



**Viewpoint**

# One-click report : France

December 15th 2023

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# One-click report : France

## Briefing sheet

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### Political and economic outlook

- The French economy is the second largest in the EU (after Germany) and the seventh largest globally. It is highly developed and services-oriented, with strengths in aeronautics and luxury goods. Labour and tax reforms in 2017 improved competitiveness.
- Emmanuel Macron is serving a second term as president, but his government does not have a majority, making policymaking difficult. Reform progress has been achieved by trading concessions for external support, but sentiment towards this in parliament is hardening. Increasingly, reforms are being passed by decree, causing much controversy.
- Policy priorities include addressing the issues that led to riots following the police shooting of a teenager in June, tackling the impact of droughts caused by climate change, expanding access to healthcare and passing an immigration reform bill. Heavy-handed policing and the challenges of low-income suburbs will also be under scrutiny.
- Economic growth in early 2024 will be held back by still-high inflation, tight monetary policy and weak external demand. However, fiscal spending will remain supportive, unemployment low and the services sector on an upswing. EIU expects growth to pick up from mid-2024 as external demand strengthens and interest rates fall.
- The European Central Bank (ECB) is likely to have ended an aggressive tightening cycle, but interest rates will remain at a record high until at least mid-2024 and then fall only slowly. This will constrain profit margins and sentiment for French households.
- France's debt/GDP ratio, at 111.5% at end-2023, is the fifth highest in the euro zone (after Greece, Italy, Portugal and Spain). After edging up in 2024, it will fall slowly in 2025-28. Borrowing costs will rise but will be rolled over, but financing will not be an issue.
- In response to the Russia-Ukraine war, France is pushing for greater "strategic autonomy" by strengthening EU collaboration on defence, energy and food. Mr Macron has also launched a "European political community" to complement the EU accession process.

### Key indicators

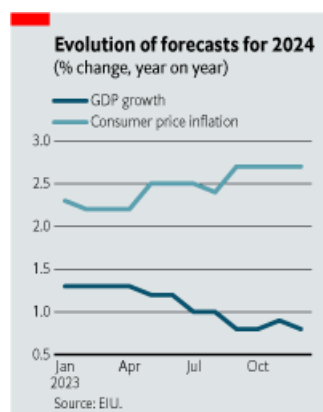
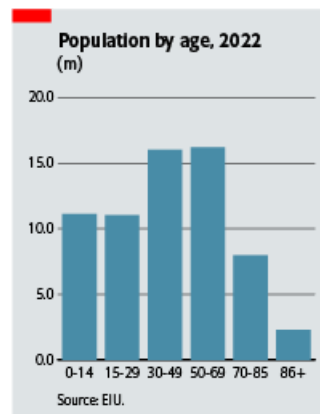
	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
Real GDP growth (%)	0.9	0.8	1.3	1.6	1.5
Consumer price inflation (av; %)	5.7	2.7	2.0	2.0	2.0
Government balance (% of GDP)	-5.0	-4.8	-3.9	-3.5	-3.2
Current-account balance (% of GDP)	-1.0	-0.8	-0.6	-0.3	-0.3

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Short-term interest rate (av; %)	3.4	3.8	2.9	1.9	1.8
Unemployment rate (%)	6.9	7.0	6.9	6.8	6.7
Exchange rate US\$:€ (av)	1.08	1.10	1.16	1.18	1.20

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

## Market opportunities



## Key changes since November 6th

- A new immigration bill approved by the Senate (the upper house of parliament) in early November toughened the country's stance on illegal immigration by easing the process for the expulsion of individuals constituting a danger to national security.
- The bill may still face opposition by left-wing elements within the ruling Renaissance party when debated in the National Assembly (the lower house) in early December, and the government may use Article 49.3 of the constitution to bypass a vote.
- The current-account deficit was equivalent to about 1% of GDP in the first three quarters of 2023. EIU now estimates a slightly narrower current-account deficit of 1% of GDP for 2023 (1.3% previously) and expects it to shrink further to 0.8% in 2024 (1.2% previously).

## The month ahead

## One-click report : France ,December 28th 2023

- December 14th—ECB rate-setting meeting: In October the ECB kept interest rates unchanged following consecutive rate increases totalling 450 basis points. We believe that the ECB has ended its most a ever tightening cycle, but there is a risk of another increase in December or early 2024 if inflation rises again

## Major risks to our forecast

Scenarios, Q4 2023	Probability	Impact	Intensity
Continued monetary tightening pushes France into recession	High	High	1
Street protests derail policy agenda	Moderate	High	1
The government takes radical measures to prevent foreign takeovers	Very high	Low	1
Deindustrialisation raises the structural unemployment rate	Moderate	Moderate	9
Further deterioration in West-China ties forces full decoupling of the global economy	Moderate	Moderate	9

Note. Scenarios and scores are taken from our Operational Risk product. Risk scenarios are potential developments that would substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.

Source: EIU.

## Forecast summary

[France](#) | [Economy](#) | [Forecast](#) | [Forecast summary](#)

December 1st 2023

### Forecast summary

(% unless otherwise indicated)

	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>t</sup>
Real GDP growth	0.9	0.8	1.3	1.6	1.5
Industrial production growth	0.7	1.4	1.6	1.6	1.5
Unemployment rate (av)	6.9	7.0	6.9	6.8	6.7
Unemployment rate (av; EU/OECD standardised measure)	7.1	7.2	7.1	7.0	6.9
Consumer price inflation (av; EU harmonised measure)	5.7	2.7	2.0	2.0	2.0
Money market rate (av)	3.4	3.8	2.9	1.9	1.8
General government balance (% of GDP)	-5.0	-4.8	-3.9	-3.5	-3.2
Exports of goods fob (US\$ bn)	690.5	694.1	729.4	765.2	801.7
Imports of goods fob (US\$ bn)	792.5	783.0	807.1	841.3	873.5
Current-account balance (US\$ bn)	-29.6	-24.2	-22.2	-11.2	-11.7
Current-account balance (% of GDP)	-1.0	-0.8	-0.6	-0.3	-0.3
Exchange rate US\$:€ (av)	1.083	1.103	1.155	1.180	1.195
Exchange rate US\$:€ (end-period)	1.080	1.135	1.175	1.185	1.200

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Exchange rate ¥100:€ (av)	1.542	1.580	1.299	1.254	1.258
Exchange rate €:£ (av)	1.144	1.088	1.078	1.091	1.119

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

## Political stability

[France](#) | [Politics](#) | [Forecast](#) | [Political stability](#)

December 1st 2023

EIU expects Emmanuel Macron to serve out his second term as president to 2027, although cabinet reshuffles in the interim are likely. The government is a centrist administration that does not have a majority. Progress will continue to be achieved by trading concessions for external support, from both the right-wing Les Républicains (LR) and the centre-left Parti socialiste (PS), with the government also making overtures to the Liberties, Independents, Overseas and Territories (LIOT) parliamentary group. However, as the 2024 elections approach, this will become more difficult. Sentiment towards cross-party co-operation in parliament is already hardening, and the government will remain dependent on Article 49.3 of the constitution to pass bills without a parliamentary vote. This will increasingly spark public and parliamentary anger, opening the government up to accusations of being undemocratic.

Dissatisfaction with the president and the government will remain high. Renewed protests remain a feature of the first half of 2023 was marked by intense public anger about the pension bill; the shooting of a teenage girl by a police officer in late June then led to a week of riots and violent protests. Scrutiny of the causes behind the protests (ranging from heavy-handed policing to the challenges facing low-income suburbs) and elaboration of a policy response will remain a government priority.

Social tensions picked up again in October following the massive attack on Israel by Hamas and Israel's declaration of war in response. France has the largest Jewish population in Europe, as well as one of the largest Muslim communities, so the potential for clashes is high. Anti-Semitic violence has spiked, and the government has banned pro-Palestinian demonstrations. Divisions have emerged in parliament as the PS announcing a temporary break from its participation in the left-wing NUPES alliance in protest. The leader of the alliance's largest party, Jean-Luc Mélenchon, refused to describe Hamas as a terrorist group, which have long argued that NUPES's ideological diversity would lead to disunity. Divisions on the left will continue to the benefit of the far-right Rassemblement national (RN).

A flagship immigration bill and the 2024 budget are the current legislative priorities in parliament. For both bills, the government may once again resort to using Article 49.3, which is allowed for budgetary legislation plus one other use per parliamentary session. This is likely to result in renewed attacks on the government, to the benefit of the opposition parties. It may also prompt further no-confidence votes against the government (these can be called each time Article 49.3 is used). These votes are likely to continue to test political stability, especially if LR becomes so frustrated that it reconsiders its position of abstaining from such votes.

## Election watch

[France](#) | [Politics](#) | [Forecast](#) | [Election watch](#)

December 1st 2023

Following the presidential election in April 2022 and the legislative election in June 2022, the next regional, presidential and legislative elections is scheduled for 2027. Mr Macron cannot run for a third term and his party has yet to put forward a successor. LR has various possible candidates but will struggle to put forward a strong policy stance between the governing centrists and the far-right RN. The RN will remain an important force in these elections, but our view is that there remains a ceiling on the party's support. Early legislative elections are not out of the question if policy gridlock persists for a lengthy period, but highly unlikely at present, as it would result in the ruling parties losing seats, and none of the opposition parties could get close to achieving a majority.

Indirect elections for half of the seats in the Senate (the upper house of parliament) were held in September 2023 and resulted in LR maintaining its hold on power. This is positive for the government as it keeps alive the possibility of co-operation with LR on upcoming legislation.

## International relations

[France](#) | [Politics](#) | [Forecast](#) | [International relations](#)

December 1st 2023

As the second-largest economy in the EU, France will remain a major player in setting the region's agenda. Mr Macron will continue to push for greater "strategic autonomy" by strengthening EU collaboration in defence, energy and food. He has launched a "European political community" to provide benefits to EU candidates in the (lengthy) run-up to their accession, with a format that also includes ties with the UK. Ties with the UK have improved in the past year with Rishi Sunak as prime minister and an easing of tensions over Brexit.

Relations with Germany, the bloc's largest economy, are typically close but marked by notable disagreements and difficulties in agreeing common positions since Olaf Scholz became the German chancellor will continue, which will constrain EU policy progress more broadly. China is currently a major source of tension, with France pushing for a more hawkish stance while Germany is more circumspect (reflecting greater economic dependence). Reform of the EU's electricity market is another point of contention, with Germany continuing to subsidise industrial electricity prices, and France keen to support its large nuclear sector. We do not expect an agreement until late 2024 at the earliest.

In response to the US Inflation Reduction Act (IRA), which provides subsidies for green industry, the bloc has adopted a Green Deal Industrial Plan and relaxed state aid rules. The bloc is also finalising a Critical Materials Act, aiming to reduce reliance on China for minerals needed in the energy transition. France was the first EU member state to have taken advantage of the new rules, with a plan that is expected to generate significant new investment in sectors from electric vehicles to renewable energy. France and Germany have



scope than smaller countries to support domestic industries, so are set to gain the most from this, r criticism that the plan distorts the EU's single market.

The EU, in close co-ordination with the US and other Western allies, has imposed financial, sectoral individual sanctions on Russia since the invasion of Ukraine. The sanctions will remain in place th our forecast period and probably beyond as the West and Russia decouple. We expect the war in Ukr a protracted conflict with no clear-cut resolution. As the war persists and the costs to Ukraine's Wes backers increase, public support may start to decline, and deliveries of military support will become generous. However, official positions of support for Ukraine will continue.

## Policy trends

[France](#) | [Summary](#) | [Forecast](#) | [Economy](#) | [Forecast](#) | [Policy trends](#)

December 1st 2023

Despite lacking a parliamentary majority, Mr Macron has been able to pass controversial bills, such reform of the pension system. To do that, the government has often used Article 49.3 of the constitu pass bills without a parliamentary vote. Policy priorities in the near term are the 2024 budget and ar immigration bill. The budget is set to raise spending on the green transition and regional services, a higher pensions and benefits, while phasing out energy price support measures. The immigration b toughen the country's stance on illegal immigration by easing the process for the expulsion of indiv constituting a danger to national security. To get right-wing senators on board, the government had clause that would have facilitated granting residence permits to illegal immigrants working in sect staffing shortages.

