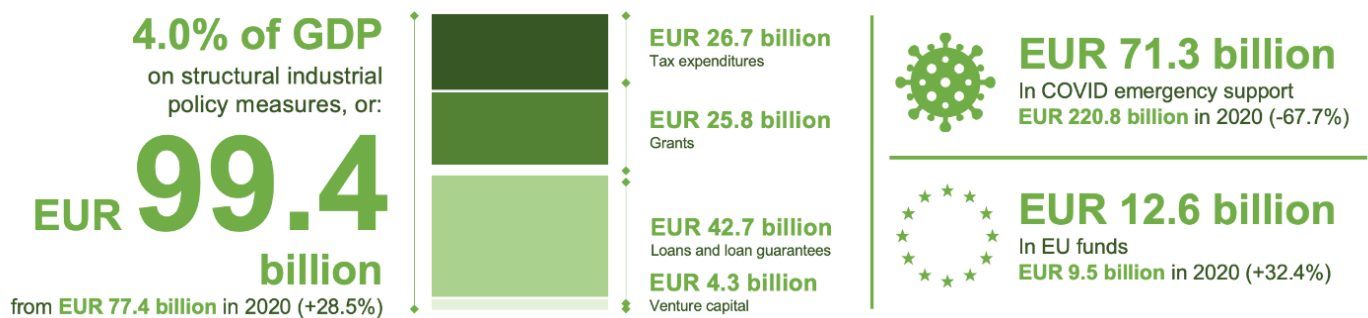


## Quantifying Industrial Strategy: France Factsheet

### Highlights

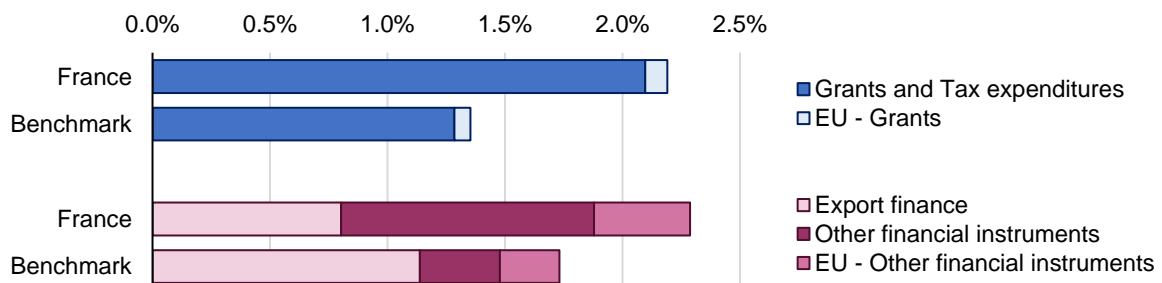
- Industrial policy expenditures are significantly higher in France compared to countries in the benchmark (Canada, Denmark, Ireland, Israel, Italy, the Netherlands, Sweden, and the United Kingdom), both for grants and tax expenditures and for non-export financial instruments.
- France devotes significant amounts of industrial policy expenditures to support jobs and skills, by reducing labour costs, mainly through tax expenditures, and to a lesser extent by supporting apprenticeships, through grants.
- Among QuIS' participating countries, France is the second country with the highest non-export financial instruments after Italy. The bulk of these instruments is under the responsibility of BPI France and a large share of this support targets SMEs and intermediate-sized firms .
- French sectoral policies are targeted to the energy, and manufacturing sectors, for which support rates are higher than in the benchmark.

### FRENCH INDUSTRIAL STRATEGY EXPENDITURES - 2021 NUMBERS

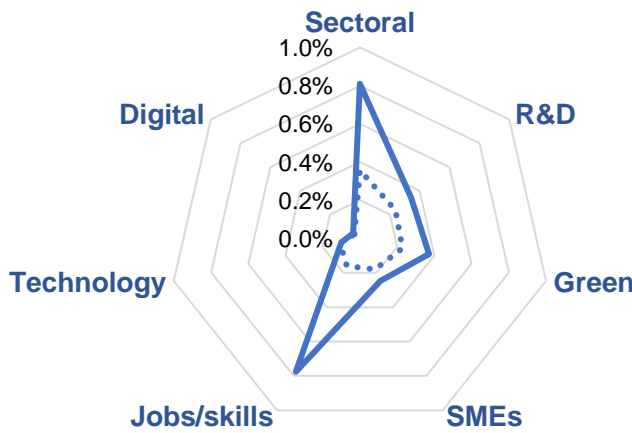


Industrial policy expenditures are significantly higher in France compared to the countries in the benchmark, both for grants and tax expenditures and financial instruments (**Figure 1**). Regarding financial instruments, France is the second country with the highest non-export financial instruments among QuIS' participating countries. The bulk of these instruments is under the responsibility of BPI France (with a large share going to SMEs). The new investment plan 'France 2030', launched in October 2021 but not yet visible in 2021 industrial policy expenditures, has the potential to significantly affect this picture in the coming years. France largely resorted to financial instruments for COVID emergency support to businesses

**Figure 1. French industrial policy expenditures by instrument type in 2021, % of GDP**



Note: Includes EU support. Source: OECD calculations based on the QuIS database.



