of Justice today is a fundamental source of law not only in the scope of the treaties but also in Human Rights field : its creative role has permitted to compensate the non-adhesion of the EU to the European Human Rights Convention as independent entity towards its Member States (although the current negotiations aim at this purpose).

e. Economic and Social Committee

The Economic and Social Committee has a consultative role in the EU decision-making process. Its members are appointed by the Council in their personal capacity and represent a variety of interests such as farmers, workers, trade unionists and consumers.

f. The Comity of Regions

It includes 222 members and does represent the regional and local entities of the EU. Before any decision, the Council and Commission are under the obligation to consult the Comity of Regions.

g. Economic and Monetary Union (EMU)

The Economic and Monetary Union has been brought into operation in January 1999. Its three corner stones are a close coordination of the States' economic policies, a unique currency (the "Euro"), and

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

an irrevocable fixing of the rates of exchange.

On 2 May 1998, the Council of the EU unanimously decided that 11 Member States fulfilled the necessary conditions for the adoption of the single currency on the 1st of January 1999. These States are : Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Denmark, Greece and Sweden. The UK has not joined the EURO for the time being.

The European Central Bank (ECB) was created on the 1st of June 1998. It is partially independent. Its primary goal is price stability which should be gained through low interest rates, strong investment growth, high economic growth and employment policy.

The Global Economy has welcomed a new stabilizing force and Europe trading partners among which the U.S is most important, has gained from increased transparency, lower costs and great predictability in the E.U market.

C. Legislative Acts

The legislative acts of the EU institutions are "regulations, directives and decisions".

- A "regulation" has general application; it is binding and immediately applicable in all Member States.
- A "directive" is also binding but only after a certain period of time during which it is left to each Member State to which it is addressed to choose the form and method of its implementation.
- A "decision" is immediately binding upon those to whom it is addressed.

Apart from the legislative act *stricto sensu*, EU institutions can make "recommendations" or "opinions" which have very substantial persuasive authority.

D. The Common Market

As mentioned above the Treaty of Rome envisages the creation of a single market through the free movement goods, services, persons and capital within the Community. Each of these "four freedoms" will be addressed briefly below:

a. The Free Movement of Goods

The objective of this "freedom" is to establish a tariff-free union between Member States through the abolition of customs duties on exports and imports between them and the adoption of a common customs tariff towards non-Member States, and the elimination of quantitative restrictions of imports to and exports from the Member States. Thus, if a U.S. company establishes a presence in a Member State, that presence will be able to benefit from this "freedom" instead of being subject to a diversified range of customs, duties and import restrictions otherwise applicable.

"Goods" covers both industrial and agricultural products whether originating within Member States or

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

coming from third countries already in free circulation within the Community. It also applies to Community patents; by registering a patent within a Member State, its registration is deemed to have been made within all Member States.

b. The Free Movement of Services

This "freedom" consists of no restriction policy on the movement of services within Member States. Services include insurance, banking and other financial services, legal services, accounting services, etc. To this end, directives have already been enacted in relation to investments, insurance, banking and financial and legal services.

However, given that each Member State is free to choose its method of implementation of the directive, substantial differences in application exist to date although it is envisaged that the differences will gradually disappear over time.

c. The Free Movement of Persons

This "freedom" has substantial social importance within the Community. It establishes the rights of nationals of Member States and certain members of their family to move and establish themselves freely within the Member States. The freedom includes the rights to employment (with current exemptions in relation to employment in Public Service) under the non-discrimination principle : it namely involves the right to benefit from any social advantage initially reserved to the Nationals.

d. The Free Movement of Capital

It is probably obvious that for there to be a unified market place there must be a free movement of capital. In this respect, this freedom envisages the abolition of restrictions of capital flows within the community.

In summary, the Union offers its Member States as well as all entities and individuals established within it, very substantial benefits. The purpose of the Union, which is to create an Economic and Monetary Union, is motivated by the desire to obtain a competitive advantage toward non-Member States and individuals.

e. The "Schengen" Agreements ("Accords de Schengen")

The application of the four freedoms mentioned above involves the suppression of the controls at the interior frontiers of the European Member States. As a result, the controls must be transferred to the external frontiers of the EU, accompanied by common rules concerning for instance drugs, weapons ..

The Schengen Agreement, dated June 19, 1990, has been signed between some of the Member States in order to solve these difficulties. United Kingdom, Ireland, Denmark, Sweden, Austria and Finland are still not signatories of the Agreement, whereas Greece and Italy do not comply yet with all of its conditions.

As a matter of fact, the Member States chose not to act under the authority of the EU. However, the

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

Schengen Agreement has to comply with the regulations of the EU Treaties (Treaty of Rome, Treaty of Maastricht, ...)

The Agreement provides for the lifting of the controls of the interior frontiers, the harmonization of the rules concerning the entry and the circulation of persons and goods within the EU, the right of sanctuary ...

It establishes a judiciary and Police cooperation among the Member States as well as an exchange of information ("Schengen Information System").

II. ESTABLISHING IN FRANCE

A U.S. company establishing a presence in any one of the EU Member States will be able to benefit from the freedom of movement of goods, services, capital and people within the EU.

The economic opportunities, enhanced by numerous incentive schemes and the large choice of legal structures available make France an ideal choice when deciding the country in which to establish a presence.

French legislators have simplified administrative formalities in order to bring French business practice more in keeping with principles shared by the world community. The French business environment is similar to that elsewhere in the developed world today, with further particular attractions.

A. Different Forms of Presence

International companies setting up in France benefit from a secure legal framework. They can select those best suited to their position and commercial strategy at every stage, from prospection to business expansion.

1. First stage : the basic setting-up

a. Setting up without officially registered representation

A foreign company can rent an office or set up operations at a business-service center and open a non-resident bank account. Once the company has its own premises and/or employs two or more people in France, it must be officially represented by a registered liaison office, a branch or a subsidiary.

b. The liaison office : Exempt from corporate income tax and VAT

A company whose activities in France are not of a commercial nature, being limited to advertising, the supply of information, storage or any other preliminary operation, may be represented by a liaison office. Registration is with the trade register (Registre du Commerce et des Sociétés).

c. Branch offices : A good temporary arrangement.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

Branches are considered permanent establishments for tax purposes, and are subject to corporate income tax and VAT. It is quicker and less expensive to set up a branch office than a subsidiary. The branch operates under the authority of company headquarters. It is not a separate legal entity. They are thus drawbacks, for example, in the event of financial difficulties : the company will have unlimited liability for the debts of the branch office.