Investment plans now under way include a €30bn programme to boost local industry and green init and a €100bn medium-term recovery and stimulus plan (partly financed by EU funds). As across Eu defence spending is being raised, with the defence budget rising by a third in 2024-30 to €413bn. Th help France to reach NATO's 2% of GDP spending target (from 1.9% in 2022)—although Europe will r heavily dependent on US security guarantees. France will also increase investment in the nuclear se which already accounts for 70% of domestic electricity production.

Attempts to reduce public debt and slim down the substantial public sector have so far made no pro given generous pandemic-related spending and more recent efforts to tackle soaring energy prices. adjustment path looks decidedly slow, and financial markets and the European Commission will cl watch budgetary announcements for 2024-25.

## Fiscal policy

[France](#) | [Summary](#) | [Forecast](#) | [Economy](#) | [Forecast](#) | [Fiscal policy outlook](#)

December 1st 2023

We forecast that the deficit will narrow only marginally in 2024, to 4.8% of GDP, with the government plans still fairly expansionary. The green transition will entail €10bn in extra investment, including for heat pumps, housing improvements and greener transport. This is expected to be offset by savings from the phasing-out of energy price subsidies by end-2024. The government has also planned extra expenditure to boost the quality of local government services and increase inflation adjustments to social spending; social spending will rise to 1.94% of GDP, as part of a multi-annual military budget that runs to 2030, passed in late 2023.

We do not expect the fiscal deficit to return to the EU's 3% of GDP reference value until 2028. However, the EU methodology for calculating progress towards this goal (currently under negotiation, and likely to be imposed from 2025), combined with the EU's track record of offering flexibility for France and other member states with excess deficits across the region, means that the government is unlikely to face punitive measures. EU state aid rules are also currently relaxed.

The public debt/GDP ratio rose by about 17 percentage points in 2020 amid the deployment of coronavirus-related emergency stimulus. At end-2022 it stood at 111.8%—the fifth highest in the EU. As fiscal spending remains elevated, we forecast that this will remain broadly stable in 2024-25, before declining gradually. Interest rates have risen sharply, and will remain elevated (with risks to the upside) in 2024, but financial costs will remain manageable.

## Monetary policy

[France](#) | [Economy](#) | [Forecast](#) | [Monetary policy outlook](#)

December 1st 2023

We believe that the European Central Bank (ECB) has ended its most aggressive ever tightening cycle. Core inflation is cooling, and we expect that interest rates will remain at a record high until at least mid-2024. There is a risk that further rate increases may be needed in December 2023 or early 2024 if inflation accelerates again in the coming months. At its monetary policy meeting, on October 26th, the ECB kept interest rates unchanged following ten consecutive rate increases totalling 450 basis points. The ECB believes that financial conditions are currently tight enough to bring inflation back to its 2% target in the medium term—provided that interest rates remain high for a "sufficiently long" period. Euro zone inflation fell to 2.9% in October, its lowest in more than two years. We believe that the deposit rate and the main refinancing rate will remain at 4% and 4.5% respectively in 2024. We expect the ECB to start easing monetary policy from mid-2024, with the main refinancing rate settling at about 2.3% in 2026-28 (well above the average in the 2010s, reflecting higher investment in green technologies and defence—as well as a tight labour market).

Households and businesses will continue to face high borrowing costs and tight credit conditions in the short term. Sharp sell-offs in the sovereign bond markets as the ECB progressively reduces its balance sheet are a high risk. The reinvestment of proceeds from maturing assets under the pandemic emergency

## One-click report : France ,December 28th 2023

programme (PEPP) has so far been the first line of defence against a widening in sovereign spreads; winding-down of this programme risks a sharp deterioration in borrowing conditions for highly inc euro zone economies.

## Global forecast data

[France](#) | [Economy](#) | [Forecast](#) | [International assumptions](#)

December 1st 2023

	2023	2024	2025	2026	2027
<b>Economic growth (%)</b>					
US GDP	2.4	0.9	1.8	2.0	2.0
Developed economies GDP	1.5	1.1	1.7	1.8	1.8
EU27 GDP	0.6	1.1	1.9	1.8	1.8
World GDP	2.5	2.2	2.7	2.7	2.7
World trade	0.7	2.7	3.4	3.6	3.7
<b>Inflation indicators (% unless otherwise indicated)</b>					
US CPI	4.1	2.6	2.3	2.3	2.4
Developed economies CPI	4.5	2.5	2.1	2.0	2.0
EU27 CPI	6.3	2.9	2.3	2.1	2.0
Manufactures (measured in US\$)	5.1	3.7	3.7	2.8	2.1
Oil (Brent; US\$/b)	83.0	84.1	79.2	71.8	66.3
Non-oil commodities (measured in US\$)	-14.9	-1.6	0.8	-0.2	0.5
<b>Financial variables</b>					
US\$ 3-month commercial paper rate (av; %)	5.1	5.2	4.4	3.4	2.6
€ 3-month interbank rate (av; %)	3.4	3.8	2.9	1.9	1.8
US\$:€ (av)	1.08	1.10	1.16	1.18	1.20
¥:€ (av)	154.24	157.97	129.91	125.38	125.77

## Economic growth

[France](#) | [Economy](#) | [Forecast](#) | [Economic growth](#)

December 1st 2023

We expect full-year growth of 0.8% in 2024, broadly unchanged from 2023, with economic activity picking up towards the end of next year. Economic activity will be held back by tight monetary policy (with interest rates in the euro zone remaining at a record high until at least mid-2024), which will slow investment activity. The external environment will also remain subdued, with global growth and demand for French exports

## One-click report : France ,December 28th 2023

and the US (France's second and third-largest export markets) slowing. The construction and manufacturing sectors will remain under pressure from high input prices. Nonetheless, industrial output should pick up on the back of rising demand for French exports from Germany (France's largest export market).

Unemployment will rise only minimally, and a still-tight labour market, along with slightly stronger growth, will result in a gradual recovery in domestic demand, especially once interest rates start to ease in the second half of the year. Continued fiscal support and a positive outlook for sectors such as tourism, defence and energy infrastructure will all support growth next year. We forecast a pick-up in economic momentum in 2025 to 1.3%, in line with the global recovery, with the economy slowing towards its long-term growth rate from 2027 onwards.

The main risk to the economic outlook in 2024 is that the French economy will enter a recession in coming quarters. There is a risk that the pass-through of recent rate increases into the real economy will be more forceful than we currently expect, and that financial conditions will tighten too severely, resulting in a contraction in credit demand from both households and businesses. It is also possible that inflation will continue its downward trend but will instead stabilise at a high level, which could require further tightening by the ECB.

### Economic growth

%	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
GDP	0.9	0.8	1.3	1.6	1.5
Private consumption	0.8	1.0	1.7	1.7	1.6
Government consumption	0.5	0.9	0.9	1.0	1.2
Gross fixed investment	2.0	1.1	1.5	1.5	1.3
Exports of goods & services	1.3	1.8	2.6	2.9	2.9
Imports of goods & services	0.7	2.3	3.2	2.6	2.4
Domestic demand	0.8	1.0	1.5	1.5	1.3
Agriculture	7.3	0.9	1.3	1.6	1.5
Industry	7.6	0.9	1.3	1.6	1.5
Services	-0.7	0.8	1.3	1.6	1.5

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts.

## Inflation

[France](#) | [Economy](#) | [Forecast](#) | [Inflation](#)

December 1st 2023

We expect headline inflation to slow to an average of 2.7% in 2024, from an estimated 5.7% this year. Manufactured goods inflation is now easing in line with the decline in producer price inflation, and services inflation to peak towards the end of 2023, after rising with a lag as wage pressures have increased. In 2024 services prices will be the main driver of inflation. Falling energy and other commodity prices combine with tighter monetary policy to slow price growth. The main risk to this forecast is of the I

Hamas war escalating into a regional conflict and causing oil prices to spike; this would delay the re-inflation (and interest rates) in Europe. In 2025-28 we expect consumer price growth in France to stay at an annual average of 2%, slightly above the euro zone average, owing to long-standing structural issues.

## Exchange rates

[France](#) | [Economy](#) | [Forecast](#) | [Exchange rates](#)

December 1st 2023

The euro will remain broadly stable against the US dollar until mid-2024, as we expect both the ECB and the Federal Reserve (Fed, the US central bank) to have concluded their tightening cycle and that interest rates remain at their current levels until mid-next year. This will keep the Fed-ECB interest-rate differential at its narrowest since mid-2022. The euro appreciated against the dollar in the first half of 2023, reaching a month high of US\$1.11:€1 in mid-July, before easing in August-September. The appreciation was the result of an improvement in the region's terms of trade, but market concerns about the economic outlook in Europe prompted the depreciation in recent months. We expect a gradual appreciation of the euro against the dollar from mid-2024 as the euro zone's current-account surplus supports the currency's value.

## External sector

[France](#) | [Economy](#) | [Forecast](#) | [External sector](#)

December 1st 2023

The bulk of the variation on France's current account usually comes from the goods deficit and services surplus, which mostly depend on deliveries of aircraft and large cruise ships, as well as tourism. Over the past 15 years the current-account deficit has averaged a fairly stable 0.8% of GDP, but the suppression of demand caused by the pandemic and the surge in energy prices caused by Russia's invasion of Ukraine resulted in greater volatility since 2020. Trends on the external balance have now mostly normalised and we forecast a current-account deficit equivalent to 0.8% of GDP in 2024, narrowing from 1% in 2023. If energy prices continue to fall over our forecast period, and France's nuclear and renewable electricity generation increases, we expect the trade deficit to shrink further as a share of GDP, resulting in a smaller current-account deficit by the end of our forecast period.

## Country forecast overview: Business environment rankings

[France](#) | [Business](#) | [Business environment](#) | [Rankings overview](#)

October 15th 2023

Value of index <sup>a</sup>		Global rank <sup>b</sup>		Regional rank <sup>c</sup>	
2019-23	2024-28	2019-23	2024-28	2019-23	2024-28
7.66	7.96	17	16	11	9

<sup>a</sup> Out of 10. <sup>b</sup> Out of 82 countries. <sup>c</sup> Out of 18 countries: Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey and the UK.

- Reform progress under the previous administration brought a broad-based improvement in the business environment, but the coronavirus crisis and the Ukraine war have damaged the macroeconomic environment. The tax regime and the over-regulated labour market will remain weak points in 2024-28.

## Business environment at a glance

[France](#) | [Business](#) | [Business environment](#) | [Business environment at a glance](#)

October 15th 2023

### Policy towards private enterprise and competition

2024-25: Government takes a more defensive role to protect domestic interests in disputes with foreign companies (especially non-European ones). Privatisations remain off the agenda.

2026-28: Greater funding for competitiveness clusters, and tax breaks and subsidies for research and development projects.

### Policy towards foreign investment

2024-25: Favourable policy towards foreign direct investment is qualified by support for "national champions" and protection of struggling firms in strategic sectors, with stronger measures to prevent predatory takeovers.

2026-28: Possible erosion of barriers against foreign takeovers as a result of commercial pressures and

### Foreign trade and exchange controls

2024-25: Foreign trade remains governed by EU rules. Export and import volumes recover slowly, with supply chain disruptions dating back to the pandemic easing and energy trade adjusting to Europe's pivot away from Russian energy.

2026-28: Qualified support for further trade liberalisation, except in agriculture, defence and cultural

## Taxes

2024-25: Fiscal support measures to mitigate the surge in energy prices are phased out over 2024 as moderate.

2026-28: Plans to ease the labour tax burden are constrained by the need for fiscal consolidation after energy crisis.

## Financing

2024-25: Cost of borrowing starts to ease from mid-2024 following an aggressive period of monetary tightening by the European Central Bank (ECB). Nonetheless, interest rates remain higher than in the early 2020s.

2026-28: Borrowing trends start to normalise. Venture capital availability remains limited.

