

ISO CONGRESS 2009

ECONOMIC REPORT FRANCE

In 2008:

- Rate of inflation : 1,2 %
- Rate of GNP : + 1,9 %, in decreasing compare to 2007
- Unemployment rate: 8,2 %. It's in progress since beginning of 2009, this increase will continue until end of 2009.

In 2009:

GNP is decreasing for the second time during first term of 2009, France is consequently in recession.

We expect a GNP decrease of 1.9 % for 2009 compare to 2008.

It seems that we are at the end of the decrease if we look results of survey made in April to companies: For the first time since mid 2007 the manager's opinion is increasing (starting from a low level).

Only one "good" news: The household consumption is more or less stable in France, despite the increase of unemployment (we expect a rate of 8,8 % of unemployment at end of 2009). It is due probably to the level of indemnities paid to unemployed persons and starting effect of economic measures taken by government which must increase the purchasing power of household.

Building activity

2008 ended in a growth of building activity about 1,5 %, In decreasing in regard to 2007.

The volume of the authorizations to build and of housing starts is - 22 % in decrease since the beginning of 2008.

In the same time building permits cancellations are increasing a lot (8000 housing cancellations by month in 2009, instead of 5000 in January 2008).

But we expect a better situation beginning at the end of 2009 because the French government decide to finance a lot of social housings.

Only offices building seems a little less taken in the storm (+ 9,1 % in 2008).

32 000 new permanent jobs were created in 2008 (+2,6 %), but in stagnation at beginning of 2009, with recession for temporary workers (-11 000 full time persons in less in 4th quarter 2008 compare to 4th quarter 2007).

Production capacities are used at only 80 %

Closing work are increasing of 23,8 % in 2008 after 16,6 % in 2007. Creations of new companies are in decline. Production capacity is used at only 80 %

Fitting activity

The year 2008 was quite good for French shopfitters.

Since the beginning of 2009, they have a lesser activity with a contrasted situation from one company to the other.

In France some big networks stopped their refurbishment and development for first semester; others had only a slowdown in their development. For little shops or networks, they do not invest waiting for a better economic situation or easier capabilities to borrow (Bank are very precocious).

Consequently some companies have a good activity while the others have not enough work. This disparity depends on their customers.

In any case, activity has been reduced, subcontracting is nil or very limited.

The competition between companies is harder and the level of selling prices is decreasing a lot (10 to 20 %) and for long time.

Francois Matheron,
CFA, France

New president of ISO as per 06.06.09