It may thus be preferable to set up a separate entity in order to shield the mother company from direct liability exposure and also, to benefit from State aid, tax exemptions, taxation of intra-group transactions. As a result, it is generally advised to create a subsidiary.

2. The setting-up of a limited liability type of company

A U.S. corporation contemplating the establishment of a limited liability company in France should be aware of the different types and characteristics of French limited liability entities.

French business entities fall into one of two categories : sociétés de personnes, which approximate to U.S. partnerships and sociétés de capitaux in which the shareholders' liability is limited to the amount of their respective subscription.

Under French law, there are four types of sociétés de personnes: société en nom collectif (SNC) (general partnership); société en commandite (partnership with limited and general partners); société civile (civil partnership) and société en participation (undisclosed partnership).

Most business entities in France are characterised by the limited liability of its shareholders. Under French law, there are five such entities: société anonyme (SA) (joint stock corporation), société anonyme simplifiée (SAS) (simplified joint stock corporation), société à responsabilité limitée (SARL) (limited liability company) société en commandite par actions (limited partnership with shares), rarely used, and entreprise unipersonnelle à responsabilité limitée (E.U.R.L.) (incorporated sole proprietorship). Brief comments in relation to each of these legal entities are set out below.

(a) Société Anonyme (SA)

The French legal form closest to the U.S. corporation is the société anonyme (SA). Its share capital (250,000 FF minimum) must be held by at least seven shareholders, who meet at least once a year to approve its financial statements and to decide whether profits will be distributed or retained, or both. Day-to-day management is delegated to:

- (1) A Board of Directors (Conseil d'administration) which elects its chairman (Président), who is also often the Managing Director (Directeur Général), its Chief Executive Officer, or
- (2) A Supervisory Council, which appoints a management committee (Directoire).

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

Simple majority rules apply during annual shareholder's meeting. If major decisions have to be made, such as a merger or a change in the articles of association, an extraordinary shareholder's meeting must be convened, and qualified majority rules apply.

(b) Société Anonyme Simplifiée (SAS)

The SAS was created in France in 1994 to attract investments. It is a flexible limited liability company in which the division of powers, nomination of directors and mode of operations are freely determined by the by-laws. Since 1999, the minimum capital required is of 250,000 FF and the requirement that the shareholders must be legal entities has been removed. One shareholder only is enough to create a SAS.

This modification of the SAS' regime is meant to promote the setting up of New Technology start-ups. The SAS makes it possible for these entrepreneurs to arrange a flexible legal structure adapted to a highly competitive and evolving business area.

(c) Société à Responsabilité Limitée (SARL)

The characteristics of the SARL are the following :

- it does not have a Board of Directors but a manager (gérant) who need not be a shareholder;
- the minimum share capital is FF 50,000;
- it must have a minimum of two shareholders and a maximum of 50;
- the qualified majority rule is three-fourths;
- If the manager hired is not a citizen of an EU member State, application must be made for a business permit (carte de commerçant), either through the French Consulate in the person's home country or through the local administrative authority in which the company is to locate its registered office.

(d) Entreprise Unipersonnelle à Responsabilité Limitée (EURL)

Popular among foreign investors because it requires only one shareholder, the EURL operates like a SARL.

It permits the sole owner of a business to limit its liability for business debts only to the extent of the amount of the capital. The sole shareholder may either be an individual or a legal entity. In the latter case, the EURL is automatically subject to corporate income tax at normal rate.

In addition, while an individual may be shareholder of only one EURL, the number of EURL's held by a company is not limited. The EURL is managed by a gérant who must be an individual but needs not to be the shareholder. In other respects, the rules of the SARL apply to the EURL.

Hence, the EURL form may also appear to be a convenient legal vehicle for the American investor who wishes either to create a subsidiary in France whose business does not immediately necessitate the incorporation of an SA, or to acquire 100 % of the capital of an existing SARL.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

3. French Partnerships and Similar Structures and Non-corporate Contractual Arrangements

These consist of :

(a) Société en nom collectif (SNC)

This is the most common form of partnership, equivalent to a U.S. general partnership. Its partners are jointly and collectively liable for all debts and obligations incurred in as much as they are considered to be merchants. SNC are often used because of their flexibility (no minimum capital, no board of directors, possibility of dividend rights and capital contributions). The contract nature of SNC tax status (i.e. transparency) also makes this structure attractive under certain circumstances.

(b) Groupement d'intérêt commun (GIE)

The GIE is essentially a joint venture with a legal personality of its own. The rules governing it and its members, its day-to-day management and profit-and-loss allocation are set forth in an agreement signed by its members. Transparent for tax purposes, the GIE structure tends to be the favored in ventures in large-scale industrial projects, research and development, joint sales and exports, or purchasing activities conducted on behalf of members.

4. Distributorship Agreements

Distribution of goods or services may be achieved through any of established means :

- Distributorship agreement
- Commercial agency agreement
- Franchise agreement

(a) Distributorship Agreement

This type of agreement is a purchase-and-sale agreement whereby the distributor is remunerated for its services by a gross margin on sales. The conditions of the agreement may be negotiated freely, subject to relevant EU and domestic competition laws. It must be determined whether the agreement is on an exclusive or non-exclusive basis, for a specific or undetermined territory, for a limited or unlimited period of time.

A distributor has no basic title to the manufacturer's clientele. As a result, the termination of a pure distributorship agreement does not trigger severance payment and damages, except for abrupt termination.

The grantor can unilaterally terminate the distributorship agreement. But he may be obliged to assume liability for the employees of the distributor. As a general matter of labor law, in the event of a "modification" of the juridical situation of an employer, notably as a result of a take over, sale, merger, or transformation of its going concern or incorporation, all employee contracts in effect at the time of such modification remain in effect as between the new employer and the personnel of the

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

company. This provision of labor law has been interpreted by the courts to apply to a modification consisting of the non-renewal by a grantor of a distributorship agreement and his decision to commercialize his products directly; in such circumstances grantors have been obliged to either take over the employment of the employees hired by the distributors to sell grantor's products or pay severance indemnities to the employees on the basis of an unjustified termination of their employment contract (Art. L 122-12 of the labor law code).