## The labour market

2024-25: The government maintains financial incentives for firms to create jobs and expands apprenticeship schemes. A wide-ranging pension reform is implemented, but remains highly controversial.

2026-28: The bounce-back in the economy and private-sector investment provides more incentives to hire.

## Infrastructure

2024-25: More cities install electric-vehicle charging points. 5G mobile broadband is expanded. The government enables an accelerated permissions process for renewable energy and invests further in the nuclear sector.

2026-28: After initial lines open in 2024, construction of the Grand Paris Express suburban rail project continues, with a target completion date of 2030.

## Technological readiness

2024-25: The government's €30bn France 2030 plan provides support for innovation, especially in clean energy. Tech start-ups with a focus on robotics, semiconductors, artificial intelligence and virtual reality are prioritised.

2026-28: Accelerating shift to e-government to reduce red tape and streamline public services. Rising mobile (including 5G) and broadband penetration, and a rapid shift towards electric and hybrid vehicles.

# Market opportunities: Social indicators and living standards

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July 18th 2023

## Social indicators and living standards

	2022		2027	
	France	Europe (av) <sup>a</sup>	France	Europe (av) <sup>a</sup>
<b>Health</b>				
Healthcare spending (% of GDP)	12.4	10.0	11.1	9.7
Healthcare spending (US\$ per head)	5,663	3,004	6,195	3,976
Infant mortality rate (per 1,000 live births)	3.2	6.2	2.9	5.6
Physicians (per 1,000 population)	3.4	3.7	3.4	3.8
<b>Food and beverages</b>				
Food, beverages & tobacco (% of household spending)	20.0	21.2	19.3	20.3
Meat consumption (kg per person)	84.9	70.2	87.9	71.2
Milk consumption (litres per person)	266.0	227.0	279.0	234.0
Coffee & tea consumption (kg per person)	6.1	4.5	6.4	4.8
<b>Consumer goods in use (per 1,000 population)</b>				
Passenger cars	597	438	599	444
Telephone main lines	584	281	574	260
Mobile phone subscribers	1,130	1,280	1,150	1,280
Television sets	983	903	1,148	1,020
Personal computers	798	775	807	826
<b>Households</b>				
No. of households (m)	34.9	340.8	39.4	354.1
No. of people per household (av)	1.9	2.4	1.7	2.3
<b>Income and income distribution</b>				
Median household income (US\$)	43,420	39,420	48,880	51,380
Average monthly wage (US\$)	3,660	2,450	5,020	3,220
Gini index	30.7 <sup>b</sup>	–	–	–

<sup>a</sup> Austria, Azerbaijan, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom. <sup>b</sup> Latest available year.

Sources: UN Statistical Office; World Bank; Food and Agriculture Organisation (FAO); Euromonitor; World Health Organisation (WHO); national statistical offices; International Telecommunication Union (ITU); EIU estimates and forecasts.



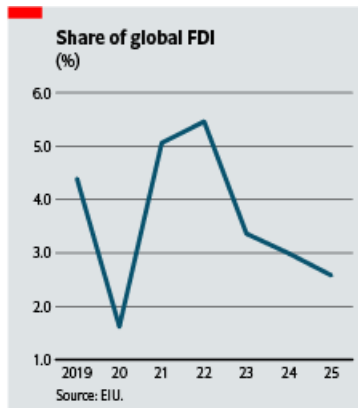
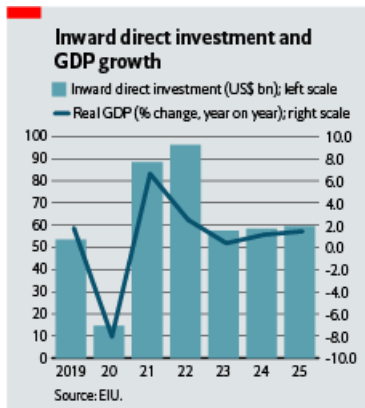
## Global position

France | Regulation | Global position

May 1st 2023



Several features of the French economy have helped it remain a key destination for foreign direct investment in the EU; a prime example is the country's world-renowned expertise in aerospace, agro-foods, health, luxury goods and utilities. The pro-business policy agenda of President Emmanuel Macron, who was elected for a second five-year term in April 2022, also has taken aim at traditionally weaker components of the business climate, such as a relatively high tax burden and excessively regulated labour market, paving the way for incremental improvements. Most recently, Mr Macron has pushed through an increase in the legal retirement age despite fierce opposition in Parliament and intense street protests and strike action. The economic squeeze on purchasing power prompted by the coronavirus (COVID-19) pandemic was followed by a particularly sharp surge in energy costs in France as a result of Russia's invasion of Ukraine. Reflecting security concerns, the French government has not just paused its privatisation programme but, in the case of the national electricity company EDF, reversed it, taking the group back into public ownership. The government plans to increase investment in the nuclear sector, which accounts for 70% of domestic electricity production.



## Regulatory/market assessment

[France](#) | [Regulation](#) | [Regulatory/market assessment](#)

May 1st 2023

- In response to the Europe-wide energy crisis prompted by Russia's invasion of Ukraine, in July 2022 the French government announced plans to fully renationalise electricity company EDF by purchasing the remaining 16% stake. The government also announced a €52bn programme for EDF to build at least 10 new nuclear power stations by 2050.
- In April 2023 the European Parliament adopted key legislative elements of the EU's "Fit for 55" climate package, which outlines measures to reach the bloc's goal of reducing greenhouse-gas emissions by 55% by 2030 compared with 1990 levels. The Parliament also agreed to reform the EU emissions-trading system and establish a carbon border adjustment mechanism.
- In April 2023 President Emmanuel Macron signed his widely unpopular pension reform into law. The retirement age will increase gradually from 62 years to 63 by end-2027 and to 64 by 2030. The reform also brings forward an increase in the minimum contribution period, from 2035 to 2027.
- In November 2022 the EU's Digital Markets Act, which focuses on antitrust and competition in digital markets, came into force. The act creates the concept of "gatekeepers", with the rules applying only to a specific number of companies, as opposed to the market itself. The European Commission is expected to designate gatekeeper platforms in September 2023, with enforcement beginning in 2024.
- In December 2022 the EU reached an internal agreement on a 15% minimum corporate tax, the second pillar of the 2021 OECD global tax deal, with member states now required to enact the provisions by end-2023. However, the prospects for fully implementing the global tax deal remain shrouded in uncertainty as major signatories (particularly the US) continue to disagree over the arrangement.

## Regulatory/market watch

[France](#) | [Regulation](#) | [Regulatory/market watch](#)

May 1st 2023

- With the ruling Renaissance party lacking a parliamentary majority, in March 2023 President Emmanuel Macron used Article 49.3 of the constitution to force an unpopular pension reform bill through Parliament without a vote. The move, which provoked street protests and widespread opposition within Parliament, hardened other parties against co-operating with Mr Macron, making parliamentary gridlock more likely.
- The government has introduced a series of measures to cushion workers and businesses against the ongoing cost-of-living crisis. These have included increased pension payments, caps on housing costs, public-sector wages, a one-off cash transfer to help with rising food costs, and a provision for companies to make higher tax-free bonus payments to workers, among other measures.
- Mr Macron is wary of aligning too closely with the hawkish stance of the US towards China, and in 2023 he met directly with China's President, Xi Jinping, with the aim of securing China's agreement to a new trade deal.

## One-click report : France ,December 28th 2023

supplying arms to Russia. Mr Macron's approach could ignite concerns, particularly in the US, over West's unity on a co-ordinated diplomatic approach towards China.

- The EU response to Russia's invasion of Ukraine has been unprecedented and closely co-ordinate US and other Western allies. As of end-April 2023, the EU has imposed ten packages of financial and individual sanctions on Russia. We expect the sanctions to remain in place throughout medium term and longer.
- EU-US trade relations have soured following US approval of US\$369bn in tax credits and subsidies for products, such as electric vehicles whose key components are made in the US. Talks are ongoing to prevent transatlantic tensions from escalating. However, major concessions from the US are unlikely, dragging the EU into a US-China subsidy race.
- Mr Macron is looking to reshape France's relations with Africa, in part to counteract China's expanding influence in the region and recent re-engagement efforts by the US. Challenges will include tough international competition for access to African markets, and higher demand for political and economic autonomy from African countries.

## Long-term outlook: The long-term outlook

[France](#) | [Economy](#) | [Long-term outlook](#) | [Long-term outlook](#)

July 18th 2023

	2023-30	2031-50	2023-50
<b>Population and labour force (% change; annual av)</b>			
Total population	0.18	0.02	0.07
Working-age population	-0.12	-0.29	-0.24
Working-age minus total population	-0.30	-0.31	-0.31
Labour force	-0.71	-0.35	-0.45
<b>Growth and productivity (% change; annual av)</b>			
Growth of real GDP per head	1.1	1.3	1.2
Growth of real GDP	1.3	1.3	1.3
Labour productivity growth	2.0	1.7	1.8
Growth of capital stock	1.9	1.4	1.5
Total factor productivity growth	1.1	1.0	1.0

Initial conditions: France has unusually high productivity by international standards, with output per worker only marginally below that in the US. However, this is in part the result of underutilisation of labour. Structural unemployment is high, the employment rate is among the lowest in the EU and working hours are comparatively short (reflecting in part the 35-hour week, introduced in 2000). Foreign investment has been held back in recent years by negative perceptions of the labour market and tax system. Moreover, a sharp rise in unit labour costs in the early 2000s, French exporters have been at a disadvantage, with cost-competitiveness remaining an area of weakness. Successive governments have struggled to implement

## One-click report : France ,December 28th 2023

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reforms, owing to the effectiveness of trade unions and civil society in blocking proposals that threaten workers' rights. Since the June 2022 legislative election, Mr Macron commands a minority government and will have to build ad hoc external support policy by policy. As a result, we now expect much slower policymaking.

**Demographic trends:** France has one of the highest birth rates in Europe, partly owing to generous family allowances, relatively long maternity leave, excellent healthcare infrastructure and strong nursery facilities. Even so, the fertility rate will remain below the replacement rate of 2.1, as a result of sociological trends such as the rising length of time spent in education and growing female participation in the labour force. France has one of Europe's largest immigrant populations, but net migration into France is now relatively low. With the fertility rate remaining below the replacement rate, and with social resistance to immigration still strong, if it persists, much of the increase in the French population over the long term will come from rising life expectancy. This pattern of growth will result in a change in the age structure of the population, with the share being accounted for by the over-60s. EIU expects the working-age population to decline by an average of about 0.2% in 2023-50 (our long-term forecast period). Incentives to encourage older workers to remain in the labour market, a gradual increase in the retirement age and other efforts to raise the labour force participation rate—for example via improved education and training—will limit the decline in the labour force. Although this demographic outlook will not support long-term growth, it is less negative than in many regional peers.

**External conditions:** France is a founding member of the EU, the world's largest and most integrated market. Under pressure from the pandemic in 2020, and driven by France and Germany, the EU is gradually developing some common fiscal capacity financed by common debt issuance—a step-change in the degree of integration in the bloc, made more possible by the departure of the UK. With exports of goods and services equivalent to slightly more than 30% of GDP, France is an open economy for its size. It is therefore reliant on demand elsewhere in the EU, but is also exposed to global trends in trade, including the cooling effects of a more protectionist trade stance and any moves to constrain free trade over the long term. EU regulations on investment and competition have been tightened to protect EU firms from the growing clout of China, with China now viewed as a "systemic competitor". A gradual bifurcation in the global economy between trading blocs aligned with the US versus with China is a major risk over the long term, potentially affecting financing, technology and supply chains. France will continue to defend "national champions", resist investment into industries that it deems strategic and bail out ailing domestic companies.

**Institutions and policy trends:** France's policy environment has long been marked by the state's prominent role in directing economic development (a feature known as dirigisme). A sustained programme of privatisation since the late 1980s has significantly reduced the state's direct role in the economy, but the current energy crisis means that state intervention in the economy will probably increase in coming years, especially in the energy sector (the French government raised its stake in EDF, the state-owned electricity producer, from 84% to 100% in June). The state's remaining property holdings are likely to be reduced even further in order to raise revenue for the public coffers, but the government will seek to retain shareholdings in important strategic firms and increase stakes in ailing ones if this is deemed necessary to protect the national interest. The policy environment will continue to be marked by greater state activism than in many other countries, as well as by the belief that France should follow its own distinctive model and remain wary of "Anglo-Saxon" neo-liberalism.

