



Since March 25, 2020

**Confederation of International Contractors' Associations (CICA)**

**Strategic Watch: COVID-19 Overview by country and region (situation at February 15, 2021)**

*Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data*

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

**France**

Country/Region	General measures	Measures for construction
<b>FRANCE</b>		
<b>Lockdown</b>	<p><a href="#">After a second national lockdown at the end of 2020, the sanitary situation is assumed to improve only slowly.</a></p> <p>After the first national lockdown, France noticed a significant slowdown of the epidemic. However, Covid-19 infections significantly increased between mid-July and early November 2020. In September 2020, the authorities imposed local closures of bars and restaurants and tightened rules on public gatherings. They further applied curfews for non-essential activities and then a second national lockdown till mid-December 2020. Most shops reopened at the end of November with Covid-19 infections decreasing significantly (cf. OECD) (December 2020).</p>	<p>During the first lockdown in France (16 March 2020 – 11 May 2020), the activity of the construction sector was put on hold.</p> <p>However, the construction companies were able to continue their activity during the second national lockdown (October 13, 2020 – December 15, 2020), in the respect of the rules formalized within a safety guide established by “l’Organisme Professionnel de Prévention du Bâtiment et des Travaux Publics” (OPPBTB).</p>
<b>Economic outlook</b>	<p><a href="#">Activity is projected to fall by 9.1% in 2020 and expand by 6% in 2021 and 3.3% in 2022.</a> As export markets recover, external demand and investment will pick-up. By the end of 2022, public debt is expected to increase to 120% of GDP.</p> <p>Temporary emergency measures and the medium-term recovery plan provide strong fiscal support, balancing measures on the supply and demand sides, according to the OECD.</p> <p>Discretionary budget measures will reach 3.9% of GDP in 2020, notably through the strengthened short-time work scheme and</p>	<p>According to GlobalData, prior to the Covid-19 outbreak, the French construction industry grew by 2.6% in real terms in 2019. However, with the disruptions caused by the pandemic and the subsequent lockdown measures, the industry was severely impacted in 2020.</p> <p><a href="#">According to Eurostat, the French construction industry contracted by 17.3% year on year (YoY) in the first three quarters of 2020.</a> The industry’s output in the final quarter of that year could be further affected by the second lockdown imposed in the country from late October to mid-December 2020, owing to an upsurge in Covid-19 infections. Although construction activities were exempted from the lockdown restrictions, work could be affected by labor shortages amid</p>

	<p>support or the smallest firms and the self-employed (cf. OECD) (December 2020).</p>	<p>travel restrictions and social distancing measures. As a result of the latest lockdown, in November 2020 the Central Bank of France said that construction activities could fall by 8% of their normal levels (cf. GlobalData) (January 2021).</p> <p><a href="#">When looking at figures from the French federation of Public Works (FNTP), the drop in activity in 2020 is estimated at almost -14%.</a> At the end of November 2020, the lack of a rebound in public orders, and in particular those coming from the municipalities, remains the major concern.</p> <p>Construction activity at the end of November was still below last year's level, down -10.4% compared to November 2019. Since the beginning of the year, the work carried out has thus remained halted, accumulating a cumulative decrease of -13.7%.</p> <p>Contracts signed also rebounded compared to October 2020 (+23.4%), mainly due to order intake around the infrastructure project "Grand Paris", but remain down sharply year-on-year (-9.5%). The downward trend observed since the beginning of 2020 has been confirmed (-14.1% year-on-year since January). With public tenders for public works down by 31% compared to 2019 and by 45% for orders from municipalities, the main contracting authority for public works. The situation remains worrying for the evolution of order books (cf. FNTP).</p> <p>However, <a href="#">activity is expected to rebound and grow by 8.6% in 2021.</a> The sharp growth in 2021 will mainly be driven by the very low starting base in the previous year, particularly in the second quarter, according to GlobalData (cf. GlobalData) (January 2021).</p>
<p><b>Employment</b></p>	<p><a href="#">The unemployment rate will peak around end-2021 and remain above pre-crisis level in 2022.</a> The gradual phasing-out of short-time work schemes and loan programmes for firms should encourage the reallocation of resources across firms. The unemployment rate increased to 9% in the third quarter of 2020, and the employment rates of younger and low-skilled workers have been disproportionately affected (cf. OECD) (December 2020).</p>	<p><a href="#">Despite a decrease in the volume of hours worked since the beginning of the year for permanent workers (-9.8%), their numbers remained stable at the end of November 2020</a> and have tended to increase slightly since the beginning of 2021 (+1.8%). As the adjustment to the decline in activity is essentially made with temporary workers, temporary hours are still down sharply (-25% compared with November 2019) and have been trending downwards by a cumulative 33.3% since the beginning of the year.</p>