**Figure 2. Industrial policy expenditures by eligibility criteria in 2021, grants and tax expenditures % of GDP**

— France  
..... Benchmark

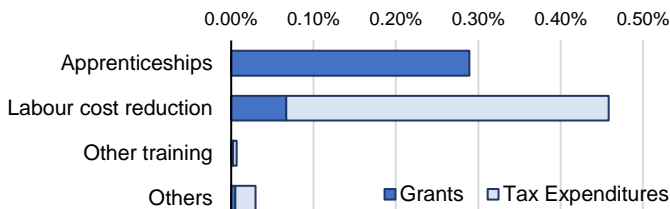
Note: Structural policies (i.e., excluding COVID). Categories are not mutually exclusive, as policies can be tagged in several categories. Additionally, some policies do not fulfil any of these eligibility criteria. Source: OECD calculations based on the QuIS database.

**Regarding grants and tax expenditures**, the priorities of the French industrial strategy are similar to those of the benchmark, except for a much stronger focus on sectoral and jobs and skills policies (**Figure 2**). France’s industrial strategy is characterised by a relatively high share of spending on jobs and skills (35% vs 11% in the benchmark – 0.78% of GDP vs 0.16% of GDP in 2021). For other criteria, France’s spending is higher than the benchmark, although the distribution of expenditures is in line with the benchmark.

**Distribution of jobs/skill objectives**

Most of the jobs and skills industrial policies aim to reduce labour costs (0.45% of GDP in 2021), mainly through tax expenditure<sup>1</sup> (e.g., *Crédit d’Impôt Compétitivité et Emploi* – 0.28% of GDP). French jobs and skills industrial policies also largely support apprenticeships (0.29% of GDP in 2021), through grants.

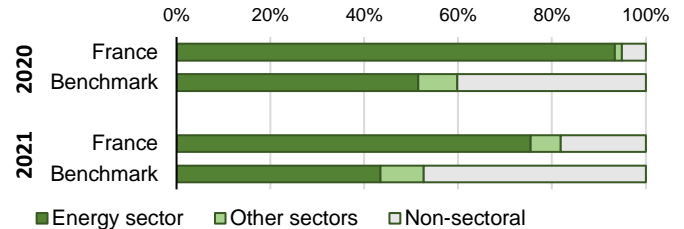
**Figure 3. Jobs/skills industrial policy expenditures, by objective and instrument, France, % of GDP, 2021**



**French green support is focused on the energy sector**

France relies less on non-sectoral instruments or instruments targeting other sectors than the benchmark. Green support to the energy sector is notably driven by the purchase contracts for renewable electricity (0.23% of GDP). With measures introduced in the recovery plan in 2021 (*Plan de Relance*), green support is spreading beyond the energy sector.

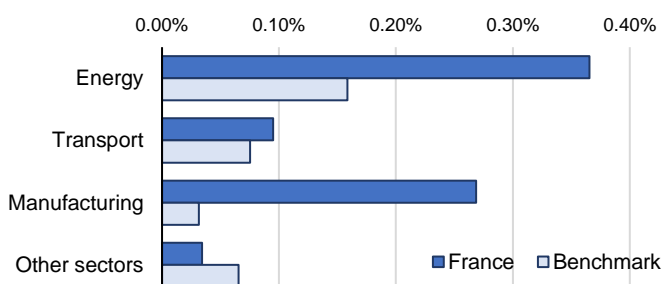
**Figure 4. Sectoral composition of green support in France, % of total green industrial support, 2021**



**Sectoral support is focused on two sectors**

Industrial policy in France is focused on two sectors, namely energy (0.37% of GDP) and manufacturing (0.27% of GDP), while support to transport is in line with the benchmark.

**Figure 5. Sectoral support by sector as a percentage of total GDP - Grants and tax expenditures, 2021<sup>2</sup>**



**Highlight: BPI France and SMEs**

France’s industrial policy financial instruments are centralised in BPI France, which manages the export finance schemes and almost 98% of the other financial instruments. 40% of support through non-export financial instruments (0.60% of GDP) is focused on firms below a certain size threshold (and therefore tagged as ‘SMEs and young firms’ according to the QuIS methodology) consistently with BPI France’s mandate to support SMEs and intermediate-sized firms. 58% of financial instruments do not fulfil any of the criteria (0.86% of GDP), yet a significant share of these amounts is likely invested in SMEs and intermediate-sized firms. Loans represent the majority of financial instruments (55% in 2021, vs 50% for the benchmark), with guarantees amounting to 30% of financial instruments (vs 36% for the benchmark), and equity investments 15% (vs 14% for the benchmark).

1: The generic reductions of social contributions for low wages (2.0% of GDP in 2021) are not considered as industrial policy expenditures, but rather as part of the tax schedule. Taking them into account would significantly accentuate the focus on labour cost reductions.

2: Reading example: the amount of French grants and tax expenditures support specifically directed to the energy sector represents 0.37% of total GDP, vs 0.16% in the benchmark. Note: Includes EU support. Instruments targeting agricultural firms are excluded from QuIS. Source: OECD calculations based on the QuIS database.