## One-click report : France ,December 28th 2023

Long-term performance: We expect France's trend rate of GDP growth to average 1.3% in 2023-50. The fact that France is a mature economy, so growth on the scale expected in some emerging market unlikely. By 2050 we expect China to be the largest economy in the world, followed by the US and India is forecast to be the ninth largest. Real GDP per head will rise by a forecast annual average of 1.2% in our long-term forecast model uses a production formula, with the drivers of growth being the demographic outlook, rate of investment in the capital stock and total factor productivity growth. For France, as for countries in Europe, capital investment and productivity growth will support the rate of economic growth in the long term, but the shrinking working-age population will constrain this (albeit less so than in many regional peers). The reforms to the French business environment passed by the current administration—especially to the labour market and tax system—will provide a modest positive impetus to hiring, investment and total factor productivity growth in the long-term forecast period.

### Income and market size

	2022	2030	2050
<b>Income and market size</b>			
Population (m)	64.6	65.5	65
GDP (US\$ bn at market exchange rates)	2,780.1	4,268.9	8,100
GDP per head (US\$ at market exchange rates)	43,020	65,130	125,000
Private consumption (US\$ bn)	1,483.9	2,201.6	4,200
Private consumption per head (US\$)	22,960	33,590	63,000
GDP (US\$ bn at PPP)	3,807.7	5,067.1	9,800
GDP per head (US\$ at PPP)	58,920	77,310	145,000
Exports of goods & services (US\$ bn)	964.1	1,544.4	4,100
Imports of goods & services (US\$ bn)	1,071.9	1,523.2	4,100
<b>Memorandum items</b>			
GDP per head (at PPP; index, US=100)	78.3	78.2	79
Share of world population (%)	0.8	0.8	0.7
Share of world GDP (% at market exchange rates)	2.8	2.9	2.1
Share of world GDP (% at PPP)	2.4	2.1	1.7
Share of world exports of goods & services (%)	3.1	3.3	2.9

## Automotive

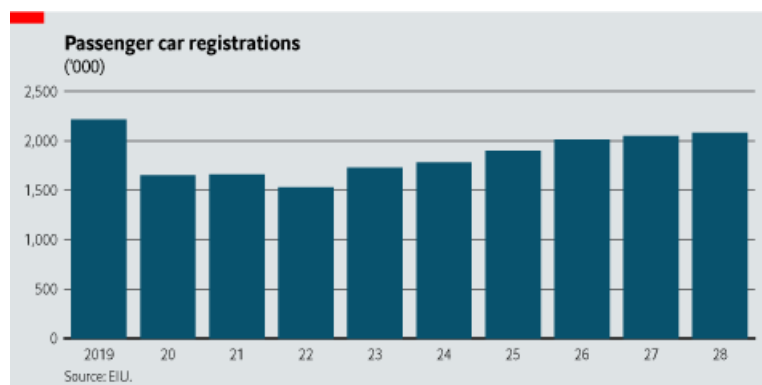
[France](#) | [Automotive](#) | [Overview](#)

November 22nd 2023

- In 2022 France's motor-vehicle market (comprising new cars and commercial vehicles—CVs) suffered a second contraction in three years as GDP growth slowed to 2.5%. Sales in the EU's second-largest motor-vehicle market fell by 7.8%. They would have declined further, had it not been for a 9% expansion of the electric vehicle (EV) market.

## One-click report : France ,December 28th 2023

- However, during the first nine months of 2023 there was a strong recovery: EIU expects growth for 2023 to come in at 13.1%. Continued demand for EVs (comprising battery EVs as well as plug-in hybrids) as well as pent-up demand will support new-vehicle demand. In our forecast period (2024-28), EIU expects that new-car sales will expand at a compound annual growth rate (CAGR) of 3.8%.
- Meanwhile, EV sales jumped by an estimated average of 55% in the first eight months of 2023, overtaking diesel cars to become the second most popular fuel source. We estimate that total EV sales, including battery EVs and plug-ins, will account for 25% of all car sales in 2023. We expect annual EV sales to reach 1.1m units by 2028, or nearly 53% of the total new passenger car market. This implies a CAGR of 20.7% over the forecast period.
- France is the EU's largest market for new CVs, sales of which have declined steeply in recent years. In the face of supply-chain issues and low business and consumer confidence, the new-CV market declined by 17.7% in 2022. We estimate that CV sales will have dropped by 17.5% in 2023, but will pick up later in the forecast period as the economy recovers.
- In our five-year forecast period as a whole, new-CV sales will expand at a CAGR of 4.7%, also owing to demand for EVs and pent-up demand for vans. This headline growth figure partly reflects a low base comparison. Even in 2028 new-vehicle sales will remain well short of their 2019 levels.



- France is the third-largest vehicle manufacturer in the EU. In 2020 the pandemic led to an unprecedented 39% drop in French vehicle output to 1.3m units, according to the International Organisation of Motor Vehicle Manufacturers (OICA). Production increased in 2021, but only by about 3%, and by another 3% in 2022.
- The French government is trying to support investment into EV production, in part by targeting production subsidies towards EU producers. Even so, we expect the French automotive industry to need to restructure and rationalise its production capacity over the forecast period, with resulting job cuts.

## Consumer goods

[France](#) | [Consumer goods](#) | [Overview](#)

November 24th 2023

- France is Europe's third-largest consumer market by annual retail expenditure and population, after Germany and the UK. Household consumption comprises just over 50% of GDP, similar to the share in other major European economies.

Germany. Over the past year the French economy has displayed slightly firmer resilience than its peers. EIU expects full-year economic growth of 0.9% in 2024, unchanged from 2023. In the first half of 2024 growth will be held back by still-high energy and food prices, tight monetary policy, and subdued consumer and business sentiment.

- Retail sales volumes in 2023 are estimated to be negative owing to high inflation and a shift toward services consumption that has reduced consumers' personal disposable income. Despite government intervention to control high food prices, consumers are expected to direct over 21.5% of their household spending on food and beverages in 2023-24 (up from 16.9% in 2019). We estimate that total volume sales will have contracted by 1.5% in 2023 and forecast annual average growth of 1.4% in 2024-28.
- Fiscal support measures and structural factors (such as less reliance on energy-intensive sectors) resulted in moderately lower headline inflation and less dramatic spikes in energy and food prices than in Germany and the UK. Food price inflation is currently a high-profile political issue, with government ministers in recent months explicitly accusing some grocers and multinational brands of "greedflation" or "shrinkflation".
- We estimate a marginal decline in online retail sales volume in 2023, with volume sales returning to 2019 levels by 2024. The share of online in total retail sales is forecast to rise gradually to nearly 18% by 2028 (11% in 2019). Online retail revenue is the third highest in Europe, after the UK and Germany, with e-commerce penetration slightly higher than in Germany.
- France has extensive agricultural resources that support one of Europe's largest food-processing and retail industries. The grocery and foodservice sectors in particular will face ongoing pressure (and need to adapt) to tighter environmental regulations and a growing consumer focus on sustainability. New packaging laws are phasing out single-use plastics in favour of more recyclable materials.

## Energy

[France](#) | [Energy](#) | [Overview](#)

September 15th 2023

- EIU forecasts that France's total primary energy consumption will contract in 2023 as economic activity slows and energy-saving measures remain in place. In 2022 energy consumption fell by about 10%, pulled down by a sharp decline in natural gas consumption and nuclear and hydropower electricity generation.
- We expect energy consumption in France to expand between 2024 and 2027 as it recovers from the recession of 2022, but then to decline between 2028 and 2032 as efficiency gains offset the support given by growth. Energy demand in France has been on a declining trend for the past 20 years; we do not expect to reach pre-Ukraine-war levels, let alone pre-pandemic levels, during our forecast period.
- Oil and gas demand will decline further in 2023 amid elevated energy prices and concerns over fossil fuel supply. Imports of Russian crude oil and oil products have been banned since December 2022 and February 2023 respectively, and we expect that imports of natural gas from Russia will be close to zero in 2023. We expect both oil and gas demand to continue to decline over the next ten years.

## One-click report : France ,December 28th 2023

- Demand for coal increased in 2022 on the back of higher use for power generation to offset the decline in hydro and nuclear power output, although coal still accounts for a small share of total power generation (about 1.7%). We expect coal use to decline sharply over the forecast period, as the government's plan to phase out coal usage for domestic power generation by 2024.
- France's electricity supply will continue to have one of the lowest carbon intensities in Europe, with the majority of generation coming from nuclear power and renewables. By 2032 combustible fuels (including biomass) will account for about 5% of total generation, down from about 13% in 2022. Meanwhile, the share of non-hydro renewables in total generation is forecast to grow from an estimated 13% in 2022 to about 20% in 2032, while hydropower generation will account for about 9.4% of the total in 2032, almost the same as today.

**Energy: key indicators**

	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
GDP (US\$ bn at market exchange rates)	2,958	2,780	3,043	3,276	3,478	3,641	3,805
Real GDP (% change, year on year)	6.4	2.5	0.8	0.8	1.6	1.6	1.5
Population (m)	64.5	64.6	64.8	64.9	65.0	65.1	65.2
Population (% change, year on year)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Gross domestic energy consumption (ktoe)	235,506 <sup>c</sup>	210,903 <sup>c</sup>	208,619	210,435	212,743	215,575	217,300
Gross domestic energy consumption (% change, year on year)	7.9 <sup>c</sup>	-10.4 <sup>c</sup>	-1.1	0.9	1.1	1.3	0.8

Note. Forecasts for all dates are available via EIU's data tool.

<sup>a</sup> Actual. <sup>b</sup> EIU forecasts. <sup>c</sup> EIU estimates.

Sources: EIU; © OECD/IEA 2023 IEA statistics, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), licence: [www.iea.org/t&c](http://www.iea.org/t&c).

## Financial services

[France](#) | [Finance](#) | [Overview](#) | [Financial services](#) | [Overview](#)

October 12th 2023

- France has a vibrant financial sector with well-developed activities in banking, insurance, asset management and capital markets. The economic recovery from the pandemic-driven recession, which started in 2021, boosted the industry, but these tailwinds have ebbed in 2022-23 as a result of high inflation, high prices and interest rates, a European economic slowdown related to Russia's war in Ukraine, and the loss of France's centrist ruling coalition of its legislative majority in June 2022. EIU expects the industry to remain resilient, despite difficult economic conditions at home and abroad in the early part of our forecast period until 2027.
- France is home to global financial companies such as BNP Paribas and Société Générale (banking markets), AXA (insurance) and Amundi (fund management). However, these high-profile corporations are not dominant in all the country's domestic financial markets, as they face strong competition from smaller mutual and state-owned companies. French firms and households already make heavy use of bank services.



## One-click report : France ,December 28th 2023

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insurance and investment services, and as a result the markets offer limited scope for expansion in the forecast period.