(b) Commercial Agency Agreement

This is the most common form of distributorship agreement used in France. The commercial agent is an independent contractor who takes orders from customers on behalf of the principal and receives a commission expressed as a percentage of sales in consideration for its services. The agent must be registered with the office of commercial court and must hold a commercial card. It must also register with the State welfare agency and contract for a retirement plan, as well as a medical plan. The commercial agent is entitled to damages for breach or termination of contract, which can amount to as much as two years of anticipated commissions. Some commercial agency agreements contain clauses.

(c) Franchise Agreement

This is a contractual arrangement between the owner (the franchiser) of a marketing process and corresponding products and several retailers (the franchisees). The arrangement comprises :

- distribution of products by franchisees;
- licensing of trademarks and protected know-how; and
- marketing and sales services. If the arrangements provide for the assignment of trademarks, the contracts must be registered with the French National Institute of Industrial Property (INPI).

5. Joint Ventures in France

A joint venture may be described as an agreement of cooperation between independent parties (often, but not always, of similar economic weight) who enter into a common objective whether for profit or otherwise. A joint venture may be materialized by a simple contractual relationship, a partnership agreement or a joint corporation. Joint ventures which result in a common entity are organized either in the form of a partnership or in a form of a corporation. Joint venture contracts provide great flexibility to the parties by avoiding the burdens inherent in setting up a separate legal entity. However, limits to the contractual freedom are sometimes imposed by public policy rules relevant to the place where the contract is to be performed or to the nature of its purpose.

B. Investment Incentives Available :

To stimulate industrial development, the French government and local authorities have implemented a wide range of financial incentives specifically tailored to industrial research and development. These programs are often supervised by the Community. A foreign investor can benefit from investment aids created in order to promote and maintain employment by the reorganization or reorientation of industries experiencing economic difficulties. The various incentive programs available in France are frequently coordinated at the

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

national level by the Délégation à l'Aménagement du Territoire et à l'Action Régionale (DATAR) and at the local level by the municipalities. Thus, for example;

1. The "Prime d'Aménagement du Territoire" (P.A.T) granted by the DATAR.

DATAR provides grants to finance up to 33% of a given investment in land, buildings and/or equipment purchased during the first three years of operation. The criteria to be eligible include site selection, the number of jobs created or to be created and the benefits for local industry. The amount allocated to the proposed operations is determined by a government committee. One-third of the grant is paid at the beginning of the investment program, and the remainder is paid in two installments as the project moves towards completion.

To prevent distortion of completion within the European Union, the Commission has set limits on total public assistance which vary according to the area concerned. In a few areas, notably the area around Longwy in Eastern France, parts of the North and Corsica, the ceiling is as high as 28% or even 33% of investment in property, plant and equipment. In some other areas, only independent companies with fewer than 250 employees can benefit from public assistance and then, at a low rate.

2. The Regional Grant for New Businesses (P.R.C.E.)

The Regional Grant for New Businesses (P.R.C.E) is given by Regions with no geographical limitations. It may be combined with the P.A.T. and is reserved to young companies registered for less than 12 months, which are likely to create a minimum number of jobs.

The advantage takes the form of a pre-tax ceiling (150,000 FF to 200,000 FF), of refundable loans, participation in equity capital, etc...

3. The Redevelopment Agencies

The Redevelopment Agencies have also been created by large industrial corporations to encourage the redevelopment of their production sites or the job reinsertion : a free technical assessment is offered as well as various financial assistance.

4. Preferential Tax Regimes

Preferential Tax Regimes are provided, such as the Research Tax Credit, in order to encourage innovative programs and technology transfers and the Tax Credit Break for companies located in special investment areas (Z.I.P.).

5. Temporary exemption from the Business tax

Temporary exemption from the Business tax may be granted to the benefit of research or industrial activities located in priority development areas.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

6. Tax exemptions are available for acquisitions of ailing firms

A company set up for the purpose of acquiring an ailing firm may qualify for major exemptions from tax, social contributions and property levies. Acquirers can thus enjoy total exemption from corporate income tax for the first 24 months of operation under certain conditions. Entrepreneurs must undertake to keep the company and its business in operation for the three years following the acquisition, failing which the tax savings become payable.

The buyer may also be exempted from business tax for a period of 2 years in all parts of France by decision of a local authority like a "Commune".

7. National social measures

National social measures are open to foreign enterprises inasmuch as they are treated like French establishments. These measures allow total or partial exemption on labor costs, employer contributions, reimbursements of training expenses, extensive incentives for hiring young employees.... These various aids cover a large field of activities.

8. Research & Development

To encourage companies in certain key areas of technology to set up in France, the Minister for Industry and Research offer subsidies for part of the research expenditure involved. When investment in research is not directly subsidized, it may qualify for tax credit of up to FF 40 million per company and per year.

9. Local financial support

Most French municipalities and Chambers of Commerce sponsor business parks and industrial zones. They sell or lease the land and provide financing. Also government and local funds are available for job training.

10. Export guarantees and financial assistance

Export guarantees and financial assistance are also investment incentives. The "Compagnie Française d'Assurance pour le Commerce Extérieur" (COFACE) and the Banque Française du Commerce Extérieur (BFCE) play the same role in relation to the sale of French goods abroad as the Overseas Private Investment Corporation (OPIC) in the U.S. in relation to the U.S. goods or the Export Credit Guarantee Department of the United Kingdom and may guarantee and assist export activities. COFACE provides credit insurance on behalf of the French State. BFCE provides subsidized financing for companies involved in international trade and plays a coordinating role between French exporters and the French Government.

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

B. Investment Incentives Available :

To stimulate industrial development, the French government and local authorities have implemented a wide range of financial incentives specifically tailored to industrial research and development. These programs are often supervised by the Community. A foreign investor can benefit from investment aids created in order to promote and maintain employment by the reorganization or reorientation of industries experiencing economic difficulties. The various incentive programs available in France are frequently coordinated at the national level by the Délégation à l'Aménagement du Territoire et à l'Action Régionale (DATAR) and at the local level by the municipalities. Thus, for example;

1. The "Prime d'Aménagement du Territoire" (P.A.T) granted by the DATAR.

DATAR provides grants to finance up to 33% of a given investment in land, buildings and/or equipment purchased during the first three years of operation. The criteria to be eligible include site selection, the number of jobs created or to be created and the benefits for local industry. The amount allocated to the proposed operations is determined by a government committee. One-third of the grant is paid at the beginning of the investment program, and the remainder is paid in two installments as the project moves towards completion.

