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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

France is ranked as the world's seventh-largest economic power, just behind the United Kingdom and India (WEF, 2022). After suffering one of the sharpest economic contractions among EU countries due to the COVID-19 pandemic, France's economy recovered strongly. However, during the initial quarter of 2023, domestic demand stayed muted due to elevated inflation and stricter financial conditions, which offset government support initiatives and resilient wages that maintained households' purchasing ability. Domestic demand experienced a resurgence, emerging as the primary drive for growth, only from the second quarter of the year. For 2023 as a whole, the IMF estimated growth at 1% of GDP. Economic activity is expected to slowly increase over the forecast horizon, as private consumption resumes and inflation progressively decreases (to 1.3% this year and 1.8% in 2025 as per the IMF). Due to robust domestic demand, imports are anticipated to rise, leading to a negative impact on GDP growth from net exports.

Concerning public finances the net budgetary cost of initiatives aimed at mitigating the effects of high energy prices was estimated at 0.8% of GDP in 2023, down from 0.9% one year earlier. Simultaneously, the indexation of pensions and social benefits, aimed at bolstering households' purchasing power, continued to increase public spending, while the economic deceleration was anticipated to dampen tax revenues. The general government deficit was projected to hold steady at 4.3% of GDP, with a marginal decline this year (4.1% as per the IMF) due to the withdrawal of most energy-related measures. Following a decrease to 110% of GDP in 2023 amid a robust nominal GDP growth, public debt is expected to stabilize in 2024 and 2025, although the EU Commission sees a possible rise in the upcoming future attributed to ongoing primary deficits, mounting interest expenses, and diminished nominal growth. After peaking in early 2023, inflation subsided over the course of the year, averaging 5.6%. The French government decided to extend the electricity price cap until the start of 2025. For 2024 and 2025, the IMF sees inflation at 2.5% and 2%, respectively. As per the OECD, France should implement a medium-term fiscal strategy to accelerate fiscal consolidation. A swift and comprehensive execution of the national Recovery and Resilience Plan would be beneficial, especially given its inclusion of various reforms aimed at greening the economy, facilitating digital transformation, alleviating administrative burdens, enhancing public employment services coordination, and revitalizing health strategies at both national and local levels.

In 2023, the labour market maintained its vitality. The unemployment rate stabilized at 7.2% in the second quarter of 2023, nearing its lowest level since 2008, while the employment rate soared to an all-time high of 68.6%. However, employment growth is expected to moderate due to the gradual dissipation of labour hoarding, reduced job creation from apprenticeship contracts, a return of hours worked to 2019 levels, and an increase in labour productivity. According to the IMF, the unemployment rate is projected to decrease to 7.3% in 2024 and further to 6.9% in 2025, following a rate of 7.4% in 2023. On average, France citizens enjoy a high GDP per capita (PPP), estimated at USD 58,765 in 2023 by the IMF. Nevertheless, inequalities persist and according to a study from UNICEF, 21% of French children live below the poverty line.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	2,780.14	3,049.02	3,183.49	3,316.77	3,438.83
GDP <i>(Constant Prices, Annual % Change)</i>	2.5	1.0	1.3	1.8	1.7

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP per Capita (USD)	42,350	46,315	48,223	50,101	51,800
General Government Balance (in % of GDP)	-4.2	-4.3	-4.1	-3.6	-3.5
General Government Gross Debt (in % of GDP)	111.8	110.0	110.5	110.4	110.4
Inflation Rate (%)	n/a	5.6	2.5	2.0	2.0
Unemployment Rate (% of the Labour Force)	7.3	7.4	7.3	6.9	6.8
Current Account (billions USD)	-56.77	-37.51	-41.19	-29.57	-28.16
Current Account (in % of GDP)	-2.0	-1.2	-1.3	-0.9	-0.8

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

France is the largest agricultural power in the European Union, accounting for almost one-fourth of the EU's total agricultural production. Nevertheless, the agricultural sector only represents a very small part of the country's GDP (1.9%) and employs 3% of the population (World Bank, latest data available). French agricultural activities receive significant subsidies, especially from the European Union. Wheat, corn, meats and wine are France's main agricultural products. The number of French farms has been divided by four in fifty years: there were more than 1.5 million in 1970, whereas nowadays they are less than 400,000, with an average farm size of 69 hectares. According to INSEE, in 2023, agricultural production achieved a value, excluding subsidies, of EUR 95.5 billion: 56.6 billion in crop production and 33.2 billion in animal production. Between 2000 and 2023, there was a real-term increase of 50.9% in the gross value added at factor cost per worker, rising from EUR 30.7 billion in 2000 to 45.9 billion in 2023.