- France has a modest-sized financial sector, despite the sophistication of its overall economy. The services sector accounted for 3.3% of annual GDP in 2022, according to Eurostat, which is less than the average for the EU as a whole. About 837,000 people (2.8% of total employment) worked in financial services in France at end-2022, a slightly higher share than the 2.3% EU average. In the past decade France's financial sector has lost some importance in the national economy (it accounted for 3.8% of GDP and 2.9% of total employment in 2012).
- France is a member of the EU and the euro zone. It uses the euro, adheres to EU rules and participates in the EU's banking union. The European Central Bank (ECB) sets monetary policy for the euro area and oversees the largest banks in France and across the economic bloc. Under the single market, French financial institutions are free to offer their services across the region, and EU firms can compete for customers in France.
- Economic growth in 2023-24 will be held back—with real, inflation-adjusted expansion of just 0.8% over two years—by still-high energy prices and inflation, tight monetary policy and subdued external demand. However, fiscal spending remains supportive, unemployment is low and the tourism sector is doing well. We expect growth to pick up from 2025 as external demand strengthens and interest rates fall. Growth is projected at an average 1.6% in 2025-27.
- In April 2022 Emmanuel Macron became the first president in 20 years to win a second term, and is expected to serve out his term to 2026, although government reshuffles are likely. His party and its allies lost their parliamentary majority this term.
- The government has demonstrated its willingness to seek alliances, and both the centre right and left have been pragmatic enough to work with the government, which has enabled it to make some progress on its policy agenda. However, this is now set to change; Mr Macron's decision to push through a highly unpopular pension reform bill that will increase the retirement age from 62 to 64, using Article 49 of the constitution (which allows the passage of bills without a vote), has hardened the stance of other parties against co-operating with him.
- France's debt/GDP ratio, at 111.8% at end-2022, is the fifth highest in the euro zone (after Greece, Italy, Portugal and Spain). It will decline slowly between 2024 and 2027, as fiscal consolidation is limited. Borrowing costs will rise, but debt financing will not be an issue.
- The ECB has raised its policy rates by 450 basis points since July 2022, and we expect them to stay high. A sharp rise in borrowing costs this year is constraining profit margins and sentiment for French households and firms.
- Following the UK's exit from the EU in 2020, a number of major banks and asset managers have announced plans to expand their operations in Paris, the French capital and financial centre. In 2019 the European Banking Authority's headquarters moved from London to Paris. Paris hosts the European Securities and Markets Authority, the bloc's securities supervisor.

# Healthcare

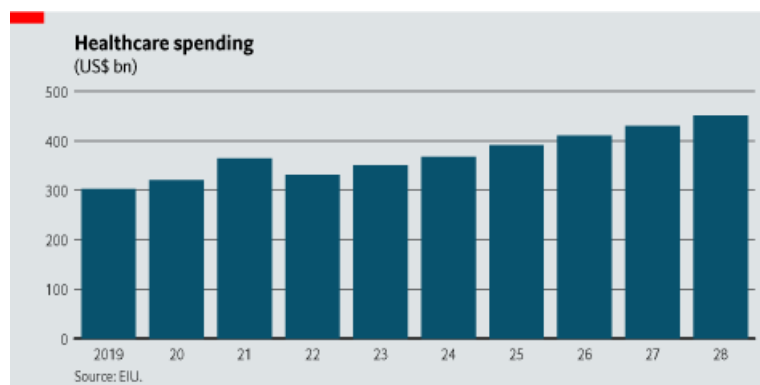
## One-click report : France ,December 28th 2023

France | Healthcare | Spending

December 15th 2023

### Overview

- In 2022 France's total healthcare expenditure accounted for an estimated 11.9% of GDP, according to the OECD. This was a drop from 12.3% in 2021, as rising inflation and a waning pandemic reduced public health spending in 2022. Nevertheless, these high shares—the second highest in the world after Germany—reflect high levels of reimbursement under the French healthcare system. EIU estimates that total health spending dipped slightly to 11.7% of GDP in 2023 and forecasts that it will fall to 11.5% by the end of the forecast period, in 2028, but that it will remain above 2019 levels.
- Emmanuel Macron was re-elected president in April 2022 but lost his parliamentary majority in July 2023. The resulting political deadlock has made policymaking harder. However, expanding access to healthcare services remains a policy priority. Proposed reforms include an overhaul of the emergency services, which have been strained since the pandemic. The government also wants to put more emphasis on prevention, proposing, for example, free medical check-ups at key stages of life.



- In July 2023 Mr Macron dismissed the health minister, François Braun, during a cabinet reshuffle prompted by public protests about pension reform and the killing of a teenager by police. Mr Braun was replaced by Aurelien Rousseau, who had been the director of the regional health authority in Paris during the pandemic. We expect Mr Rousseau to continue efforts to expand access to healthcare in France, as outlined in the "Health 2022" plan. However, healthcare spending will be held back by efforts to cut public spending to reduce the budget deficit.
- We expect total healthcare spending to grow at a compound annual growth rate (CAGR) of 3% in nominal local-currency terms over our forecast period (2024-28). This equates to 5.2% in US dollar terms. Pharmaceutical spending will rise at a slower rate, growing by 1.7% in euro terms, as demand for COVID-19 vaccines wanes and non-COVID treatment backlogs are cleared up.
- As voter discontent with the healthcare system is putting pressure on the government, we expect total health spending to continue outpacing private expenditure, rising at a CAGR of 3.3% in euro terms over the forecast period. Private spending will grow at a compound annual rate of just 1.7%.

## One-click report : France ,December 28th 2023

## Funding sources

- The Ministry of Social Affairs and Health manages France's universal public healthcare system through competitive statutory health insurance (SHI), which is universal and compulsory. SHI is funded by taxes (50%), income tax (35%), tobacco and alcohol taxes, the pharmaceutical industry, voluntary insurance (VHI) companies (13%) and state subsidies (2%).
- Public spending accounted for an estimated 85% of total healthcare expenditure in 2023. This share has been boosted by the pandemic and by France's decision in 2016 to make mandatory the former system of complementary VHI, which used to cover treatment not reimbursed by the SHI. Under the French health protection law of 2016 (PUMa), VHI was replaced by supplementary health insurance (assurance complémentaire), which is classified as public expenditure but provided by non-profit mutual insurers (mutuelles) or private insurers.
- About 35m people are now insured via mutual insurers, which cover non-reimbursable treatment and prescription charges. The government pays for the supplementary health insurance of those living below the poverty line, as well as for children and students. This coverage is called complémentaire santé (subsidised supplementary health insurance).

## Healthcare expenditure

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>b</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
Healthcare spending (US\$ bn)	303.0	320.7	364.2 <sup>b</sup>	330.8	350.6	367.8	391.2	410.9	430.0
Healthcare spending (€ bn)	270.6	281.0	307.7 <sup>b</sup>	313.9	323.8	333.6	338.7	348.2	360.0
Healthcare spending (% of GDP)	11.1	12.1 <sup>b</sup>	12.3 <sup>b</sup>	11.9	11.7	11.6	11.4	11.3	11.1

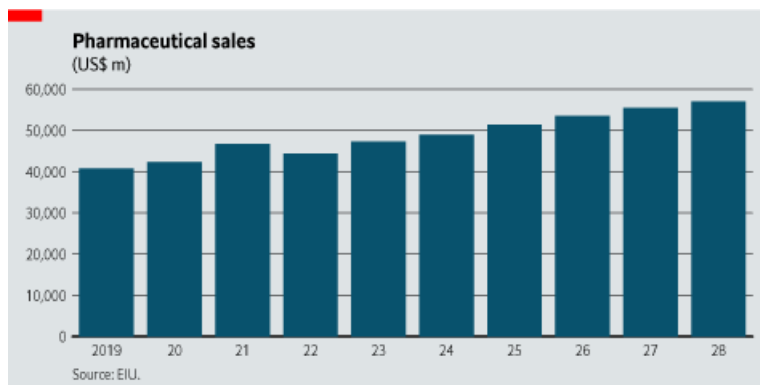
## Spending by source

Public/compulsory spending (US\$ bn)	253.2	272.0	308.9	279.8 <sup>a</sup>	297.7	312.1	332.8	350.0	367.0
Public/compulsory spending (% of total)	83.6	84.8	84.8	84.6 <sup>a</sup>	84.9	84.8	85.1	85.2	85.0
Government schemes (% of public spending)	6.3	6.5	5.0	8.0	6.5	6.5	7.0	6.7	6.7
Social security funds (% of public spending)	93.6	93.5	95.0	92.0	93.5	93.5	93.0	93.3	93.3
Private healthcare spending (US\$ bn)	49.8	48.8	55.3	51.1 <sup>a</sup>	52.8	55.7	58.4	60.9	62.0
Private healthcare spending (% of total)	16.4	15.2	15.2	15.4 <sup>a</sup>	15.1	15.2	14.9	14.8	14.0
Out of pocket (% of private spending)	57.5	58.2	58.8	58.1	58.4	58.4	58.3	58.4	58.0
Voluntary insurance (% of private spending)	42.5	41.8	41.3	41.9	41.6	41.6	41.7	41.6	41.0
External healthcare spending (US\$ bn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

Sources: US Bureau of the Census; UN; OECD; World Bank; EIU.

- According to the sécurité sociale (the French health insurance system), the target under the National Objective for Healthcare Spending (ONDAM) for 2022 was set 1% lower than in 2021. However, an increase in covid-19 cases in early 2022 contributed to an overspending. ONDAM is projected to fall by 0.8% in 2023, when all spending is taken into account, but to rise by 3.7%, if pandemic-related spending is excluded. However, we expect another overspend, given still-high inflation. The government expects ONDAM to rise by 3.2% in 2024.



## Private health insurance

- In France out-of-pocket healthcare spending accounted for 8.9% of health spending in 2021, which is the second-lowest share among OECD countries after Luxembourg (8.8% in 2022). We forecast that this share will drop further over our forecast period as SHI coverage expands.
- The introduction of supplementary health insurance in January 2016 also reduced the role of VHI, which accounted for just 6.3% of total current health spending in 2021. About 9.2m people have health insurance plans underwritten by their employer, but the private health insurance market is fragmented. The leader in 2020 was Harmonie Mutuelle, with just about 3m people insured. Other leading players include MGEN (2m) and Malakoff-Médéric (1.8m).
- We estimate that consumer expenditure on healthcare, which includes after-tax spending on health insurance, rebounded strongly in euro terms in 2022 and will have remained robust in 2023, owing to inflation. We forecast that growth of consumer expenditure will moderate in 2024 but will remain positive in real terms.

## Telecommunications

[France](#) | [Telecommunications](#) | [Overview](#)

October 18th 2023

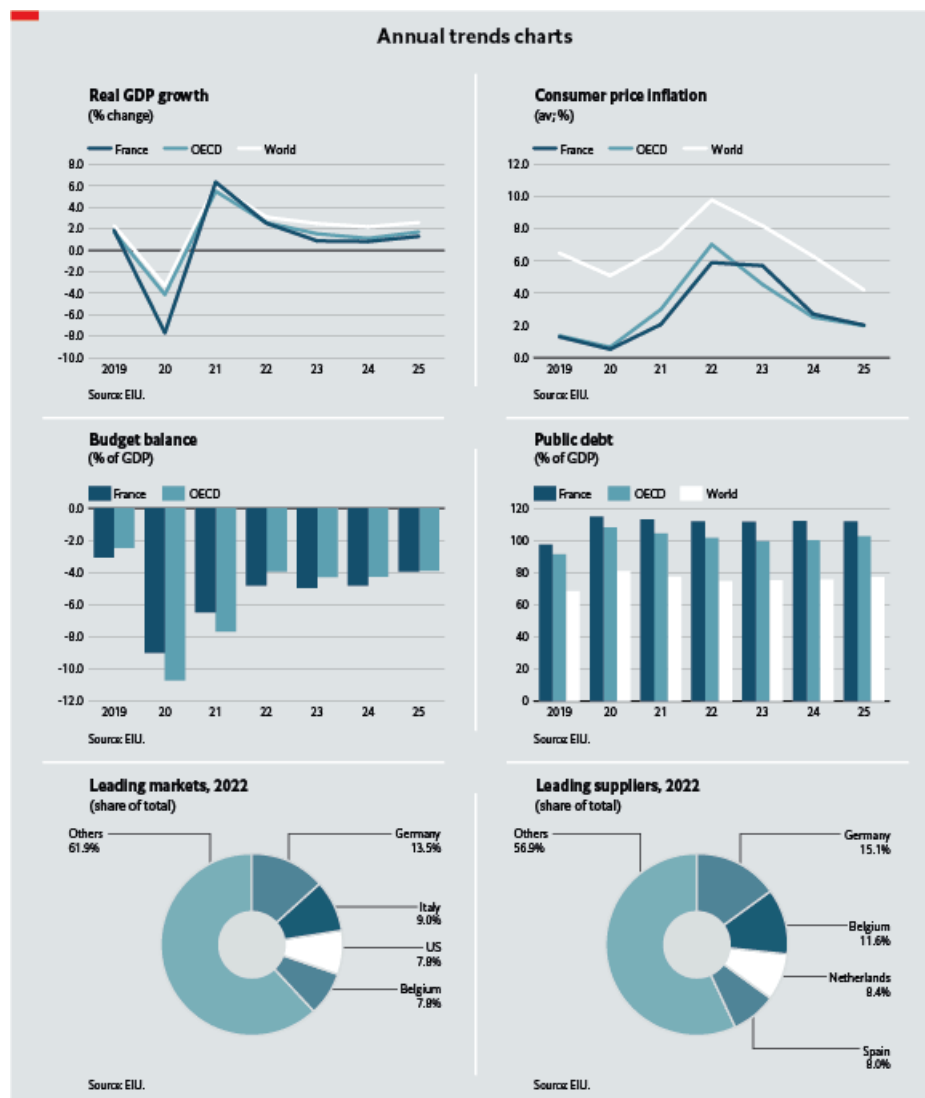
- The French telecommunications market is mature, with four fully convergent players. Capital expenditure in the forecast period (2023-27) will be split between the expansion of 5G mobile networks and fiber networks as companies work to meet the coverage targets set by the government for mobile and internet connectivity.
- Growth in mobile subscriptions slowed in 2020 but bounced back in 2021. EIU estimates that growth decelerated slightly in 2022 and forecasts average growth of 1.2% per year in 2023-27.
- The number of traditional fixed-line connections in France has been declining, as in most mature markets, where mobile phones have increasingly replaced traditional landlines. The number of fixed-line subscribers will fall slightly over the forecast period, to about 36.8m in 2027.

