

France salary survey intro

Tax breaks for entrepreneurs and investors, labour reforms reducing the power of collective bargaining, a hefty trimming of civil service jobs. These are the critical and undoubtedly surprising developments in France during the last 12 months, as the country's leadership tries to defy historical precedent and pull the country back to growth. And, so far, it appears to be working.

In 2017, France's economy grew at its fastest rate in a decade. At 1.9% it surpassed projections and finished almost a whole percentage point ahead of 2016. Sure enough, it was investment that spearheaded the recovery, increasing by 3.7%. Exports and imports, too, were up by 2.6% and 0.7% respectively with foreign trade contributing 0.6% to GDP growth overall. Production of goods – with noticeable spikes across manufacturing, construction and agriculture – also enjoyed a buoyant year.

Unemployment is still high at 9.7%, though it is declining, and in November 2017 reached its lowest level since 2012. The government expects this trend to continue, with anticipated unemployment figures to be 9.4% by the end of 2018. The number of people working is at its highest level since 2011 with those in temporary employment (CDD) increasing 8.6% compared to 2016. Growth in CDD contracts was present across all sectors.

As we enter the new year, therefore, it's not surprising to see that business confidence is high. Furthermore, the petering away of measures that have restricted entrepreneurial activities in the past saw over 20,000 more new companies established during 2017. This changing, and relatively dynamic, economic environment by France's standards, has led Government to anticipate another positive year of growth at around 1.7% in 2018.

Consumer confidence is high too, though spending did slow toward the end of last year. We mustn't, however, turn a blind eye to the fact that wages continue to remain out of step with rising prices. This became immediately apparent earlier this year when the international media descended on France to poke fun at what was fondly termed the 'Nutella riots.' Though, consumers fighting over reduced products likely points to a much deeper, serious and unfunny issue – and one which probably needs addressing if France is to truly compete with its eurozone peers.

We hope you enjoy reading the report and find the perspectives offered to be useful. Should you have further questions, please do not hesitate to contact a member of our team who would be more than happy to clarify any of the information presented.