CEEMET SC-IER

BRUSSELS, 24TH NOVEMBER 2026

French National report

1. A FEW ECONOMIC FIGURES

- **The French economy is struggling to regain momentum.** According to INSEE's first estimate published on 30 October 2026 (data for the “rd quarter), GDP contracted by 0.1% in the third quarter, following zero growth in the second quarter. This confirms the fragile state of the French economy, with declining investment (-0.6%) and a sharp fall in exports (-1.7%) weighing on activity.

- **Inflation is accelerating again.** According to INSEE's provisional estimate, consumer prices are expected to have risen by 3.4% year-on-year in October, compared with 3.1% in September and 2.4% in August. This acceleration is mainly driven by rising energy prices, particularly gas and petroleum products, as well as higher prices for certain services.

- **The industrial climate is improving overall, but significant disparities remain between sectors.** In October, the manufacturing business climate indicator rose sharply to 105, four points higher than in September and above its long-term average of 100. The improvement was particularly strong in transport equipment (111), driven by other transport equipment, including aerospace (117). By contrast, the automotive sector remained close to the average (101), while machinery and equipment (97) and basic metals and fabricated metal products (97) continued to face a more difficult environment. The Banque de France also reports significant differences in order books, with particularly strong demand in aerospace and electrical equipment, while other sectors are experiencing a deterioration.

- **The labour market continues to weaken**, although the decline remains gradual rather than abrupt.
    - Private-sector employment fell by 25,800 jobs in Q3 2026, following a decrease of 24,300 in Q2.
    - Compared with Q3 2025, private-sector employment was down by 69,800 jobs (-0.3%).
    - In industry (excluding temporary employment), 6,400 jobs were lost in Q3 2026. Employment in the sector was down by 17,700 jobs year-on-year (-0.6%).
- **Unemployment remains on an upward trend.** According to INSEE, the unemployment rate stood at 8.2% in the third quarter of 2026, down slightly from 8.3% in the previous quarter but up 0.4 percentage points year-on-year.

2. COLLECTIVE AGREEMENTS IN THE MET INDUSTRIES

A. Negotiations on minimum wages:

Mid-May 2026, the Government announced an early 2.4% increase in the statutory minimum wage, to take effect on 1st June. This increase is a result of the statutory inflation-linking mechanism. Consequently, the first two levels of our pay scale have fallen below the statutory minimum wage. The trade unions have the right to request renegotiation of wages, and they did so but no agreement was reached during the several negotiation rounds (last meeting on 4 November 2026).

Just after this failure we reopened the discussions on the minimum wages increase for 2027. Negotiations would probably be difficult due to the context :

- Increase of inflation rate;
- Erosion of purchasing power and social unrest;
- A sluggish economic environment and persistent uncertainty about the economic outlook.

The negotiations are taking place while budget discussions are underway in the Parliament, where measures that could increase labour costs may be adopted.

Furthermore, on 9 November 2026, the government decided to anticipate the next increase in the statutory minimum wage (SMIC) to 1 December 2026, instead of 1 January 2027. The increase will amount to 1.6%, including an additional discretionary increase (“coup de pouce”). This means that the SMIC will have increased by a total of 5.2% over the course of 2026.

Next round of negotiation sectoral minimum wages : 15 December 2026

B. Professional career development interview

In France, the professional career development interview (“entretien de parcours professionnel”) is a mandatory meeting between the employer and the employee. It is designed to discuss the employee's professional development, career prospects and training needs.

It should not be confused with the annual performance review: its purpose is not to assess the employee's performance, but to look at their career path and future prospects.

The system was significantly revised by the law of 24 October 2025, which introduced the new professional career development interview, replacing the previous professional interview.

Under the new rules, the first interview must take place within the employee's first year in the company. It must then be held every four years. A collective agreement may provide for more frequent interviews, but not less frequent ones.

Our collective agreement provisions were no longer compliant with the law and therefore had to be revised.

The text open for signature preserves companies’ ability to adjust the frequency of professional career development interviews (entretiens de parcours professionnels), allowing them to conduct

these reviews at the most appropriate time, provided that at least one review is held every four years. In addition, employees may submit a written request at any time for one additional review during each 8-year cycle.

Two trade unions out of four accepted to sign the agreement (FO and CFE-CGC).