- At end-June 2023 Arcep, France's telecoms regulator, recorded 19.8m fibre connections, a 21.5% ye increase. Broadband connections were estimated at 32.1m, up by 1.1%.

## Data and charts: Annual trends charts

[France](#) | [Economy](#) | [Charts and tables](#) | [Annual trends charts](#)

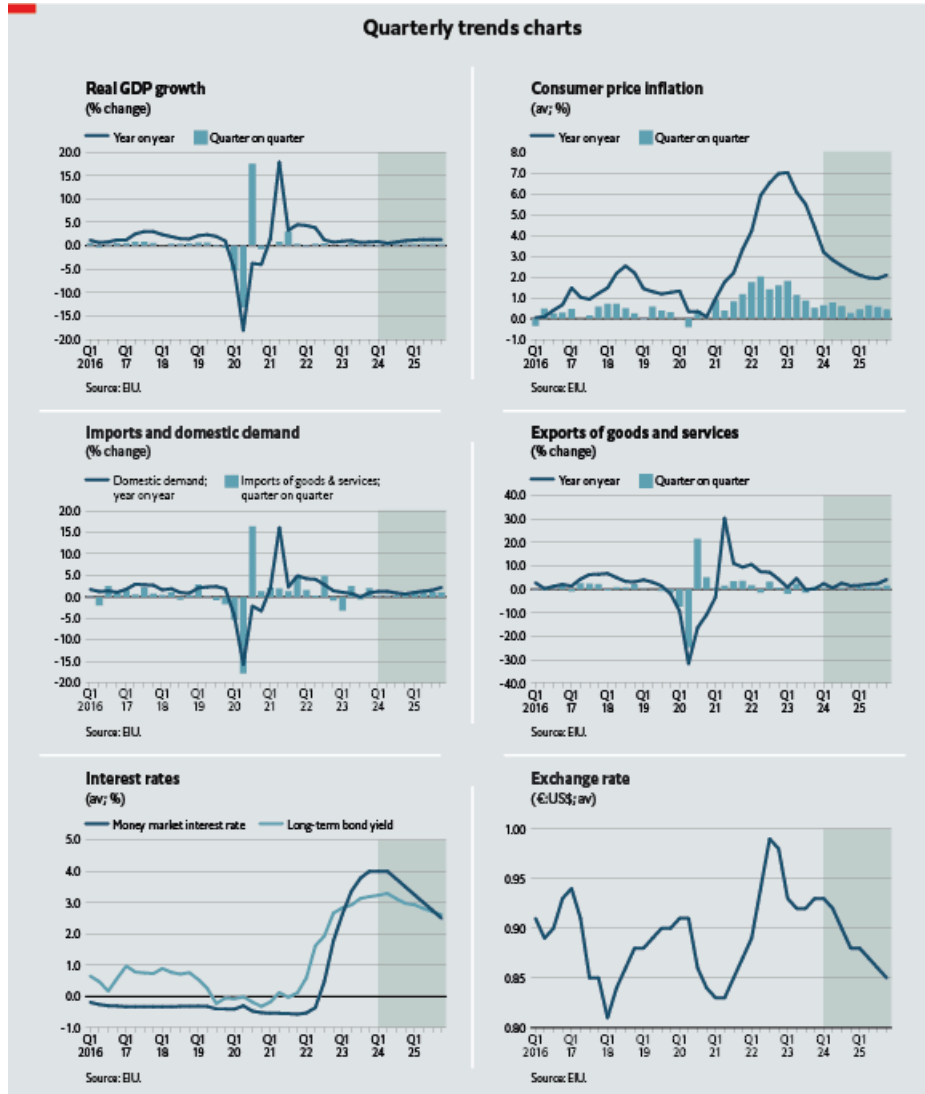
December 1st 2023



# Data and charts: Quarterly trends charts

France | Economy | Charts and tables | Quarterly trends charts

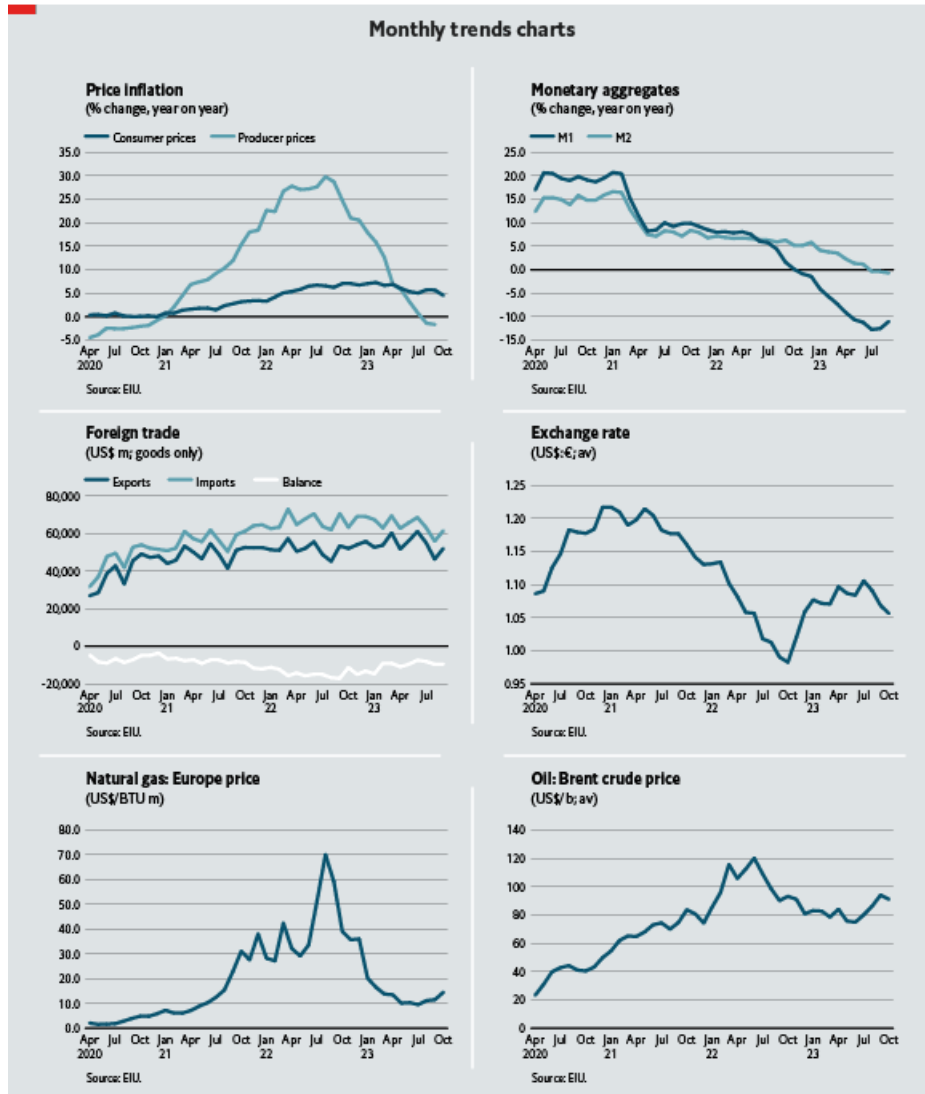
December 1st 2023



# Data and charts: Monthly trends charts

France | Economy | Charts and tables | Monthly trends charts

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## Data summary: Gross domestic product, current market price

[France](#) | [Economy](#) | [Charts and tables](#) | [GDP at current market prices](#)

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### Gross domestic product, at current market prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Expenditure on GDP (€ bn at current market prices)</b>									
GDP	2,440	2,317	2,500	2,638	2,772	2,870	2,990	3,096	3,196
Private consumption	1,307.5	1,232.5	1,315.2	1,408.1	1,516.1	1,564.4	1,602.5	1,638.3	1,672.
Government consumption	560.6	575.8	610.4	633.5	674.4	699.3	720.5	742.3	766.2
Gross fixed investment	573.5	539.0	611.0	664.7	639.7	653.2	693.0	731.6	770.7
Exports of goods & services	771.6	633.4	748.9	914.4	922.6	940.9	956.4	988.1	1,026.
Imports of goods & services	795.7	682.1	795.9	1,016.6	998.9	1,003.5	999.1	1,020.8	1,054.
Stockbuilding	22.0	17.3	8.7	32.7	18.5	16.0	16.5	17.0	15.0
Domestic demand	2,464	2,365	2,545	2,739	2,849	2,933	3,033	3,129	3,224
<b>Expenditure on GDP (US\$ bn at current market prices)</b>									
GDP	2,732	2,644	2,958	2,780	3,003	3,164	3,453	3,654	3,819
Private consumption	1,463.8	1,406.7	1,556.6	1,484.0	1,642.0	1,724.8	1,850.9	1,933.2	1,998.
Government consumption	627.6	657.1	722.5	667.7	730.4	771.0	832.2	875.9	915.6
Gross fixed investment	642.1	615.1	723.2	700.5	692.8	720.1	800.4	863.2	921.0
Exports of goods & services	863.9	722.9	886.3	963.7	999.2	1,037.3	1,104.7	1,165.9	1,226.
Imports of goods & services	890.9	778.4	942.0	1,071.4	1,081.8	1,106.3	1,153.9	1,204.5	1,260.
Stockbuilding	24.6	19.7	10.3	34.5	20.0	17.6	19.1	20.1	17.9
Domestic demand	2,758	2,699	3,012	2,887	3,085	3,234	3,503	3,692	3,853
<b>Economic structure (% of GDP)</b>									
Private consumption	53.6	53.2	52.6	53.4	54.7	54.5	53.6	52.9	52.3
Government consumption	23.0	24.9	24.4	24.0	24.3	24.4	24.1	24.0	24.0
Gross fixed investment	23.5	23.3	24.4	25.2	23.1	22.8	23.2	23.6	24.1
Stockbuilding	0.9	0.7	0.3	1.2	0.7	0.6	0.6	0.5	0.5
Exports of goods & services	31.6	27.3	30.0	34.7	33.3	32.8	32.0	31.9	32.1
Imports of goods & services	32.6	29.4	31.8	38.5	36.0	35.0	33.4	33.0	33.0
<b>Memorandum item</b>									
National savings ratio (%)	24.9	22.4	25.1	24.4	22.7	22.5	23.3	24.0	24.7

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Gross domestic product, at constant prices

[France](#) | [Economy](#) | [Charts and tables](#) | [GDP at constant prices](#)