France's manufacturing industry is highly diversified; however, the country is currently undergoing a de-industrialisation process, which has resulted in the outsourcing of many activities. Industry represents 16.9% of GDP and employs almost a fifth of the active workforce (World Bank). While services dominate the French economy, industry remains crucial. Traditional powerhouses like aerospace (Airbus), automotive (Peugeot, Renault), and luxury goods (LVMH) thrive alongside food & beverage (renowned cheeses, wines) and chemicals/pharmaceuticals (Sanofi). Emerging sectors like digital industries, renewable energy, and green industries are gaining traction with government support. Competition, rapid technological change, and stricter environmental regulations pose challenges, but France's industrial sector, rich in innovation and manufacturing expertise, is well-positioned to adapt and remain a global force. According to official preliminary figures, French manufacturing output rose by 0.3% year-on-year in 2024.

The tertiary sector represents 70.7% of the French GDP and employs 78% of the active workforce (World Bank). France is the leading tourist destination in the world: the balance of payments surplus from tourism reached a record of EUR 16.5 billion at the end of November 2023. International receipts amounted to EUR 58.9 billion in the first eleven months of the year, representing a 12% increase compared to both 2022 and 2019 (data Atout France). According to the European Banking Federation, as of 2022, France had 334 banks operating within its banking industry. Four French banks are recognized by the Financial Stability Board as part of the eight Euro area Global Systemically Important Banks (G-SIBs). Financial activities constitute 3.9% of the total value added in France, with the banking sector contributing around 60% of this figure.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	2.5	19.5	78.0
Value Added <i>(in % of GDP)</i>	1.8	17.4	70.3
Value Added <i>(Annual % Change)</i>	1.1	-1.1	3.7

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Euro (EUR) - Average Annual Exchange Rate For 1 USD	0.94	0.89	0.85	0.89	0.88

Source: World Bank - Latest available data.

FOREIGN TRADE

France is a major actor in global trade. It is the world's ninth exporter and seventh importer of merchandise (WTO), and trade represents 73% of its GDP (World Bank, latest data available). France exports essentially aircraft, pharmaceutical products, vehicles, food products (wine), turbines and beauty products; while it imports hydrocarbons, vehicles, pharmaceutical products and telephones (Comtrade). In 2022, energy import prices surged by 2.1 times compared to the prior year, attributed to heightened energy supply costs and the euro's depreciation against the dollar, resulting in a more than twofold increase in the energy bill. Gas imports soared by 248% to EUR 59 billion, crude oil jumped by 99% to EUR 33 billion, and petroleum products climbed by 60% to EUR 38 billion. As per exports, agricultural products have demonstrated one of the strongest performances with a 37% increase; while automobile exports have rebounded to nearly 97% of 2019 levels. Additionally, France's traditional export sectors have all recorded surpluses: aviation (+EUR 23.5 billion); perfumes and cosmetics (growing by EUR 2 billion to reach +EUR 15 billion); beverages (increasing by EUR 16 billion); and the pharmaceuticals sector (adding EUR 3 billion – data INSEE).

In terms of countries, the main exports destinations in 2022 were Germany (13.7%), Italy (9.2%), the United States (7.9%), Belgium (7.9%), Spain (7.6%), the United Kingdom (5.7%), and the Netherlands (4.2%), whereas imports came chiefly from Germany (13.7%), Italy (9.2%), the United States (7.9%), Belgium (7.9%), Spain (7.6%), and the United Kingdom (5.7% - data Comtrade).

France registers a strong structural trade deficit. Nevertheless, while the goods balance is structurally in deficit as the country is a net energy importer, the services balance is in surplus thanks to tourism revenues. According to WTO data, in 2022, France exported goods with a total value of USD 617.8 billion (+5.6% y-o-y), while it imported for USD 818.2 billion (+14.4% y-o-y). As for the services, France exported around USD 337.1 billion (+11.9% y-o-y), while imports stood at USD 285.8 billion (+10.6% y-o-y). The overall trade balance was estimated to be negative by 3.9% of GDP by the World Bank (from 1.9% one year earlier). According to the latest data published by INSEE, in the first semester of 2023, goods exports decreased slightly (-0.8% compared to the second half of 2022), while imports saw a more significant decline (-9.4%). Despite this, trade volumes increased notably, with goods and services exports rising by 2.6% in the second quarter of 2023 compared to the first quarter, while imports stabilized with a 0.4% increase. France's exchanges with the rest of the world improved, resulting in a EUR 30 billion reduction in the deficit of the current account for the first half of 2023 (to EUR -9.6 billion).

