



MINISTÈRE
DE L'ÉCONOMIE
DES FINANCES
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Dossier de presse



RECOVERY PLAN

3 September 2020

Today, Minister for the Economy, Finance and the Recovery, Bruno Le Maire presented a €100 billion recovery plan to support the economic activity and job creation. The recovery plan is designed to sustain the growth potential of the French economy. It will support French companies and industries' competitiveness and invest in technologies to maintain France among the most competitive and innovative countries. It will also pave the way for the French economy of 2030, which will be greener given the emergency to speed up the ecological transition.

France has all the assets to bounce back. Prior to the crisis, France's economy was resilient and was ranked the most attractive investment destination in Europe according to the 2019 Ernst&Young attractiveness survey.

By supporting both supply (in activity, in competitiveness and in its decarbonation) and demand, it supports job creation and gives all chances to restore, as soon as 2022, the level of economic activity of 2019.

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Measures introduced since the outbreak of the virus

The economic response to the crisis has been based on a three-step approach:

- **Responding to the immediate shock as soon as February:** In France, Minister Le Maire organised the first meeting with all stakeholders on 21 February to design the appropriate response. With 470 billion euros, France put in place a series of massive emergency measures to protect companies and workers through the Solidarity fund, state-guaranteed loans and a partial unemployment scheme. At international level on 22 February, Minister Le Maire participated in the first discussions on the covid at the G20 Finance ministers' meeting in Riyadh, and advocated for a coordinated international response to the upcoming crisis.
- **Supporting the most affected sectors in May and June:** aerospace industry, automotive industry, construction sector, tourism, book sector; retail, craft and independent workers and tech industry companies.
- **Launching a comprehensive, targeted and ambitious recovery plan**

A couple of key figures:

- *Solidarity Fund:* 1.7 million of companies benefited from this fund for 5.6 billion euros.
- *State-guaranteed loans:* 600 000 companies were granted such a loan for over 120 billion euros.
- *Partial unemployment scheme:* In April, 8.8 million employees were under the partial unemployment scheme. 7.9 million in May and 4.5 million in June.

€100 billion, including €40 billion of European funds, from 2020 to 2022

The €100 billion Recovery Plan will include €40 billion of direct subsidies from the European Union, following the historic European agreement of heads of states and governments in July. France will submit its Recovery and Resilience Plan to its European partner and to the European Commission from January 2021. On that basis and subject to approval, the investments of the recovery plan will be funded by the EU.

The recovery plan will contribute to France's long term economic development and to strengthening its industrial resilience and independence. It includes measures to support the green and digital transitions, as well as the structural reforms planned by the government to further improve the competitiveness, attractiveness and productivity of the French economy. Growth and targeted investments will finance the recovery fund. Tax will continue to decrease for businesses and for households.

The **recovery plan is a forward-looking investment plan** with two key objectives: speeding up the greening of the economy and supporting job creations.

The three pillars of the recovery plan

First pillar: €30 billion for the green transition

The recovery plan will include investments for energy-efficiency renovation programmes for private and social housing and public buildings, for sustainable mobility, for decarbonisation of the industry and for green technologies (hydrogen, biofuels, recycling).

Key measures will include:

- 6.7bn€ for the thermal retrofitting of public (4bn€ for schools and administrative buildings, 500M€ for social housing) and private (2bn€ for housing, 200M€ for SMEs/VSEs) buildings ;
- 1.2bn€ to finance investments and operating expenditures dedicated to the industry decarbonation ;
- 1.2bn€ to develop everyday green mobility (cycling and public transportation) ;
- 4.7 bn€ to support and develop railway transportation, including freight ;
- 7bn€ over 10 years (2021-2030) to develop green hydrogen.

Green budgeting will be generalized from the 2021 budgetary plan onwards, in order to be able to closely follow and monitor the impact of the recovery plan on climate and the environment.

Second pillar: €34 billion to reinforce the competitiveness and resilience of the French economy

Measures will include a massive reduction of taxes on business (€10bn per year), measures to reinforce own funds of businesses, investments in innovation and in the resilience of the French industry especially to secure critical supplies.

Key measures will include:

- a permanent reduction of taxes on businesses amounting 10bn€ annually (20bn€ over 2021-2022) ;
- 1bn€ to favour the relocation of industrial production in France (600M€ dedicated to investments in five strategic sectors and a 400M€ fund to support industrial projects in France);
- 11bn€ dedicated to investments in key technologies through the *Programme d'investissements d'avenir* (PIA – 20bn€ in total over 2021-2025);
- 3bn€ to strengthen the equity capital of SMEs/VSEs and mid-size companies.

Third pillar: €36 billion for skills, social and territorial cohesion

Important financing of employments support measures and investment in skills and competences will help safeguard jobs, improve the employability of the most vulnerable, especially the youth, and strengthen productivity.

Key measures will include:

- 6bn€ to massively invest in healthcare infrastructure ;
- 1.8bn€ for the training of young people in strategic and dynamic sectors ;
- 3.2bn€ to temporarily reduce labour costs for employing young and disabled people ;
- 1bn€ for life-long training and a transformation of the life-long training system (digitalization, modernization)
- 7.6bn€ to preserve employments through long-term short-time work schemes and dedicated training;
- 5bn€ to support local authorities, which account for the majority of public investments, including 1bn€ earmarked for investments in the green transition, dedicated measures to support the most vulnerable and families.

Implementation and efficiency of the recovery plan

In order to be **timely**, the recovery plan should be implemented as quickly as possible to secure the rebound of the economy.

All stakeholders have been consulted to prepare the recovery plan and will be involved in its implementation. Measures will be **temporary** so as to maintain the sustainability of public finances in the long term. Measures will be **targeted** on the most affected productive sectors or the most fragile households that are most affected by the crisis. Regulatory or legislative simplification measures may be taken to allow the measures to be implemented rapidly.

The recovery plan will have a lasting impact on growth. Such investment on skills, productive capacity and infrastructure will help increase potential growth, with a positive impact on public finances in the longer term. **One of the objectives of the government is to restore the 2019 level of GDP by 2022.**

Press contact

Presse.mineco@cabinets.finances.gouv.fr