October 15th 2023

### Gross domestic product at constant prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Real expenditure on GDP (€ bn at chained 2010 prices)</b>									
GDP	2,334.5	2,155.2	2,292.5	2,350.3	2,370.0	2,389.9	2,428.6	2,468.4	2,500.0
Household consumption	1,258.2	1,174.0	1,234.5	1,262.2	1,260.3	1,270.4	1,292.1	1,313.9	1,330.0
Government consumption	548.6	525.7	560.1	574.4	578.4	583.9	589.1	595.0	602.0
Gross fixed investment	548.8	510.1	562.2	575.1	582.6	589.0	598.0	607.0	614.0
Exports of goods & services	754.6	625.8	692.5	743.5	761.2	781.0	804.3	829.0	854.0
Imports of goods & services	798.1	697.1	760.9	827.8	832.0	851.3	872.4	894.5	915.0
Stockbuilding	21.6 <sup>b</sup>	15.7 <sup>b</sup>	2.7 <sup>b</sup>	21.5 <sup>b</sup>	19.5	17.0	17.5	18.0	16.0
Domestic demand	2,377.2 <sup>b</sup>	2,225.6 <sup>b</sup>	2,359.5 <sup>b</sup>	2,433.2 <sup>b</sup>	2,440.8	2,460.3	2,496.8	2,533.8	2,560.0
<b>Real expenditure on GDP (% change)</b>									
GDP	1.9	-7.7	6.4	2.5	0.8	0.8	1.6	1.6	1.5
Household consumption	1.8	-6.7	5.2	2.2	-0.2	0.8	1.7	1.7	1.6
Government consumption	1.0	-4.2	6.5	2.6	0.7	0.9	0.9	1.0	1.2
Gross fixed investment	4.1	-7.0	10.2	2.3	1.3	1.1	1.5	1.5	1.3
Exports of goods & services	1.6	-17.1	10.7	7.4	2.4	2.6	3.0	3.1	3.1
Imports of goods & services	2.5	-12.6	9.1	8.8	0.5	2.3	2.5	2.5	2.4
Stockbuilding (% contribution to GDP growth)	0.0 <sup>b</sup>	-0.3 <sup>b</sup>	-0.6 <sup>b</sup>	0.8 <sup>b</sup>	-0.1	-0.1	0.0	0.0	-0.1
Domestic demand	2.2 <sup>b</sup>	-6.4 <sup>b</sup>	6.0 <sup>b</sup>	3.1 <sup>b</sup>	0.3	0.8	1.5	1.5	1.3
<b>Real contribution to GDP growth (% points)</b>									
Private consumption	1.0	-3.6	2.8	1.2	-0.1	0.4	0.9	0.9	0.8
Government consumption	0.2	-1.0	1.6	0.6	0.2	0.2	0.2	0.2	0.3
Gross fixed investment	0.9	-1.7	2.4	0.6	0.3	0.3	0.4	0.4	0.3
External balance	-0.3	-1.2	0.1	-0.7	0.6	0.0	0.1	0.1	0.2
<b>Memorandum item</b>									
Real personal disposable income (% change)	2.5	0.2	2.7	0.4	-3.5	0.2	1.5	1.6	1.6

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Gross domestic product by sector of origin

[France](#) | [Economy](#) | [Charts and tables](#) | [GDP by sector of origin](#)

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### Gross domestic product by sector of origin

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Origin of GDP (€ bn at chained 2010 prices)</b>									
GDP at factor cost	2,085	1,926	2,043	2,099	2,117	2,135	2,169	2,205	2,230
Agriculture	32	30	29	31	33	34	34	35	35
Industry	403	363	380	375	403	407	413	420	427
Services	1,650	1,533	1,635	1,693	1,680	1,694	1,721	1,750	1,770
<b>Origin of GDP (real % change)</b>									
Agriculture	-2.3	-6.2	-4.4	7.4	7.3	0.9	1.6	1.6	1.5
Industry	2.0	-9.8	4.6	-1.2	7.5	0.9	1.6	1.6	1.5
Services	2.0	-7.1	6.6	3.6	-0.8	0.8	1.6	1.6	1.5
<b>Origin of GDP (% of factor cost GDP)</b>									
Agriculture	1.5	1.6	1.4	1.5	1.6	1.6	1.6	1.6	1.6
Industry	19.3	18.9	18.6	17.9	19.1	19.1	19.1	19.1	19.1
Services	79.2	79.6	80.0	80.6	79.4	79.4	79.4	79.4	79.4
<b>Memorandum item</b>									
Industrial production (% change)	0.6	-10.6	5.7	-0.1	0.5	1.8	1.6	1.6	1.5

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Growth and productivity

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October 15th 2023

### Growth and productivity

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>a</sup>	2024 <sup>b</sup>	2025 <sup>b</sup>	2026 <sup>b</sup>	2027 <sup>b</sup>
<b>Growth and productivity (%)</b>									
Labour productivity growth	0.7	-7.7	3.5	-0.1	-0.5	0.7	1.5	1.5	1.5
Total factor productivity growth	0.2	-7.9	3.7	0.0	-0.8	0.0	0.8	0.9	0.9
Growth of capital stock	2.5	0.8	2.4	2.4	2.3	2.1	2.0	2.0	1.9
Growth of potential GDP	1.4	1.3	1.2	1.2	0.7	0.7	1.5	1.6	1.5
Growth of real GDP	1.9 <sup>c</sup>	-7.7 <sup>c</sup>	6.4 <sup>c</sup>	2.5 <sup>c</sup>	0.8	0.8	1.6	1.6	1.5
Growth of real GDP per head	1.7 <sup>c</sup>	-7.8 <sup>c</sup>	6.3 <sup>c</sup>	2.4 <sup>c</sup>	0.6	0.6	1.4	1.5	1.4

## One-click report : France ,December 28th 2023

<sup>a</sup> EIU estimates. <sup>b</sup> EIU forecasts. <sup>c</sup> Actual.

## Data summary: Economic structure, income and market size

[France](#) | [Economy](#) | [Charts and tables](#) | [Economic structure, income and market size](#)

October 15th 2023

### Economic structure, income and market size

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Population, income and market size</b>									
Population (m)	64.4	64.5	64.5	64.6	64.8	64.9	65.0	65.1	65.2
GDP (US\$ bn at market exchange rates)	2,732.1	2,644.1	2,958.3	2,780.4	3,002.7	3,164.5	3,453.3	3,653.8	3,811.1
GDP per head (US\$ at market exchange rates)	42,423	41,007	45,843	43,023	46,368	48,773	53,126	56,108	58,951
Private consumption (US\$ bn)	1,463.8	1,406.7	1,556.6	1,484.0	1,642.0	1,724.8	1,850.9	1,933.2	1,995.1
Private consumption per head (US\$)	22,730	21,815	24,121	22,962	25,356	26,583	28,474	29,687	30,601
GDP (US\$ bn at PPP)	3,406.7	3,261.3	3,477.9	3,763.6	3,950.8	4,063.7	4,220.3	4,375.2	4,540.1
GDP per head (US\$ at PPP)	52,899	50,578	53,895	58,236	61,010	62,633	64,925	67,185	69,551
GDP (€ bn)	2,440.2	2,316.8	2,499.6	2,638.3	2,772.4	2,870.3	2,989.9	3,096.5	3,195.1
Private consumption (€ bn)	1,307.5	1,232.5	1,315.2	1,408.1	1,516.1	1,564.4	1,602.5	1,638.3	1,671.1
Personal disposable income (€ bn)	1,532.2	1,550.9	1,616.4	1,700.0	1,769.1	1,814.9	1,854.8	1,894.0	1,931.1
Personal disposable income (US\$ bn)	1,715.5	1,770.1	1,913.1	1,791.6	1,916.0	2,000.9	2,142.2	2,235.0	2,311.1
Growth of real disposable income (%)	2.5	0.2	2.7	0.4	-3.5	0.2	1.5	1.6	1.6
<b>Memorandum items</b>									
Share of world population (%)	0.84	0.84	0.83	0.83	0.83	0.83	0.83	0.81	0.80
Share of world GDP (% at market exchange rates)	3.15	3.13	3.09	2.80	2.89	2.88	2.95	2.95	2.94
Share of world GDP (% at PPP)	2.53	2.46	2.38	2.33	2.28	2.24	2.21	2.18	2.14
Share of world exports of goods (%)	3.24	2.97	2.87	2.78	2.87	2.76	2.72	2.71	2.71

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## One-click report : France ,December 28th 2023

## Data summary: Fiscal indicators

[France](#) | [Economy](#) | [Charts and tables](#) | [Fiscal indicators](#)

October 15th 2023

### Fiscal indicators

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Fiscal indicators (% of GDP)</b>									
Government expenditure	55.3	61.4	59.1	58.2	58.2	58.1	57.2	56.7	56.4
Interest	1.4	1.2	1.3	1.8	2.7	3.4	3.6	3.2	2.5
Non-interest	53.9	60.2	57.8	56.4	55.5	54.7	53.6	53.5	53.9
Government revenue	52.2	52.4	52.6	53.5	53.2	53.3	53.3	53.2	53.3
Budget balance	-3.1	-9.0	-6.5	-4.7	-5.0	-4.8	-3.9	-3.5	-3.2
Primary balance	-1.7	-7.8	-5.2	-2.9	-2.3	-1.4	-0.3	-0.3	-0.6
Government debt	97.3	114.7	113.0	111.8	111.4	111.9	111.3	111.0	110.7

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Monetary indicators

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October 15th 2023

### Monetary indicators

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Monetary indicators</b>									
Exchange rate US\$:€ (av)	1.12	1.14	1.18	1.05	1.08	1.10	1.16	1.18	1.20
Exchange rate US\$:€ (year-end)	1.12	1.23	1.13	1.07	1.08	1.14	1.18	1.19	1.20
Exchange rate ¥:€ (av)	122.07	121.85	129.92	138.55	142.88	131.27	127.34	125.67	125.5
Real effective exchange rate (av)	93.90 <sup>b</sup>	94.94 <sup>b</sup>	94.42 <sup>b</sup>	90.04 <sup>b</sup>	91.05	90.12	92.55	93.31	93.4
Money supply (M2) growth (%)	7.5	15.9	6.8	5.8	1.6	2.6	6.6	6.9	6.6
Domestic credit growth (%)	4.7	11.1	5.0	5.5	1.2	1.1	3.3	4.2	4.0
Purchasing power parity €:US\$ (av)	0.72	0.71	0.72	0.70	0.70	0.71	0.71	0.71	0.70
Short-term interest rate (av; %)	-0.4	-0.4	-0.5	0.3	3.4	3.8	2.9	1.9	1.5
Long-term interest rate (av; %)	0.1	-0.1	0.0	1.7	3.0	3.1	2.5	2.4	2.3
Lending rate (av; %)	1.1	0.9	0.9	1.2 <sup>b</sup>	2.5	2.9	2.9	2.6	2.5
Money market rate (av; %)	-0.4	-0.4	-0.5	0.3	3.4	3.8	2.9	1.9	1.5

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Employment, wages and prices

[France](#) | [Economy](#) | [Charts and tables](#) | [Employment, wages and prices](#)

