Executive summary

Industry is a key pillar of any country's economic prosperity. Industry is a source of innovation and plays a vital role in addressing today's social and environmental challenges. Industry creates both direct and indirect employment, at all skill levels, and reinforces social cohesion.

Globalisation, technical progress and service sector expansion have led to a 36 % decline in industrial sector employment in France between 1980 and 2007. The percentage of French GDP represented by the manufacturing sector declined from 14.1 % in 2000 to 10.2 % in 2016. But since 2016, there have been important initiatives from both the public and the private sector, advocating the renewal and the reinforcement of the industrial sector - this now replaces a previous vision of a country without any traditional industry. It is a fact that France today has been able to retain key industries in diverse sectors and has performing industrial areas, the question of how to support the reindustrialisation has never been so relevant.

French consumers have seen a significant decrease in the prices of basic consumer goods. But the speed of industrial sector change over the last thirty years has had a devastating impact in certain regions (hundreds of thousands of job losses), transforming once flourishing and fertile zones into industrial deserts. The consequences of this industrial decline are clearly visible: polarisation of regions; decrease in indirect local employment; trade balance deficits. Whilst the percentage of public spending in the French GDP figure is considered relatively high, it is arguable that if France had an added value per inhabitant similar to that of Germany, it would only represent 49 % of the GDP figure. At a time when a large proportion of Western European populations are expressing anti-globalisation sentiments, the revitalisation of the industrial sector offers us a unique opportunity to reinforce and strengthen social and regional ties.

How to facilitate the development of the industrial sector in France? To answer this question, we drew comparisons from six countries (Germany, Italy, Switzerland, the United Kingdom, the United States and South Korea) that we visited as part of this study, to understand what are the determining factors for the development of a robust industrial sector. Our ensuing "ideas to grow" are drawn up around three major themes: Industrial Culture; Regions; and Vocational Training.

The French industrial sector has a poor image in the public eye. This negative perception of the industrial sector, especially among younger age groups, discourages young employees from choosing occupations in industry, and industrial sector employers have significant difficulties to recruit, the consequence of which has a direct impact on their competitivity. To change this negative perception, direct and personal interaction is required to break down the preconceptions of the industrial sector. Several initiatives have already been implemented. Our first idea is thus to foster and promote more on-site factory visits; to encourage public access to industrial enterprises; and to reinforce the close relationships between schools and industry.

From our observations in Germany, we noticed that regular presentations of industrial activities in schools and close relationships between industrials and teachers are a very effective means to familiarise schoolchildren with industrial employment vocations. It is important that classes of students visit factories and that students can apply concepts learnt in the classroom to practical industrial case studies. Moreover, we propose that an initiative be launched offering teachers in middle school (those who coach students in their career choices) the opportunity to visit industrial companies.

Basic and continuing education is key for the industrial sector to be able to recruit a workforce with the necessary skills to address the social and environmental challenges of the 21st century. From our observations in Switzerland, dual training models, in which the student spends time both in school and in a company, help meet the company needs with a targeted and effective on-site professional training. Under such a model, it is key to recognise the time spent by tutor employees in the accomplishment of the training role. Our proposition therefore is to register these hours under the company's training budget and to afford a tax benefit to the employer, correlated to the number of hours devoted to the training.

The digital transformation of manufacturing processes requires significant upgrade in employee work skills. In Italy, a tax credit is given for the provision of training programmes in digital technologies. We recommend the study of the introduction of a similar tax credit or tax allowance for French corporates, to facilitate the training of employees in digital technologies. Also, this initiative could be tested in a first phase, in relation to digital technology training and then later opened up to other fields of training.

Finally, industrial companies rely on the strengths of their regions to export and to network with other actors along the industrial production value chain. The 'Italian District' is an interesting example that demonstrates how Italian SMEs are more successful in exporting their products than their French counterparts. A 'Regional Corporate Network Contract' model could be rolled out, allowing multiple companies to collaborate, increasing innovation and competitivity. This type of organization offers participants the advantage of being able to pool costs, better satisfy client requirements and target new markets.

Local Authorities play a key role in the facilitation of the establishment of new companies and in the retention of regional industrial activities. The support of SMEs from local actors is key to assist them to grow and increase exports. In our view, it is important to support companies in the process of identifying sites to regroup their manufacturing activities with those of their suppliers. Such an initiative would result in the optimisation of real estate occupancy and the reduction of real estate tax paid by industrial companies.

Many initiatives have already been implemented in France. But we can do more, and our foreign study comparison clearly demonstrates that more innovative and successful initiatives exist, and that they can be successfully implemented. We hope that our readers are inspired by the examples that we have drawn from the best practices and insights that we observed abroad, and that we have provided some food for thought for the important and topical discussions on the subject of the reindustrialisation of France.