To prevent distortion of completion within the European Union, the Commission has set limits on total public assistance which vary according to the area concerned. In a few areas, notably the area around Longwy in Eastern France, parts of the North and Corsica, the ceiling is as high as 28% or even 33% of investment in property, plant and equipment. In some other areas, only independent companies with fewer than 250 employees can benefit from public assistance and then, at a low rate.

2. The Regional Grant for New Businesses (P.R.C.E.)

The Regional Grant for New Businesses (P.R.C.E) is given by Regions with no geographical limitations. It may be combined with the P.A.T. and is reserved to young companies registered for less than 12 months, which are likely to create a minimum number of jobs.

The advantage takes the form of a pre-tax ceiling (150,000 FF to 200,000 FF), of refundable loans, participation in equity capital, etc...

3. The Redevelopment Agencies

The Redevelopment Agencies have also been created by large industrial corporations to encourage the redevelopment of their production sites or the job reinsertion : a free technical assessment is offered as well as various financial assistance.

4. Preferential Tax Regimes

Preferential Tax Regimes are provided, such as the Research Tax Credit, in order to encourage innovative programs and technology transfers and the Tax Credit Break for companies located in

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

special investment areas (Z.I.P.).

5. Temporary exemption from the Business tax

Temporary exemption from the Business tax may be granted to the benefit of research or industrial activities located in priority development areas.

6. Tax exemptions are available for acquisitions of ailing firms

A company set up for the purpose of acquiring an ailing firm may qualify for major exemptions from tax, social contributions and property levies. Acquirers can thus enjoy total exemption from corporate income tax for the first 24 months of operation under certain conditions. Entrepreneurs must undertake to keep the company and its business in operation for the three years following the acquisition, failing which the tax savings become payable.

The buyer may also be exempted from business tax for a period of 2 years in all parts of France by decision of a local authority like a "Commune".

7. National social measures

National social measures are open to foreign enterprises inasmuch as they are treated like French establishments. These measures allow total or partial exemption on labor costs, employer contributions, reimbursements of training expenses, extensive incentives for hiring young employees.... These various aids cover a large field of activities.

8. Research & Development

To encourage companies in certain key areas of technology to set up in France, the Minister for Industry and Research offer subsidies for part of the research expenditure involved. When investment in research is not directly subsidized, it may qualify for tax credit of up to FF 40 million per company and per year.

9. Local financial support

Most French municipalities and Chambers of Commerce sponsor business parks and industrial zones. They sell or lease the land and provide financing. Also government and local funds are available for job training.

10. Export guarantees and financial assistance

Export guarantees and financial assistance are also investment incentives. The "Compagnie Française d'Assurance pour le Commerce Extérieur" (COFACE) and the Banque Française du Commerce Extérieur (BFCE) play the same role in relation to the sale of French goods abroad as the Overseas

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

Private Investment Corporation (OPIC) in the U.S. in relation to the U.S. goods or the Export Credit Guarantee Department of the United Kingdom and may guarantee and assist export activities. COFACE provides credit insurance on behalf of the French State. BFCE provides subsidized financing for companies involved in international trade and plays a coordinating role between French exporters and the French Government.

C. Conditions Required for Establishing Presence

The foreign investor exporting goods or services to France must comply with certain conditions related to the entry of capital, services and persons.

a. The Export of Capital to France

Following the abolition of exchange controls in 1989, there were very few obstacles to the transfer of funds to and from France.

Investments, whether by EU entities or by non-EU entities, that conform to one (among others) of the following cases were exempted from declaration and preliminary authorization of the French Treasury :

- the creation of subsidiaries in France or a newly-formed legal entity;
- the extension of the activity of an existing company;
- the increase of the interest held in a French company under foreign control where the investor already holds two-thirds of the capital or of the voting rights.

Every direct investment operation realized in France must only be declared to the Ministre de l'Economie et des Finances wherever this investment may come from.

However the following investments remain submitted to the obligation of prior declaration :

Investments, whether related to the exercise of the French public authority or infringing upon the public order, the health, the security and those engaged in activities connected to the production or the commerce of guns and war material or investments that are contrary to the enforcement of French laws and regulations, are subject to a preliminary authorization.

On the contrary, neither authorization nor prior declaration are required in a large variety of cases such as creation of companies, subsidiaries and new undertakings, direct investment operations realized, exceeding an amount of 10 million francs in artisan, hotel or retail enterprises in diverse commercial services or having for exclusive purpose the exploitation of quarries, direct investments in estate enterprises (excepted building enterprises), acquisition of farms, subscription to share capital increase, etc.

Subject to any applicable taxation, transfers of dividends and repatriation of capital are free.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

b. The Export of Goods to France

(i) Customs Regulations

Goods circulate freely within the EU and duty is charged on imports only once. The principle is that customs duties are paid just once on arrival in the EU, even when they are shipped on from one Member State to another.

Moreover, products transferred to France from another EU country are not subject to any import declaration (D.I) or import license. The same applies to those imported from a non-EU country provided the necessary EU entry formalities have been met in another EU country.

Furthermore, procedures and documents have been standardized. The S.A.D (déclaration administrative unique), an identical document for all EU countries can be used for import, transit and export. For import into France, from a non-European country, it is simply a matter of taking the goods to customs, handing over the S.A.D and paying the duties. The operation may take 3 days, but then exist special clearance procedures which can speed up the process. The S.A.D must be filed by the importer at the EU place of entry. The certificate of origin, the invoices, and the stamped D.I form or import license, when applicable, are admitted, along with the S.A.D form to the Customs Office at the place of entry.

Therefore, apart for certain products which are considered "sensitive" because of their nature or their source (Asian countries or Eastern Europe) and require an import license, there is no restriction on imports in France.

For some products, a form known as the D.I (Déclaration d'Importation) must be filed with the Technical Division of the relevant Ministry, prior to Import. The technical Division returns the form bearing its stamp to the importer, who then has one year to import the goods.

Import licenses and D.I must be requested from the Central Import Licensing Office.

(ii) Value Added Tax (VAT)

The VAT is a tax on the consumption of goods and services and is paid by the consumer. Businesses are only charged with collecting the tax on sales and deduct the VAT they have paid on purchases and investments from the amount collected.

