France

This country note provides an overview of the labour market situation in France drawing on data from *OECD Employment Outlook 2024.* It also looks at how the transition to net-zero emissions by 2050 will affect the labour market and workers' jobs.

Labour markets have been resilient and remain tight

Labour markets continued to perform strongly, with many countries seeing historically high levels of employment and low levels of unemployment. By May 2024, the OECD unemployment rate was at 4.9%. In most countries, employment rates improved more for women than for men, compared to pre-pandemic levels. Labour market tightness keeps easing but remains generally elevated.

- In France, the unemployment rate has remained stable at 7.4% over the past year. This is below the pre-pandemic rate of 8.2% and at a historically low level, but still above the OECD average. Similarly, at 68.7% in Q1 2024, the employment rate among the working age population was about the same as one year earlier and 2 percentage point above its pre-crisis level in Q4 2019. Youth unemployment has risen over the past year, from 16.9% in May 2023 to 17.9% in May 2024, but remains well below its pre-crisis level of 22.1%.
- According to OECD projections, GDP growth will slow down to 0.7% in 2024 and increase to 1.3% in 2025. Tighter financing conditions will continue to weigh on domestic demand in 2024, while the boost from two major public support programmes (*France Relance* and *France 2030*) will taper off. However, disinflation will bolster household purchasing power and consumption. Headline inflation is expected to recede to 2.3% in 2024 and 2.0% in 2025. Following the recent slowdown in activity, employment growth is expected to ease and unemployment should slightly rise to reach 7.8% at the end of 2025.
- The reform of the public employment service, with the creation of "France Travail" on 1 January 2024, ensures better co-ordination of employment, social and training services. It should help remove non-financial barriers to labour market participation for those who are further away from the job market.

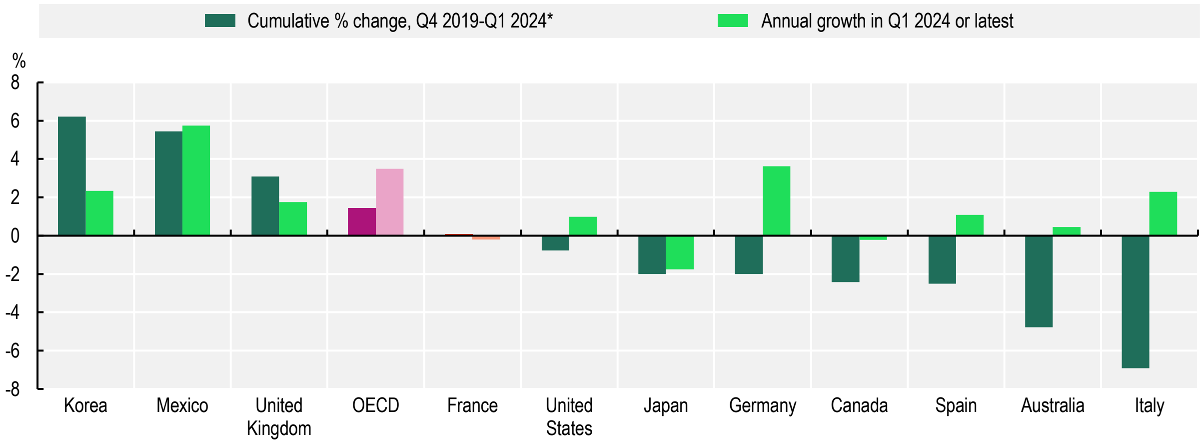
Real wages are up, but still have to make up for lost ground

Real wages are now growing year-on-year in most OECD countries, in the context of declining inflation. They are, however, still below their 2019 level in many countries. As real wages are recovering some of the lost ground, profits are beginning to buffer some of the increase in labour costs. In many countries, there is room for profits to absorb further wage increases, especially as there are no signs of a price-wage spiral.

- Compared to other OECD countries, real wages in France remained relatively stable throughout the period Q4 2019 – Q1 2024 (Figure 1). They did not fall much, as was the case in many neighbouring countries (e.g. Belgium, Germany, Italy and Spain), thanks to relatively contained inflation rates and dynamic wage re-negotiations – the year-on-year reduction never exceeded 1.9%. However, real wages remained roughly at their Q4 2019 level at the end of the period (unlike in Korea, Mexico and the United Kingdom, for instance).

