

## French National report

### 1. A FEW ECONOMIC FIGURES

- **French GDP** increased by 0.2% in the first quarter of 2024, thanks to higher public spending and a positive contribution from foreign trade. As regards the 2024 annual average, Banque de France, which has just updated its forecasts, predicts an increase of 0.8% (after +1.1% in 2023). The European Commission forecasts +0.7%, a result comparable to that anticipated for the euro zone.
- In France, **household consumption** is struggling to really take off (+0.1% at the start of 2024) despite the continuing rise in household income (particularly wages and social benefits). Indeed, their savings rate is back on the rise, now representing 17.6% of after-tax income (versus 14.6% before the pandemic). On the other hand, demand for new homes continues to contract at a strong pace (- 1.4% in the first quarter of 2024 and - 17% since Spring 2021), mainly as a result of the past rise in interest rates.
- The year-on-year rise in the **general consumer price index** reached 2.2% in May 2024 in France, compared with +3% in February and +4% in October 2023. Prices for both food and manufactured goods have been stabilising for several months. According to the latest consensus of economists, the price index will rise by 2.5% in 2024, after +4.9% in 2023 and +5.2% in 2022.
- According to the new version of the national accounts, **business investment** fell for the second quarter running, penalized by the negative trend in spending on construction and industrial goods. Only investment in information and communication (research and development) continues to grow: +40% in volume since the end of 2019!
- On the one hand, **industrial output** during the first four months of 2024 remained well down on the second quarter of 2021 (the last quarter before energy prices rose sharply), particularly in steel (- 28.0%) and basic chemicals (-12.5%). On the other hand, activity was robust over the period in transport equipment and electronic capital goods (navigation and medical electronics). Supply difficulties are generally under control, but are still very pronounced in the automotive and aeronautics sectors, due to shipping problems in the Red Sea : respectively 40% and 25% of employers mentioned them in May 2024 (87% and 77% in April 2022). Finally, it should be noted that order books are everywhere judged to be below the long-term norm (except in aeronautics and electronics).
- In industry, **employment** remained positive in the first quarter of 2024, despite the decline in temporary workers. It is 2.3% higher than its level just prior to Covid (3% excluding temporary workers). In metal industries, the workforce declined slightly at the start of 2024; it remains above its pre-pandemic level, thanks to the increase recorded in the following sectors : aeronautics, capital goods and repair; Conversely, employment decreased in the

metal products sectors (-3.5% excluding temporary work since the end of 2019) and especially in the automobile industry (almost -11%).

## 2. COLLECTIVE AGREEMENTS IN THE MET INDUSTRIES

### a) New sectoral agreement on professional equality

On 24 April 2024, UIMM and 3 trade unions out of 4 (CGT didn't sign the agreement) concluded a new sectoral collective agreement on professional equality and the elimination of pay gaps between women and men. This agreement replaces the previous one signed in 2014. Attracting women in our sector is a major challenge as over 77% of our workforce was made up of men in 2022, and companies are experiencing major difficulties in recruiting for certain occupations.

#### Key points of our new collective agreements:

- **Evaluation of equality in the sector :**
  - Continuation of the survey on pay gaps (every 2 years);
  - Introduction of a survey, in conjunction with the labour administration, on the Indexes obtained by companies (according to the French labour Code, companies with at least 50 employees have to calculate and publish a gender equality index), concluded collective agreements and action plans elaborated by them;
  - introduction of monitoring indicators at sectoral level (e.g. breakdown of workforce in the sector by gender and classification, review of the UIMM's communication initiatives, etc.);
  - Updating the 'Skills management' and 'Professional interview' guides jointly elaborated;
- **Attractiveness of jobs, career guidance and recruitment measures:**
  - Information of trade unions at sectoral level regarding communication actions regarding attractiveness of jobs in our sector;
  - An invitation to compensate the time and travel expenses of employees who take part in career guidance activities during their working hours;
  - An article of the agreement is dedicated to raising awareness of the need to combat sexist behaviour, harassment and stereotypes, in particular through information, prevention and awareness-raising initiatives for employees, and training for managers and HR staff;
  - Actions to promote the recruitment of women.
- **Career development and working-life balance :**
  - An encouragement to propose a professional interview on return from parental leave;
  - An invitation to part-time employees to pay contributions to old-age pension on a full time basis, and to companies to examine the possibility of covering the related employer contributions.
- **Social dialogue:**
  - Ensuring balanced representation on joint sectoral bodies;
  - Reminder of the role of the works council and the professional equality commission where applicable;
  - Reminder of the benefits of social dialogue with employees.

## **b) Other ongoing or future negotiations**

Sectoral negotiations are currently underway on employee savings schemes. These negotiations are related to the cross sectoral agreement which was concluded last year (see our precedent report of April 2023).

Negotiations on sectoral minimum wages will begin at the end of the year. Negotiations on employment, training and disability are scheduled for September. They will be based on the results of the survey on skills requirements in the metalworking industry for the period 2030-2035 which are expected to be published in July.