All EU. member states have adopted the VAT. In 1993, VAT became a pan-European tax, charged in the country receiving the goods. Once charged, goods circulated freely with the EU.

Exports of goods are fully exempt from VAT. Banking, financial and insurance transactions, teaching and some real-estate rentals are the main services exempted from VAT.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

Foreign service providers established in France charge VAT to their foreign clients in accordance with the nature of their services and their place of business. For intangible services for example (consultancy, telecommunications, advertising, data processing, financial services, etc.), the foreign service provider must collect the VAT when the service is provided to a client in France and is exempt from the VAT when the client is in another country.

Reduced rates of VAT for many goods and services : The standard rate of VAT on the sale of goods and services is 19.6% but lower rates are applicable in many cases. In particular, the rate is 5.5% for some agricultural products, medicine (5.5 % to 2.5%), books, public transport, newspapers and magazines (5.5% to 2.1%), some types of entertainment, etc.

(iii) Exemptions from customs duty and the VAT

They include:

- Goods imported for re-export
- In certain cases, alterations or repairs to goods for subsequent re-export
- Imports of goods for storage in France for maximum of 3 years in a warehouse
- There are also three zones such as Guadeloupe where goods may be stored free of customs duty and VAT for up to 5 years
- There exist a certain number of import subsidies which mostly involve exemptions or reductions in customs duties for goods entering France
- These measures are largely directed at products from developing countries (Africa, Central or South America), from the former Soviet countries and from China.

c. The Export of Services to France

Foreign entities engaged in the supply of services are subject to compliance with certain requirements prior to providing services in France. Each service sector, be it insurance, banking, financial services, architecture, legal services, accountancy, audiovisual communication, data processing, advertising, etc. has its own particular requirements that will be detailed hereinafter.

One should bear in mind that foreigners must have a Tradesman Identity Card. The foreign shareholders of a "Société en Nom Collectif", of a "Société en Commandite Simple" or "par actions", the managing director of a "S.A.R.L.", the President of the Board of Directors in a "SA", etc., are also obliged to obtain this document.

d. Conditions imposed on non-EU workers in France

A non-EU national intending to work or conduct any commercial activity in France must have a long-term visa and/or a business permit before doing so.

(i) long-term Visas

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

A long-term visa is granted as a right to any person who will be working in France and a French Consulate has received notice that a business or work permit has been issued to that person;

It may take up to four months to process a visa application. U.S. nationals must apply at their local French Consulate for a long-term visa.

Since the SCHENGEN Agreement an overseas person holding a title delivered by one of the signatory countries already mentioned above is normally entitled to enter in France.

(ii) Business Permits

Any non-EU national proposed to be appointed as a manager or officer of the French subsidiary of a foreign-based company must hold a current French business permit. Application for such permit is made at the appropriate French consulate.

A business permit will subject a U.S. national (or any other Non-EU national) to the appropriate French labor and social security laws.

Besides any National in possession of a Resident Card is allowed to work in France in any fields for 10 years. This card is automatically renewable.

(iii) Social Welfare; Employment Conditions

The relations between employers and employees are governed by the French Labor code, collective bargaining agreements (union agreements), company regulations and individual employment contracts.

In accordance with the Non discrimination principle stated in the International Labour Convention N° 111 as well as in the Treaty of Rome, foreign workers benefit from the same rights and work conditions as French employees.

An employment may be for an indefinite or definite period. The Labor Code sets out minimum standards of working conditions such as hours, overtime, and paid leave (including vacation).

France has a mandatory system of social security covering health risks for salaried employees. The system is financed by contributions from both employees and employers. Contributions paid by the employer can rise to about 45% of gross salaries. Contributions to social security are tax-deductible.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

For foreign employees, double contributions are avoided by international reciprocity agreements on social security concluded with France.

Pursuant the "Free Movement of Persons" European principle an employee regularly employed and resident in a Member State of the EU may work with a minimum formalities in any other Member State whatever his or her nationality may be (European or not).

D. Certain Rules Concerning Some Specific Fields of Services.

a. Architects

This profession is strictly regulated in France. The laws, rules and regulations tend to protect the monopoly of architects on one hand, and the title of Architect on the other (Law 77-2 of January 3, 1977 amended by the Law of July 12, 1985; Ordinance 78-67 of January 19, 1978; Ordinance 80-217 of March 20, 1980, establishing a Code of Professional Responsibility of Architects).

(i) Monopoly

The architect, according to French Law, is defined as the prime contractor to whom the owner must address himself for any construction or renovation job which requires a building permit. In all cases where a building permit is necessary (i.e., for all new constructions, for all changes in the purpose of an existing construction or all modifications carried out on its volume or its outer appearance), the architect has to establish an architectural plan before such permit can be issued.

Such a plan consists of drawings and documents defining "the positions of the building, their content, organization and volume, as well as the choice of materials and colors".

The execution of the work may be entrusted to a contractor, but the architect must always ensure that the project is being followed as it has been approved by the authorities who have issued the building permit.

Furthermore, the architect may participate in the following:

- Town planning and development, including preparation of drawings
- Allotment of land
- Preparation of programs
- Consulting of firms
- Preparation of public calls for bids
- Coordination and direction of works
- Providing assistance to owners
- Consultancy and expert appraisal

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

- Teaching

Architects are required to obtain insurance covering their professional responsibility. They can group themselves and form a partnership with others of different means or professions, or form a corporation for which they will work. In the latter case the partners must comply with the following rules:

- The shares of the company must be nominative shares
- More than 50% of the nominative capital must be held by architects
- The membership of a new partner is subject to the prior agreement of the General Meeting of shareholders. The decision must be taken by a two-third majority.
- None of the partners can hold more than 50% of the nominative capital
- The chairman of the board of directors, the general manager (if he is alone), at least half of the managers and members of the board of directors, as well as the majority of the board of directors and administrators must be architects.

(ii) Protection of the title

The illegal use of the title of architect is subject to criminal sanction.

To ensure the protection of the title, there is a professional body which guarantees the application of professional rules and regulations. It has the authority to take disciplinary action and controls the access to the profession through inscription on the Roll.

Furthermore, a code of ethics enumerates the architect's obligations.