- In May 2024, the real minimum wage was 12.8% higher than in May 2019 on average across the 30 OECD countries that have a national statutory minimum wage. The average figure is driven in part by particularly large increases in some countries, such as Mexico (86.6%) and Türkiye (41.7%), but the median progression was also quite significant, at 8.3%.
- The automatic indexation of the French national minimum wage (SMIC) helped safeguarding the purchasing power of the low-paid: the real minimum wage was 0.9% higher in May 2024 than in May 2019.

Figure 1. Real wages remain below 2019 levels in most countries



Note: * For Canada, Japan, Korea and Mexico, the annual growth refers to Q4 2022-Q4 2023 and the cumulative percentage change to Q4 2019-Q4 2023. OECD is the unweighted average of 35 OECD countries (not including Chile, Colombia and Türkiye).
Source: *OECD Employment Outlook 2024*, Chapter 1.

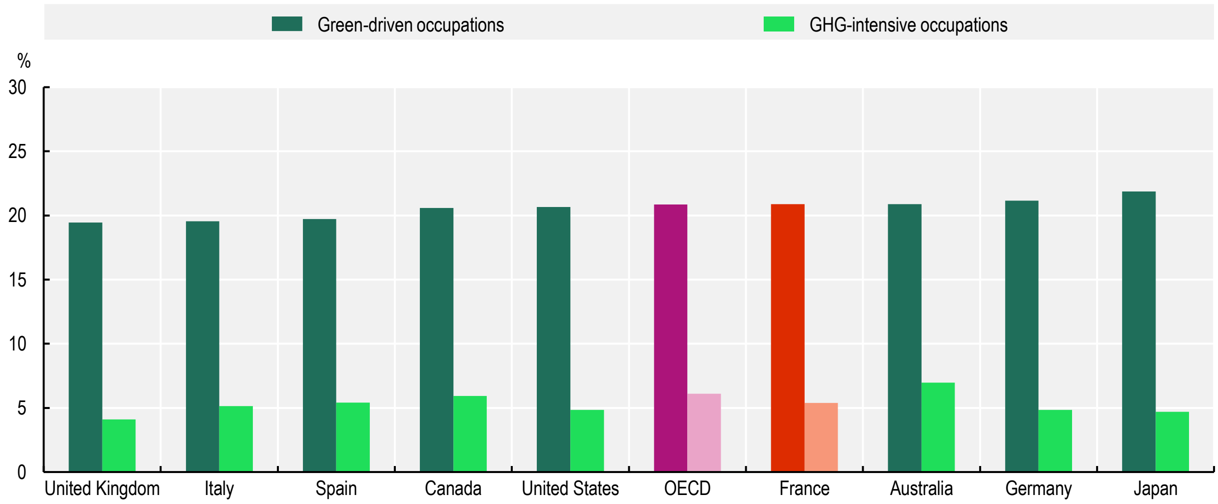
Climate change mitigation will lead to substantial job reallocation

The ambitious net-zero transitions currently undergoing in OECD countries are expected to have only a modest effect on aggregate employment. However, some jobs will disappear, new opportunities will emerge, and many existing jobs will be transformed. Across the OECD, 20% of the workforce is employed in green-driven occupations, including jobs that do not directly contribute to emission reductions but are likely to be in demand because they support green activities. Conversely, about 7% is in greenhouse gas (GHG)-intensive occupations.

- France is in line with the OECD on average, with 20% of the workforce employed in green-driven jobs. Of these green-driven jobs, only 14% are, strictly speaking, in "green new or emerging occupations". On the other hand, about 5% of French workers are employed in high emission industries.
- In France, men are more likely to be employed in green-driven and GHG-intensive occupations, while older workers are more likely to be employed in GHG-intensive occupations.
- In France, differences in the earnings losses following job displacement between workers in high-emission and low-emission industries are among the largest amidst the countries studied. One reason is the relatively quick recovery of workers in low emission industries, who almost fully recover their earnings losses six years after displacement, but also the slow recovery of workers in high-emissions industries. Averaged over these six years after displacement, workers in low emission industries lose 26% of their earnings on average, as compared to the relatively high earnings losses of 39% for workers displaced in high emission industries.

Figure 2. One out of five workers is employed in green-driven occupations

Percentages, average 2015-19



Source: *OECD Employment Outlook 2024*, Chapter 2, Figure 2.3.

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