### **3. COLLECTIVE BARGAINING AT CROSS INDUSTRY LEVEL**

On 21 November 2024, the government sent an orientation document to the social partners proposing that they negotiate on a “new pact for life at work”. 3 major subjects were to be addressed:

- the employment of senior workers,
- the universal time savings account ;
- professional fatigue and retraining.

The universal saving account was a proposal of Emmanuel Macron during the presidential elections. It is defined as a time savings account managed by a public body in which employees can save money, rest days and holidays. The account could be used throughout an employee's career, including when changing employer.

On 30 November 2023, the social partners accepted the invitation to negotiate on these topics. The negotiations were due to last until 15 March 2024. In the event of agreement, the legislative measures would have been transposed in the law.

On 8 April 2024, after three and a half months of discussions, the social partners decided that the negotiations had failed. The very next day, the U2P (which represents craft trades) took the initiative of reopening discussions on the universal time savings account, on professional retraining and the pooling of severance payments in case of incapacity. The signatories believe that the pooling of severance payments could remove an obstacle to the recruitment of employees aged over 55. These negotiations have resulted in two agreements.

The entry into force of these two agreements is subject to their extension by the Ministry of Labour. However, as they do not fully correspond to the government's framework document, and have only been signed by one employers' organisation (representing only 5.24% of companies), these agreements have little chance of being extended and becoming applicable. In the event of extension, Medef and CPME could exercise their right to object. The government could, however, draw inspiration from these agreements for the future labour law, the draft of which was due to be presented in the autumn. However due to the current political uncertainty, we don't know what will happen.

## 4. OTHER ITEMS

### a) Recent trends in collective bargaining

No new development in France.

### b) Green clauses in collective bargaining

No dedicated green clauses in our collective agreement at this stage but the following initiatives can be mentioned:

- **Cross-industry collective agreement on ecological transition and social dialogue**

Launched in July 2022, the discussions on ecological transition and social dialogue ended on 11 April 2023 with an agreement. On trade union side, this agreement was signed by CFDT and CFTC. This text aims to provide a toolbox to help the social partners at company and sectoral level to address environmental issues. It does not create new obligations for companies nor new rights for employees. The law has already broaden the scope of topics addressed by the works council. It already includes environmental topics but companies and employee representatives have not yet fully embraced it. This agreement gives them a kind of “instruction manual” to deal with these topics. This is the first time that this topic is addressed at cross industry level.

This agreement has 5 chapters:

- identify the drivers of change within the framework of an informed social dialogue on the ecological transition;
  - enable social dialogue to address environmental issues at company level;
  - integrating environmental issues into collective bargaining;
  - addressing environmental issues in territorial and sectoral social dialogue spaces;
  - addressing employment and skills issues in the implementation of the ecological transition: what opportunities?
- **Study on the impact of ecological transition on skills needs**

In order to assess the impact of the ecological transition on skills needs, the skills industry observatory, which is a joint body for observation on employment and training for 32 industrial sectors (including metal industry), has published a study in June 2022. Funds allocated by the OPCO 2i (joint body in charge of informing, advising and supporting companies in the implementation of HR and training projects in industrial sectors) to finance training to face green transition are distributed taking into account the results of this study.

### c) AI management in the workplace

The following initiatives can be mentioned as regards AI in our sector:

The skills industry observatory has launched a study on the impact of AI on managerial staff and the joint observatory of the metal industry is also working on a study regarding AI. The following axes will be studied :

- Defining of industrial AI and drawing up a map of AI companies producing solutions (belonging to the metal sector and beyond);
- Defining the frameworks for use (use cases and regulations) and the impact of AI for companies, employees and training organisations by clearly identifying the use cases for this technology;
- Defining the impact of AI (in particular generative AI) on the professions and associated skills in the value chain of mainly industrial SMEs;
- Analysing the types of AI training that already exist and comparing them with the needs expressed.

#### **d) Remote work and right to disconnect**

No new developments in France as regards **telework**. At the end of the period of lockdown due to coronavirus outbreak, social partners at cross-industry level concluded an agreement on November 26<sup>th</sup>, 2020. It completes the French legal framework. Many companies have negotiated agreements on telework. With the Olympic Games and the expected disruption to public transport, many companies in Paris region are introducing special teleworking arrangements this summer.

The **right to disconnect** is recognised in French labour law :

- It is a subject on which companies with a trade union representative must negotiate. In the event of no agreement being reached, the employer must establish a charter after consulting the works council. The right to disconnect is not defined in the labour code. It is up to the social partners or the employer to determine the terms and conditions of the right to disconnect.
- The collective agreement providing for a fixed number of working days (so-called convention de forfait jours) must determine the terms and conditions under which employees may exercise their right to disconnect. Our sectoral collective agreement in the metal industry provides for very general provisions. Practical modalities of right to disconnect have to be decided by the employer at company level. Our sectoral collective agreement also includes provisions on the right to disconnect for the classification levels corresponding to professional and managerial staff. For example, disconnecting during rest periods and holidays is not a punishable fault. The employer must take steps to prevent the risks associated with digital tools and ensure that the workload does not make it impossible to exercise the right to disconnect.
- The cross-industrial agreement on telework dd. 2020 give a definition of the right to disconnect : the right of every employee not to be connected to a professional digital tool outside working hours.