October 15th 2023

### Employment, wages and prices

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>The labour market (av)</b>									
Labour force (m)	31.0	30.9	31.7	32.3	32.7	32.6	32.6	32.6	32.6
Labour force (% change)	0.5	-0.5	2.6	2.0	1.1	-0.1	0.0	0.0	-0.1
Employment (m)	28.5	28.5	29.3	30.1	30.5	30.5	30.5	30.5	30.5
Employment (% change)	1.2	0.0	2.8	2.6	1.3	0.1	0.1	0.1	0.0
Unemployment (m)	2.5	2.4	2.4	2.2	2.2	2.1	2.1	2.1	2.1
Unemployment rate (%)	8.2	7.9	7.7	7.1	6.9	7.0	6.9	6.8	6.8
Unemployment rate (%; av; EU/OECD standardised measure)	8.4	8.0	7.9	7.3	7.1	7.2	7.1	7.0	6.9
<b>Wage and price inflation (% except labour costs per hour)</b>									
Consumer prices (av; EU harmonised measure)	1.3	0.5	2.1	5.9	5.7	2.7	2.1	2.0	2.0
Producer prices (av)	0.4	-2.2	9.4	25.5	3.4	-4.8	-1.6	0.4	0.0
GDP deflator (av)	1.3	2.8	1.4	3.0	4.2	2.7	2.5	1.9	1.9
Private consumption deflator (av)	0.8	1.0	1.5	4.7	7.8	2.4	0.7	0.5	0.0
Government consumption deflator (av)	0.8	7.2	-0.5	1.2	5.7	2.7	2.1	2.0	2.0
Fixed investment deflator (av)	1.7	1.1	2.9	6.3	-5.0	1.0	4.5	4.0	4.0
Average nominal wages (av)	2.0	1.7	1.4	3.7	5.9	3.1	2.6	2.5	2.5
Average real wages (av)	0.7	1.2	-0.6	-2.1	0.2	0.4	0.5	0.5	0.0
Unit labour costs (€-based; av)	-0.9	4.1	1.1	4.8	6.4	1.4	0.1	0.0	0.0
Unit labour costs (US\$-based)	-6.1	6.2	4.9	-6.7	9.4	3.2	4.9	2.1	1.9
Labour costs per hour (€)	34.6 <sup>b</sup>	35.1 <sup>b</sup>	35.6 <sup>b</sup>	36.9 <sup>b</sup>	39.1	40.4	41.4	42.5	43.6
Labour costs per hour (US\$)	38.7 <sup>b</sup>	40.1 <sup>b</sup>	42.2 <sup>b</sup>	38.9 <sup>b</sup>	42.4	44.5	47.8	50.1	51.2

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Current account and terms of trade

[France](#) | [Economy](#) | [Charts and tables](#) | [Current account and terms of trade](#)

October 15th 2023

### Current account and terms of trade

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Current account (US\$ bn)</b>									
Current-account balance	13.7	-41.4	9.9	-56.7	-30.3	-27.3	-14.3	-7.1	4.5
Current-account balance (% of GDP)	0.5	-1.6	0.3	-2.0	-1.0	-0.9	-0.4	-0.2	0.1
Goods: exports fob	596.4	506.4	622.1	669.6	669.2	681.9	713.9	751.5	790.0
Goods: imports fob	-649.2	-572.0	-701.5	-813.9	-785.4	-787.9	-803.5	-828.2	-850.0
Trade balance	-52.8	-65.7	-79.4	-144.3	-116.2	-106.0	-89.7	-76.7	-60.0
Services: credit	295.6	245.9	303.5	343.4	377.0	393.1	429.2	453.3	470.0
Services: debit	-267.0	-227.1	-262.5	-288.8	-323.1	-351.9	-380.0	-404.8	-430.0
Services balance	28.6	18.8	41.0	54.6	53.9	41.1	49.2	48.5	40.0
Primary income: credit	232.5	174.1	237.0	245.5	214.2	237.6	218.8	220.6	240.0
Primary income: debit	-146.0	-118.7	-139.9	-164.4	-133.4	-148.4	-136.3	-140.0	-150.0
Primary income balance	86.5	55.4	97.1	81.1	80.9	89.2	82.4	80.6	85.0
Secondary income: credit	33.8	40.1	54.5	46.7	53.4	56.3	54.5	57.7	60.0
Secondary income: debit	-82.5	-90.0	-103.3	-94.8	-102.4	-107.9	-110.8	-117.2	-115.0
Secondary income balance	-48.7	-49.9	-48.8	-48.1	-48.9	-51.6	-56.3	-59.5	-55.0
<b>Terms of trade</b>									
Export price index (US\$-based; 2010=100)	95.2	99.9	114.9	126.7 <sup>b</sup>	123.9	123.3	125.4	127.3	129.0
Export prices (% change)	-4.6	5.0	15.0	10.2 <sup>b</sup>	-2.2	-0.5	1.7	1.5	1.5
Import price index (US\$-based; 2010=100)	78.7	80.6	96.1	103.3 <sup>b</sup>	100.4	98.6	98.3	99.2	100.0
Import prices (% change)	-5.4	2.4	19.3	7.4 <sup>b</sup>	-2.8	-1.8	-0.2	0.9	1.7
Terms of trade (2010=100)	121.0	124.0	119.5	122.7 <sup>b</sup>	123.4	125.1	127.5	128.4	129.0
<b>Memorandum item</b>									
Export market growth (%)	1.2 <sup>b</sup>	-6.3 <sup>b</sup>	10.2 <sup>b</sup>	6.2 <sup>b</sup>	1.0	2.9	2.7	2.7	2.6

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Data summary: Foreign direct investment

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October 15th 2023

### Foreign direct investment

	2019 <sup>a</sup>	2020 <sup>a</sup>	2021 <sup>a</sup>	2022 <sup>a</sup>	2023 <sup>b</sup>	2024 <sup>c</sup>	2025 <sup>c</sup>	2026 <sup>c</sup>	2027 <sup>c</sup>
<b>Foreign direct investment (US\$ bn)</b>									
Inward FDI flows	53.5	19.4	95.9	105.4	93.5	86.5	70.2	70.4	75.8
Inward FDI flows (% of GDP)	2.0	0.7	3.2	3.8	3.1	2.7	2.0	1.9	2.0
Inward FDI flows (% of gross fixed investment)	8.3	3.2	13.3	15.0	13.5	12.0	8.8	8.2	8.2
Outward FDI flows	-84.4	-28.5	-108.9	-118.8	-99.8	-99.4	-83.9	-88.4	-93.1
Net FDI flows	-30.9	-9.1	-13.0	-13.4	-6.2	-12.9	-13.7	-18.0	-17.3
Stock of inward FDI flows	971.7	991.1	1,087.0	1,192.4	1,286.0	1,372.4	1,442.6	1,513.0	1,588.0
Stock of inward FDI flows per head (US\$)	15,089	15,371	16,845	18,451	19,858	21,153	22,193	23,234	24,312
Stock of inward FDI flows (% of GDP)	35.6	37.5	36.7	42.9	42.8	43.4	41.8	41.4	41.6
<b>Memorandum items</b>									
Share of world inward FDI flows (%)	4.39	1.61	7.21	7.21	6.05	5.43	4.23	4.08	4.21
Share of world inward FDI stock (%)	2.84	2.94	2.92	2.91	2.97	3.07	3.10	3.12	3.15

<sup>a</sup> Actual. <sup>b</sup> EIU estimates. <sup>c</sup> EIU forecasts.

## Political structure

[France](#) | [Summary](#) | [Political structure](#)

December 1st 2023

### Official name

French Republic

### Legal system

Codified Roman law system; constitution of 1958

### National legislature

Bicameral: Senate of 348 members indirectly elected by local councils for a period of six years, with retiring every three years; National Assembly (the lower house of parliament) of 577 members direct



from individual constituencies by a two-ballot system for a period of five years; may be dissolved by president

## Electoral system

Universal suffrage; two-round voting system for the National Assembly

## National elections

Last presidential election in April 2022; next presidential election due in April 2027. Last legislative June 2022; next legislative election due in June 2027

## Head of state

President, directly elected for a five-year term, currently Emmanuel Macron (Renaissance, previous République en marche), elected in May 2017 and re-elected in April 2022

## National government

There is a clear separation of executive and legislative power; constitutionally, the locus of executive power is the Council of Ministers, which is chaired by the president. The prime minister is appointed by the president and must consider whether the government can obtain the necessary majority in parliament; according to the constitution, the prime minister hands his or her resignation to the president, but in practice prime ministers have been dismissed by the president. Ministers are similarly appointed and dismissed, but on the prime minister's suggestion; they do not have to be members of parliament

## Main political parties

Renaissance (previously La République en marche); Mouvement démocrate (MoDem); Horizons; Les Républicains (LR); Union des démocrates et indépendants (UDI); Parti socialiste (PS); Rassemblement national (RN; previously Front national); La France insoumise; Europe écologie les verts (EELV); Parti radical (PRG); Parti communiste français (PCF)

## The government

Prime minister: Élisabeth Borne (Renaissance)

## Senior ministers

Agriculture & food sovereignty: Marc Fesneau (MoDem)

Armed forces: Sébastien Lecornu (Renaissance)

Culture: Rima Abdul-Malak (ind.)

Ecological transition: Christophe Béchu (Horizons)

## One-click report : France ,December 28th 2023

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Economy, finance & the recovery: Bruno Le Maire (Renaissance)

Energy transition: Agnès Pannier-Runacher (Renaissance)

Europe & foreign affairs: Catherine Colonna (ind.)

Healthcare: Aurélien Rousseau (PS)

Higher education & research: Sylvie Retailleau (ind.)

Interior & overseas: Gérald Darmanin (Renaissance)

Justice: Éric Dupond-Moretti (ind.)

Labour, employment & economic inclusion: Olivier Dussopt (Renaissance)

National education & youth: Gabriel Attal (Renaissance)

Public-sector transformation & civil service: Stanislas Guerini (Renaissance)

Solidarity & families: Aurore Bergé (Renaissance)

Sports, Olympics & Paralympics: Amélie Oudéa-Castéra (ind.)

### Central bank governor

François Villeroy de Galhau

## Basic data

[France](#) | [Summary](#) | [Basic data](#)

December 1st 2023

### Total area

Metropolitan France, 543,965 sq km; including 51.4% used for agriculture and 27% woods or forests; overseas territories and departments

### Population

68m (population for metropolitan France, January 2023; INSEE)

### Main towns

Population of urban areas in '000 (2020)

Paris (capital): 2,139

Marseille: 795

Lyon: 472

Toulouse: 433

## One-click report : France ,December 28th 2023

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Nice: 339

Nantes: 277

Strasbourg: 275

Bordeaux: 232

### **Climate**

Temperate, oceanic in the west, continental in the east, Mediterranean in the south

### **Weather**

Average weather conditions at Météo France weather stations (based on 1999-2008 data): maximum temperature, 19.8°C at Perpignan, minimum, 6.4°C at Dijon-Longvic; maximum average rainfall, 984 mm at Bordeaux-Mérignac, minimum, 547 mm at Perpignan

### **Languages**

French and, regionally, Alsatian, Basque, Breton, Catalan, Occitan, Provençal

### **Measures**

Metric system

### **Currency**

Euro (€) = 100 cents

### **Time**

One hour ahead of GMT (two hours ahead in summer)

### **Public holidays**

January 1st (New Year's Day), April 10th (Easter Monday), May 1st (Labour Day), May 8th (Victory in E Day), May 18th (Ascension), May 29th (Whit Monday), July 14th (Bastille Day), August 15th (Assumpt: November 1st (All Saints' Day), November 11th (Remembrance Day), December 25th (Christmas Day)

One-click report : France ,Decembre 28th 2023



## One-click report : France ,December 28th 2023

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#### London

Economist Intelligence  
The Adelphi  
1-11 John Adam Street  
London, WC2N 6HT  
United Kingdom  
Tel: +44 (0) 20 7576 8181  
E-mail: [london@eiu.com](mailto:london@eiu.com)

#### New York

Economist Intelligence  
900 Third Avenue  
16th Floor  
New York, NY 10022  
United States  
Tel: +1 212 541 0500  
E-mail: [americas@eiu.com](mailto:americas@eiu.com)

#### Hong Kong

Economist Intelligence  
1301 Cityplaza Four  
12 Taikoo Wan Road  
Taikoo Shing  
Hong Kong  
Tel: +852 2585 3888  
E-mail: [asia@eiu.com](mailto:asia@eiu.com)

#### Gurgaon

Economist Intelligence  
Skootr Spaces, Unit No. 1,  
12th Floor, Tower B, Building No. 9  
DLF Cyber City, Phase - III  
Gurgaon - 122002  
Haryana  
India  
Tel: +91 124 6409486  
E-mail: [asia@eiu.com](mailto:asia@eiu.com)

#### Dubai

Economist Intelligence  
PO Box No - 450056  
Office No - 1301A  
Aurora Tower  
Dubai Media City  
Dubai  
United Arab Emirates  
Tel: +971 4 463 147  
E-mail: [mea@eiu.com](mailto:mea@eiu.com)

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