Growth Without Engines: Can France Reindustrialise Amid a Contracting Economy?



On 23 November 2026, S&P Global reported that France's composite Purchasing Managers' Index (PMI) fell to 46.2—well below the 50 mark that separates growth from decline. On the same day, Finance Minister Roland Lescure warned that France's 2027 growth target is at risk, even though the government refuses to change its 5% deficit limit. Compared with the launch of 81 new local projects worth €14.9 billion under the "Choose France" plan, these numbers show a growing gap between government ambitions and market reality, leaving Paris with fewer options.

From Industrial Ambition to Macroeconomic Strain

This situation reveals the tension between France's long-term reindustrialisation strategy and its immediate fiscal and political fragility. Officials point to major capital commitments in clean energy and manufacturing as proof of France's enduring attractiveness to investors. Yet private-sector activity continues to shrink as businesses delay investment amid prolonged legislative deadlock underscored by the National Assembly's sweeping rejection of the 2027 budget revenue bill earlier this month. Without a clear fiscal path or parliamentary majority, state-backed announcements struggle to restore broader confidence. In an environment of sluggish growth and rising borrowing costs, relying on headline investment pledges while domestic demand weakens risks deepening scepticism over the credibility of France's economic trajectory.

Question of interference continues

What happens when state-led investment initiatives collide with a sustained contraction in private-sector activity? And how can Paris uphold its deficit-reduction commitments without further stifling growth ahead of the 2027 presidential election?