	<p><a href="#">The government estimates that the crisis will result in 800,000 job losses</a>. The rebound should make it possible to recreate 400,000 jobs by the end of 2021, 200,000 of which will be created thanks to the effects of the recovery plan. The extended financing of short-time work schemes should also prevent the destruction of 300,000 jobs.</p>	<p>For the sector to maintain its hiring dynamic (50,000 in the next two years), the revival of investments will have to be on the agenda as soon as possible in 2021, according to the French Federation of Public Works (cf. FNTP) (13 January 2021).</p>
<p><b>Recovery</b></p>	<p>The recovery has been slightly uneven. According to the French Statistical Institute (INSEE), economic activity in October rebounded to 4% below its end-2019 level from a decline of 31% in April 2020. Yet, it is estimated to be 13% below its end-2019 level.</p> <p><a href="#">The French government announced a €100 billion medium-term recovery plan, called France Relance</a>, with fiscal measures that are set to reach 1.6% of GDP in 2021 and 1.1% in 2022. The €10 billion business tax cut, hiring subsidies and higher public investment, as well as additional financing for training programmes should provide support for the recovery (cf. OECD) (December 2020).</p> <p>More generally, economic competitiveness and business innovation, energy transition, social and territorial cohesion are the three priority areas of the French recovery package. €100bn will be invested over two years, half of which will be financed by the European Union.</p>	<p><a href="#">The construction sector recovered quickly</a> in May and June 2020 according to the OECD (cf. OECD) (December 2020).</p> <p>Besides, <a href="#">although short-term investments in the industry could be affected by the weak consumer and investor confidence, over the forecast period, output will be supported by government spending on overall infrastructure, particularly in preparation for the upcoming summer Olympic Games in Paris in 2024</a>. The government plans to spend EUR6.8 billion (US\$8 billion) to develop and refurbish infrastructure by that year. Long-term growth in the industry will be also driven by the government's plan to invest EUR80 billion (US\$94.4 billion) on transport infrastructure between 2018 and 2037, of which EUR2.4 billion (US\$2.8 billion) was earmarked to be invested in the first two years alone. On a positive note, work is progressing on the EUR31.7 billion (US\$37.4 billion) Grand Paris Express Metro Rail project, which is claimed to be the biggest urban mobility project currently underway in Europe (cf. GlobalData) (January 2021).</p> <p><b>“France Relance” (3 September 2020)</b></p> <p>The Recovery Plan is of interest for the construction sector as approximately €30bn should be allocated to the energy transition, out of which €11bn have been earmarked for transportation. €4.7bn should be allocated to rail transport. Other parts should be allocated to the development of daily mobility such as cycling and public transportation.</p> <p>In principle, the plan emphasizes the need for green infrastructure, especially in the areas of transportation, water and energy. In total, it has been estimated that out of the €100bn, nearly €4bn can be directly linked to programs requiring new infrastructure work (cf. FNTP).</p>

		<p><u>The French government stated that the budget from the recovery plan should profit to the construction sector as follows:</u></p> <ul style="list-style-type: none"> <li>• 7 billion euros for the energy renovation of public and private buildings through the <i>MaPrimeRenov</i> system</li> <li>• 460 million for the energy renovation and major rehabilitation of social housing.</li> <li>• 350 million euros for new housing as part of the support for the relaunch of sustainable construction to encourage mayors to issue building permits while taking care to fight against soil artificialization. This aid takes into account permits issued since September 2020.</li> <li>• 300 million euros to transform wasteland into building land to facilitate the construction of housing and the installation of activities on already artificial sites.</li> <li>• Mobilization of institutional investors who have reserved a large number of housing units and thus secure operations.</li> <li>• Mobilization of public land and public development establishments.</li> <li>• Mobilization of State services and agencies (ANRU, Anah) to examine financing requests from project owners and operators, and requests for approvals.</li> </ul> <p>The Government continues to introduce simplification measures to promote the revival of the construction and public works sector and in particular MSE and SMEs.</p> <p>At the same time, a national pact for the revival of sustainable construction was signed on November 13, 2020. It materializes the collective commitment of the sector and the government to revive housing construction, which, like other economic sectors, has been hard hit by the health crisis.</p> <p>In line with France Relance, all the professional federations have also made strong commitments for employment and vocational training on specific objectives:</p> <ul style="list-style-type: none"> <li>• Consolidate existing net employment and maintaining a dynamic of job creation over the next 2 years: the French Federation of Public Works (FNTP) is thus committed to 50,000 new jobs in public works by 2022;</li> </ul>
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		<ul style="list-style-type: none"><li>• Maintain the building's apprenticeship workforce in 2021 at a level equivalent to that of 2020;</li><li>• Increase the number of apprentices in public works by 50% between 2019 and 2022: an increase from 8,000 to 12,000 apprentices over the period;</li><li>• Mobilize the member companies so that every apprentice is effectively welcomed within a company at the end of February 2021;</li><li>• Promote gender diversity in the sector and encourage women's entrepreneurship;</li><li>• Quantify the carbon footprint of the public works sector and present an infrastructure investment plan (6 January 2021).</li></ul>
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### Other Overviews

- Download the [European Construction Industry Federation's \(FIEC's\) Covid-19 Coverage](#)
- Download the [French Federation of Public Works' \(FNTF\) Covid-19 Coverage](#) (in French only)