Thus, in principle, to join this profession, three conditions must be fulfilled:

- To possess one's civil rights and provide evidence of good moral character.
- To have obtained a degree, certificate, or other title recognized by the French government.
- To be French, or the national of another Member State of the European Community, or the national of a third country which has signed a convention of reciprocity with France.
- There is no such convention between France and Canada, or the United States. - A North American cannot therefore practice as an architect in France, unless he has dual nationality, one of which is of an EU country.

In the latter case, the degree he or she holds must appear on the list of foreign degrees recognized as being equivalent to French diplomas by an order of the Ministre de l'Urbanisme, du Logement et des Transports (Ministry of Urbanism, Housing and Transport).

Nevertheless, the Law of January 3, 1977 and the Ordinance of January 16, 1978, mention four exceptions to the condition regarding French nationality:

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

1. A foreign architect can be authorized to practice by a decision of the Ministre de l'Urbanisme, whose decision is taken after hearing the opinion of the Ministre des Relations Extérieures (Secretary of State). But in practice, the Ministre des Relations Extérieures bases his decision mainly on the existence of a convention of reciprocity with the country of origin of the candidate. The situation is quite unfavorable for Canadians as the possibilities for French architects to practice in Canada are very much restricted.

2. The Ministre de l'Urbanisme may allow a foreign architect to register in France, upon presentation of professional references, and after taking into account the opinion of a national commission. But this rule only concerns exceptional cases, where the candidate has already completed works of great importance.

3. The Ministre de l'Urbanisme can authorize an architect to carry out a specific project in France, either after hearing the opinion of the Conseil National de l'Ordre des Architectes, or as a result of a contest of which he or she was the prize-winner.

Within this context, then, the authorization of the Minister is practically automatic.

It is to be noted that competitions are advertised in the bulletin of the Union Internationale des Architectes (U.I.A. - International Union of Architects).

4. Finally, the law provides for persons having effectively practiced as architects in France before 1977 to be recognized and approved by the Ministre de l'Urbanisme, after receiving the opinion of a regional commission, and on these grounds to be authorized to work as an architect.

However, this procedure seems quite impractical at the moment as 2,000 applications have already been submitted, and l'Ordre des Architectes is not at all favorable to this procedure.

The application to register should be made to the Conseil Régional de l'Ordre des Architectes of the area in which the candidate wishes to practice.

In cases 1, 2, and 3, however, if the candidate is the prize-winner of a competition, the application should be made directly to the Direction de l'Architecture du Ministère de l'Urbanisme.

In all cases, the application must be accompanied by the documents which prove that the candidate fulfills the statutory conditions.

In practice, North American architects in France practice in partnership with French architects. Indeed, the real problem is not the access to the profession, but the lack of knowledge of French rules and regulations and of French practice, especially regarding the employment of salaried workers, the making of contracts, the technical regulations (control of materials, etc.) and the

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

possibility of entering into a partnership with an engineering firm.

b. Consultancy in Management of Firms and Civil Engineering

All individuals, whether French or foreign, can establish a firm of consultants.

This is why there is a proliferation of Anglo-Saxon management consultant firms in Paris. The field of activity of these firms is wide and mostly include auditing, counsel in matters of strategies (product - market) and counsel in matters of organization.

This is also true in the field of civil engineering. There are no laws, rules or regulations which limit the use of the title of Consultant Engineer, unlike the diploma of engineer obtained from a particular university which is strictly regulated.

However, the members of these professions have sometimes felt that the absence of rules and regulations was a negative factor, and have founded organized professional bodies with a code of deontology.

This is the case with the Chambre Syndicale des Ingénieurs-Conseils (Consultant Engineers Committee), and the Chambre Syndicale Nationale des Conseils en Recrutement (Recruitment Consultants National Committee).

There is no mandatory obligation for consultant firms to take malpractice insurance coverage. Nevertheless, these firms are strongly advised to do so, and it is mandatory in order to become a member of certain associations.

In the particular case of recruitment of consultants, the activity, even though not governed by any laws, is curtailed by the monopoly which is conferred to the Agence National Pour l'Emploi (A.N.P.E.) - (National Agency for Employment) by a Government Order of 1945 regarding employment.

Where an intermediary acts as the authorized agent of a person seeking employment (whether unemployed or not), on his behalf, with a person offering employment, the A.N.P.E.'s monopoly is infringed. The recruitment consultant who acts as the authorized agent of a firm, providing it with candidates does not infringe the monopoly of the A.N.P.E.

Recruitment consultant firms may seek candidates by (i) advertising or (ii) direct contact:

(i) Advertising is usually done through newspapers.

The consultant, in this case shall have to comply with the statutes and regulations relating to employment ads in the newspapers (Code du Travail - Labor Code, Article L 311-4).

In particular, it is prohibited to advertise a job offer:

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

indicating a maximum age limit (except where a law, rule or regulations contains a requirement regarding age)

containing false allegations (e.g., duration of employment, remuneration, place of work) discriminating on the basis or origin, race, religion, or sex, or written in a foreign language or with foreign expressions having equivalent translations in French and concerning work carried out in France. There is, however, an exception for foreign language publications.

In addition, the consultant must give to the Director of the newspaper the name, corporate names, and address of the anonymous client for whom the advertisement is published.

(ii) The recruitment consultant also operates by direct contact, that is to say that he or she acts as a head-hunter.

Certain precautions must be taken in order to ensure that such a practice does not amount to unfair competition.

It is constantly stated through case law that to bring an employee to quit his employment amounts to unfair competition if the person was employed under a non-competition clause or if the incitement to leave is accompanied by actions which are prejudicial to the new employer. In the latter situation, to entice a worker to leave by offering him abnormal advantages with a view to weaken the organization or to embezzle the assets of a rival company, amounts to unfair competition

c. Audio-visual Communication

The Statute N° 86-1067 of September 30, 1986 relating to the freedom of communication provides created a Commission Nationale de la Communication et des Libertés (National Commission for Communication and Liberties). This commission was replaced by a Conseil Supérieur de l'Audiovisuel (C.S.A.) - (Superior Council on the Audiovisual Industry) under Statute N° 89.652 of January 17, 1989.

According to the principle which prevails in France and in the EU, Audiovisual communication is free ; it may only be limited by reason of a motivation expressly stated in a statute. Ordinarily this motivation consists of complying with human rights principles.

(i) Conseil Supérieur de l'Audiovisuel (C.S.A.)

The C.S.A. has the following objectives :

- To ensure impartiality, to encourage free competition, and to foster the broadcasting of a multiplicity of opinions.
- To promote the French language and encourage French productions.
- To guarantee the impartiality and independence of State-owned installations

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

– To ensure the quality and diversity of programming.