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	676,441	654,658	581,297	715,082	818,260
Exports of Goods <i>(million USD)</i>	582,222	570,951	488,637	585,021	617,855
Imports of Services <i>(million USD)</i>	273,987	267,073	224,705	258,251	285,803
Exports of Services <i>(million USD)</i>	302,735	295,746	246,048	301,321	337,189

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	64.4	64.1	56.9	60.8	72.1
Trade Balance <i>(million USD)</i>	-60,734	-52,800	-65,669	-79,447	-144,267
Trade Balance (Including Service) <i>(million USD)</i>	-32,201	-24,198	-46,837	-38,447	-89,630
Imports of Goods and Services <i>(Annual % Change)</i>	3.1	2.3	-12.8	8.0	8.9
Exports of Goods and Services <i>(Annual % Change)</i>	4.5	1.6	-16.8	8.8	7.0
Imports of Goods and Services <i>(in % of GDP)</i>	32.7	32.5	29.4	31.4	38.1
Exports of Goods and Services <i>(in % of GDP)</i>	31.7	31.6	27.5	29.4	34.0

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	4.4	5.1	3.9	4.2	3.6
Volume of imports of goods and services (Annual % change)	2.9	4.3	2.7	3.9	3.3

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

France is a member of the following international economic organisations: ICC, European Union, WTO, European Economic Area, G-5, G-7, G-8, G-10, G-20, IMF, OECD, among others. For the full list of economic and other international organisations in which participates France click [here](#). International organisation membership of France is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by France can be consulted [here](#).

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
Germany	13.7%
Italy	9.2%
United States	7.9%
Belgium	7.9%
Spain	7.6%

Main Customers <i>(% of Exports)</i>	2022
See More Countries	53.8%

Main Suppliers <i>(% of Imports)</i>	2022
Germany	14.6%
Belgium	11.3%
Netherlands	8.2%
Spain	7.7%
Italy	7.4%
See More Countries	50.8%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President : Emmanuel Macron (since 14 May 2017; re-elected for a second term on 24 April 2022)
Prime Minister: Gabriel Attal (since 9 January 2024)

Next Election Dates

Presidential elections: April 2027
Senate: September 2026
National Assembly: June 2027

Current Political Context

As the polls predicted, the 2022 presidential elections resulted in a duel between President Emmanuel Macron (La République En Marche, centre-liberal party) and Marine Le Pen (Rassemblement National, far right), amid failed attempts to unify the left. In April 2022, Macron was re-elected for an additional 5-year term, but abstention reached a 50-year record, and Le Pen managed to gather 41.46% of the votes. As Macron's Ensemble! (Together) coalition lost its parliamentary majority at the legislative election in June, policymaking has become more challenging.

In April 2023, France's Constitutional Council approved the key elements of President Emmanuel Macron's controversial pension reform, which had triggered many protests and strikes in the preceding months. The court invalidated six measures considered non-essential to the core of the reform and rejected a request from the left for a referendum on an alternative pension law that aimed to maintain the retirement age at 62 (instead of 64). Prime Minister Elisabeth Borne's position has been precarious since an immigration bill proposed by Macron was rejected in parliament. Eventually, the bill was passed with numerous contentious amendments introduced by the centre-right opposition, sparking protests from the left-wing side of the Parliament. In an attempt to revamp his government, Macron decided to nominate the 34-year-old education minister Gabriel Attal as the new prime minister, becoming France's youngest-ever prime minister and leading a partially reshuffled government team composed mainly of political figures from the centre and centre-right.

Main Political Parties

- [The Socialist Party](#) (PS): centre-left, social democratic party that advocates for social justice, equality, and solidarity

- **The Republicans**: center-right party founded in 2002. It is the second-largest party in the National Assembly. The party is generally considered Gaullist, supporting a strong French state and national identity
- **En Marche**: centre, new liberal political movement founded by Emmanuel Macron
- **National Rally (RN)**: far-right; first parliamentary representation in 1997 and gaining support amid growing voter scepticism towards the EU
- **The Democratic Movement (MoDem)**: centrist
- **Europe Ecology - The Greens (EELV)**: emphasises ecology and peaceful and sustainable lifestyles
- **La France Insoumise (Unbowed France) (FI)**: far-left
- **French Communist Party (PCF)**: communism, soft euro-scepticism

Executive Power

The **President of the Republic** is the Head of State. He/She is elected by direct universal suffrage for five years. He/She appoints the **Prime Minister** and his/her Government at the suggestion of the Prime Minister. The Prime Minister sets the amount of the State's expenses and revenue and prepares some bills.

Legislative Power

The parliament is composed of the **Senate** and the **National Assembly**. The 348 senators are elected by indirect universal suffrage for nine years, renewable by a one-third majority vote every three years. The 577 deputies (MPs) are elected by direct universal suffrage. They examine bills and private bills successively, vote laws and monitor the Government. The economic, social and environmental council has an advisory function (optional or compulsory) within the framework of the legislative process.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

The summary of the EU's economic response to the COVID-19 pandemic is available on the website of the [European Council](#).

For the general overview of the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) undertaken by the French government, please consult the section dedicated to France in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).

