

## Economic perspective on France-Asia relations and their differences in business practices

Mr David Thornes, Partner in the Singapore office of Accuracy, shares his insight regarding macroeconomic developments in Asia and France, the impact of China's emergence as the world's leading economic power on these developments and the impact of each country's culture on these relations.



*Mr David Thornes heads the Singapore office of the financial advisory firm Accuracy. A 42-year-old Frenchman, he grew up in Belgium until he was 18, then graduated in France from a prestigious engineering school, the École Centrale de Paris. Recruited by Accuracy, he worked for 12 years in France before heading the Singapore office for the past 5 years.*

*Financial advisory firm Accuracy operates in the field of Mergers and Acquisitions (M&A), Arbitration and Litigation (for which Singapore is an important centre in Asia) and provides advice on the funding of large infrastructure projects.*

### Could you share your opinion on macroeconomic developments in Singapore and France?

My primary observation is that Asia's economic growth induces an increase in flows between Asia and Europe. Regarding M&A, the Chinese have acquired large French companies such as Club Med and conversely, the French groups also wish to rebalance their portfolio towards Southeast Asia to take advantage of the Asian growth. This growth is reflected in Asia by more large-scale infrastructure projects and the associated potential litigations.

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### How do you think China's growing influence affects these macroeconomic developments?

China's weight had become enormous, both economically and demographically and it increasingly attempts to assume a leadership position. In addition, China seeks to rebalance its economic development, historically driven by exports, by stimulating its domestic market in an economic strategy known as the "Dual Circulation". Faced with China's assumed leadership, global reactions appear either hostile, an example being that of the United States of America under the Trump

administration, or mixed for countries such as France and Germany.



*Skyscrapers in Shanghai, China (Source: Unsplash)*

For France, China’s growth was initially viewed as an opportunity which has allowed increased exports, in particular in some sectors such as luxury goods, to the extent that a few companies in this sector currently represent a significant share of the CAC 40 stock market index’s total value. France is now facing an increased local competition on certain industries that the French used to be at the forefront of, such as nuclear power or transportation. The competitiveness of France in these very industries is further endangered by the lower levels of investment in education and of research and development. Moreover, the reason why a decoupling between France and Germany is referred, is the fact that Germany appears more agile and proactive in facing this competition.



*Landscape in Benin, a francophone region in Africa (Source: Unsplash)*

For the francophone regions in Africa, their historical relationship with France is being weakened, particularly to the benefit of the Chinese who have invested there for a long time. But the real development of Africa remains handicapped by a lack of harmonization of standards, caused by a lack of political stability.



*Landscape of Singapore, a global business hub (Source: Unsplash)*

Singapore’s primary strength is to have established itself as a business and diplomatic hub, by putting forward three key criteria: a stable legal and fiscal framework, high quality infrastructure and a diplomatic balance that allows Singapore to be on good terms with both the United States and China. With regards to business, the government is pushing things in the right direction by facilitating the development of high value-added industries such as pharmaceutical sciences, technology, and financial services, in addition to industries that traditionally support Singapore’s role as a hub such as port, and transport.

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**What are the similarities in business practices between Singapore and France?**

My impression after 5 years in Singapore is that there are several common traits between the Singaporean and the French cultures, such as educational systems based on rigour and cartesianism, the respect of hierarchy and a certain level of affect and personal relationships in the professional sphere.

**What are the differences in business practices between Singapore and France that are important to take note of?**

There are two key differences in business practices between the two countries. Firstly, Singapore follows the common law system while France follows the civil law. Secondly, while the fiscal and legislative frameworks for both countries are relatively clear, the Singaporean ones appear stable over time while French ones are more unstable over time.

**How do you think these similarities and differences shape the relationship between Singapore and France?**

Singapore is a city has become very popular with the French over the past few years. The French community has grown up to be one of the biggest in Singapore in comparison to other expat communities, and the French multinational companies often opt for Singapore to establish their Asian headquarters. It is interesting to see that the French, whose English is not always perfect, are very comfortable with the “Singlish” and thrive in an environment which appears easier to settle in that in other Asian cities such as Hong Kong.

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