(ii) The Powers of the C.S.A.

The C.S.A. authorizes the use of frequency bands, it controls their operation and takes the necessary steps to ensure a proper reception of the signals.

The procedure according to which the C.S.A. assigns the use of frequency bands is determined by an ordinance.

The use of frequencies for the transmission of audio-visual or radio communication services by terrestrial hertzian means is subject to the technical conditions specified by the CSA. These conditions are set up according to criteria defined by the law of September 30, 1986, amended by the law of January 17, 1989.

Ordinances shall fix the rules applicable to advertising, broadcasting of films and other audio-visual productions. These rules shall be established for each category of audio-visual communication services transmitted either by terrestrial hertzian means or by satellite.

The Statute of January 18, 1992 specifies that a proportion of European audio-visual productions and the broadcasting of films must represent 60% of the production diffused and at least 40% of them must be productions in the French language.

However, the C.S.A. reserves its rights to fix the general rules applicable to the preparation of programs, and to fix the general conditions for the production of the artistic works broadcasted.

In particular, the C.S.A. fixes the duration of the authorization. The authorization cannot exceed 10 years for television services and 5 years for radio broadcasting services.

The operation of audio-visual communication services broadcasted by hertzian means or by satellite is subject to special obligations defined by the C.S.A. and included in an agreement between the operator and the C.S.A.

These agreements will include:

- the quality and duration of programming
- the honesty and multiplicity of the information and the programs
- the time allocated to the broadcasting of French works, primarily during prime time
- the time allocated for the broadcast of cultural, educational, and consumer protection programs
- the broadcasting to French overseas departments and territories
- the broadcasting of French programs abroad
- the extent of time reserved for advertising.

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

(iii) Radio and Television Broadcasting by Terrestrial Hertzian Means

The use of frequencies for the broadcasting of radio or television services by terrestrial hertzian means is authorized by the C.S.A.

The procedure is the following one:

For certain predetermined zones, the C.S.A. publishes a call for candidates seeking to operate radio or television broadcasting services.

The candidates are either non-profit companies or associations registered according to the Law of July 1, 1901.

The candidates must indicate in particular, the objectives and general characteristics of the service, the technical characteristics of the broadcasting, the estimates regarding expenditure and returns, the origin and the amount of the financing provided for, as well as the list of administrators, members of the Board of Directors and shareholders.

The C.S.A. finalizes a list of frequencies which can be allotted within a given zone in consideration of the various applications.

The Council issues the authorization after studying and assessing the value for the public of each project, with respect to the following three main priorities:

- the protection of the multiplicity of socio-cultural expression
- the diversification of operators
- prevention against the abuse of a dominating position in the market, or unfair competition.

It also takes into account, for both radio and television license applicants:

- 1 - the experience acquired by the candidate in the field of communication;
- 2 - the financing, the profitability of the service, and whether the advertising resources will be well distributed between the newspaper companies and audio-visual or radio communications services;
- 3 - the direct and indirect share held by the candidate in the capital of one or more state-controlled advertising companies or in the capital of one or more newspaper publishing companies;
- 4 - the commitments of the candidate, regarding the broadcasting of French works, that are being

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

broadcasted for the first time in France.

and for television licenses applicants only:

- 5 - the broadcasting of educational and cultural programs;
- 6 - the involvement in educational and cultural activities;
- 7 - the contribution made to the broadcasting of television programs in French overseas territories;
- 8 - the contribution made to the broadcasting of a television program in foreign countries;
- 9 - the financial contribution made to the film and audio-visual industries.

The use of frequencies for satellite radio and television broadcasting is authorized by the C.S.A., according to procedures established by ordinance. The authorizations can be issued only to companies.

(iv) Radio Broadcasting and Television Distributed by Cable

Towns or groups of towns may install or authorize the installation of networks on their territory for the distribution by cable of radio and television services.

However, the statute N° 96-299 of April 10, 1996 which refers to experiments in technological and information field provides impairments to the existing statutes.

By and large, this text permits the realization, under specified conditions, of experimental projects such as Digital Television broadcasted by Hertzian Terrestrial means and broadcasting by microwave multiunit distribution system.

In such circumstances, the CSA is entitled to grant authorizations without proceeding to a call for candidates.

The system is much more conventional than the former in order to adjust the legal conditions to these new technologies which involve the broadcasting of numerous services through only one frequency.

These networks must comply with the technical specifications set by the C.S.A.

The operation of the networks thus established is authorized by the C.S.A. upon a petition by a town or a group of towns. This authorization can be issued only to companies. It indicates the number and the nature of the services to be distributed, and can mention certain obligations of which it defines the conditions.

These obligations concern one, or more, of the following

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

- 1 - The retransmission of programs broadcasted by hertzian means normally received in the zone.
- 2 - Broadcasting of a minimum number of their own programs.
- 3 - The allotment of a channel reserved for local news and information concerning the town, to the town, or the group of towns concerned, on a full-time or part-time basis.
- 4 - The payment of a tax to the town or group of towns by the operating company.

An ordinance establishes:

- 1 - The rules regarding the duration of the authorization
- 2 - The general rules concerning the schedule of programs
- 3 - The general rules for the production of the works broadcasted
- 4 - The rules applicable to advertising
- 5 - The hours of the films and audio-visual works broadcasted

(v) Rules Applicable to all Services Which are Subject to Authorization

The law establishes certain guidelines in order to ensure a multiplicity of views:

Television by Hertzian Terrestrial Means

The same individual or legal entity cannot, directly or indirectly, hold more than 25% of the capital, or of the voting rights of a company having an authorization to operate a national television service by hertzian terrestrial means.

Where an individual or a legal entity holds more than 15 % of the capital or the voting rights of a company which holds such an authorization, it cannot hold more than 15 % of the capital or of the voting rights of two companies having such an authorization; it cannot hold more of another company having a similar authorization.

Furthermore, where an individual or a legal entity holds more than 5 % of the capital or of the voting rights of two companies having such an authorization it cannot hold more than 5% of the capital or the voting rights of another company having a similar authorization.

Television by Satellite and Television Transmitted Through Frequencies Attributed to Radio Broadcasting

An individual or a legal entity cannot hold, directly or indirectly, more than 50 % of the capital or of the voting rights of a company having an authorization regarding a television service which is broadcasted exclusively through frequencies attributed to radio broadcast and to television by satellite.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

Where an individual or a legal entity holds, directly or indirectly, more than a third of the capital or of the voting rights of a company having such an authorization, it cannot hold more than a third of the capital or of the voting rights of another company having a similar authorization.

Furthermore, where an individual or entity holds more than 5 % of the capital or voting rights of two companies having the authorization mentioned above, it cannot hold more than 5% of the capital or of the voting rights of another company having a similar authorization.

Capital held by Foreigners

A French national cannot carry out an acquisition which will result, directly or indirectly, in foreigners holding more than 20% of the registered capital or voting rights of a company having an authorization regarding radio broadcasting or television service in the French language through hertzian terrestrial means.

In an European perspective, the broadcasting of television programs is submitted to the "Home Country Control" principle whereby a program regularly authorized in a Member State must be received in the other Member States without any additional control.

d. Data Processing

Neither the conditions of access to professions related to data processing nor its practice are governed by any particular rules or regulations.

Thus, no specific degree is required in order to declare oneself, manufacturer, designer, consultant, etc. in data processing. Also, there is no professional organization supervising the persons or firms pursuing these activities.

Such persons or firms can if they so desire, become members of associations, the main objective of which is to promote and defend the professional, moral and economic interests of their members.

Thus, Canadian and U.S. residents can have access to the French data processing market.

An administrative organization called Agence de l'Information (Information Agency) has been created. This Agency is responsible for promoting data processing.

With this objective in view, the Agency:

provides its support and cooperation to public and private research concerning the use of data processing and the techniques which are liable to encourage their development.

investigates new uses of data processing

investigates and participates in the experimentation of new applications of data processing.

1 bis, Avenue de Lowendal
75007 PARIS
TÉL : (33) 01 47 20 22 48
FAX : (33) 01 47 20 21 64
wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE
TÉL : (33) 04 93 18 83 50
FAX : (33) 04 93 18 83 51
wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON
TEL : (33) 04 72 61 75 80
FAX : (33) 04 72 61 75 82
wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131
TEL : (1) 305- 372-7474
FAX : (1) 305-372-7475
wgz@wgzavocats.com

organizes the collection and distribution of French and foreign information about the use of data processing and the research which is done in this field.

aims at acquainting potential users with data processing.

participates in education of potential users and in disseminating the new applications of data processing, and in the preparation of corresponding methodologies.

gives its opinion regarding the granting of government assistance to particular projects in data processing technology research.

informs the government of all the problems encountered in the field of data processing.

Data processing and electronics are considered by the Direction du Trésor (Treasury Department) to be sensitive fields of activity.

Accordingly, prior declarations of foreign investments in France in the field of data processing are subject to more detailed scrutiny than in the case of investments made in other fields of activity.

The examination is carried out by the Direction du Trésor.

Although this remains the exception, the Direction du Trésor has exercised its right to oppose the investment when the latter had a direct relation with the data processing or electronics industry.

In certain cases, the Direction du Trésor subjects the investment to certain conditions.

For example, in the case of a commercial investment, it may prohibit the importation of certain products, or, in the case of an industrial investment, it may require that a percentage of the end product be manufactured by French contractors.

e. Advertising

There are no specific requirements, other than the general principles of law already examined, to establish an advertising agency or to practice as an advertising consultant.

Neither the access to nor the practice of this profession are subject to any particular regulation. There are no specific degrees or diplomas required either.

There is no professional body which organizes and supervises the activities of the profession.

However, the media or owner of the media (newspapers, radio, television, billboard advertising...) often require that the agency should hold the title of "intermédia" in order to be able to purchase advertising space.

Agencies which hold the "intermédia" title can benefit from special conditions of sale which each medium can establish in their favor.

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com

This title is issued to firms and consulting agencies which practice according to criteria set up by the International Chamber of Commerce (report of the 128th Session of the Council, June 1976).

The "intermédia" title is neither a certificate of professional aptitude, nor a general and permanent power of attorney which the media confer to the agencies who hold the title. It does not prevent the making of special agreements freely signed between the media and these agencies.

The media remain the sole judges of the conditions imposed upon advertising in their advertising space. In no way does it entitle the agencies to become sole agents between advertisers and the media.

The "intermédia" title is obtained by submitting an application to a commission that awards the title in Paris.

The consulting agency in advertising which applies for the "intermédia" title must fulfill the following conditions:

carry out their commercial activity in conformity with the laws, rules and regulations in force and with professional self discipline.

undertake to prevent the media to which the agency gives advertising orders from being sued for the latter's acts.

ensure that the advertising orders will be promptly paid for.

undertake to provide proof at all times of its capacity to pay for the orders booked by providing payment guarantees, and especially:

by having insurance covering the risks of the advertiser's insolvency.

by obtaining from these clients that they should be jointly responsible with the agency towards the media by countersigning the advertising orders issued to the latter.

not to be a central purchasing office of advertising space.

practice mainly as an advertising agent. The percentage of the agency's revenue from advertising (purchase of space, creation, publishing, etc.) must exceed 50 % of its total revenues.

provide guarantees of professional proficiency (training, professional experience in an agency or with advertisers).

The "intermédia" title is conferred by right when the above-mentioned conditions recorded by the commission are fulfilled.

French nationality is not listed as one of these conditions.

The "intermédia" title is delivered by a joint commission, the members of which include representatives of the press, of other media and advertising executives. Its composition and its organization are fixed by the internal rules and regulations.

If the "intermédia" title is refused, the concerned agency has the possibility to appeal the decision to the commission, who summons the agency to hear its explanations.

1 bis, Avenue de Lowendal
75007 PARIS

TÉL : (33) 01 47 20 22 48

FAX : (33) 01 47 20 21 64

wgz@wgzavocats.com

34, AV. HENRI MATISSE
06200 NICE

TÉL : (33) 04 93 18 83 50

FAX : (33) 04 93 18 83 51

wgz@wgzavocats.com

7, RUE DE BONNEL
69003 LYON

TEL : (33) 04 72 61 75 80

FAX : (33) 04 72 61 75 82

wgz@wgzavocats.com

1395 Brickell Avenue, Suite 700
Miami, FLORIDA 33131

TEL : (1) 305- 372-7474

FAX : (1) 305-372-7475

wgz@wgzavocats.com