3. Cross-industry négotiations

Two cross-industry negotiations are currently underway in France: one on youth employment and the other on sick leaves. While the negotiations on youth employment were initiated by the social partners themselves, as part of their autonomous social dialogue agenda, the negotiations on sick leave were launched at the government's request.

A. Youth employment

Trade unions and employers' organisations officially launched negotiations on youth employment on 4 November 2026.

The objective is to improve young people's access to employment and facilitate their long-term integration into the labour market. Discussions will cover career guidance, knowledge of occupations, access to first jobs, apprenticeships, training and working conditions.

B. Sick leave

Negotiations on sick leave have been opened on 29 October 2026. The government is seeking structural reforms aimed at reducing sick leave expenditure, with a target of €1 billion in annual savings.

Discussions will focus on three main areas:

- **prevention:** improving working conditions, preventing work-related health problems and facilitating employees' return to work.
- **compensation:** reviewing the rules governing daily sickness benefits and employer top-up payments.
- **shared responsibility:** clarifying the respective roles of employees, employers and doctors, including tackling unjustified sick leave.

The negotiations are taking place under tight time constraints. The government expects the social partners to reach an outcome by 19 December 2026. The discussions could lead to an agreement or a set of conclusions that would serve as a basis for further government action.

3. Other Items

A. Restructuring trends in MET industries with a particular focus on automotive sector

Since our last discussion in June, the situation in the French automotive industry is still difficult, particularly for suppliers and subcontractors.

We are seeing a growing impact on the entire supply chain. According to a survey conducted by the French automotive suppliers' federation (FIEV) in September, 55% of respondents reported a decline in activity compared with 2025. The relocation of production volumes to low-cost countries remains a reality and continues to weigh heavily on automotive suppliers.

This decline in activity and the relocation of production volumes have tangible industrial and social consequences. 50% of respondents have cut jobs in France over the past 12 months, and 65% have done so elsewhere in Europe, compared with 45% and 50% respectively in the survey published by FIEV in February 2026. Furthermore, 45% of respondents are considering closing a site in Europe over the next twelve months.

We are seeing some companies explore **diversification towards other industrial markets, particularly defence**. However it's not easy to implement.

B. AI and collective bargaining

Some of our member companies begin to sign agreements on AI (Thales has just signed, safran also on employment aspects). One of the most emblematic example is **Schneider Electric.**

Schneider Electric concluded a Group agreement on **22 May 2026** covering the deployment of artificial intelligence and social dialogue in France. The agreement also includes a separate section on environmental issues.

On AI, the agreement focuses on five main areas:

- **anticipating the impact of AI:** the agreement aims to anticipate the effects of AI on jobs, skills, work organisation and working conditions;
- **responsible use of AI:** it sets out principles including **human oversight, data protection, transparency, fairness, robustness and accountability**. Employees remain responsible for checking AI-generated content, and final decisions remain with humans;
- **training and skills:** Schneider Electric commits to developing employees' AI skills through training, including training on generative AI, Copilot, prompting and critical thinking. Training is adapted to different jobs and levels of expertise;
- **integration of AI into existing social dialogue:** AI is to be taken into account in **recurring works council consultations, specific consultations on significant AI projects, and the Group's GEPP processes** (GEPP is a process through which companies anticipate changes in jobs and skills, identify future workforce needs and develop appropriate training and career development measures to support employees' professional pathways), particularly when AI affects employment, skills or requires retraining.
- **Creation of a dedicated AI and Social Dialogue Commission:** a Group-level commission is created on an experimental basis. It will meet at least **twice a year**, monitor major AI projects and discuss their potential impact on employment, skills, work organisation and working conditions. It has an **information and anticipation role**, but no decision-making power and does not replace the existing work councils.

C. Information and consultation of workers as regards introduction of major changes in the workplace (AI or others)

In companies with at least 50 employees, the works council must be informed and consulted on "*issues relating to the organisation, management and general running of the company*". This covers, in particular, :

- measures affecting headcount or structure of the workforce,
- major changes in organisation, working conditions (including working time),
- and the introduction of new technologies (e.g. AI)
- or any significant change affecting health, safety or working conditions (L2312-8 French Labour Code).

Consultation is required where the planned measure is "significant" for the workforce and not purely individual or minor.

Typical examples: restructuring or reorganisation of departments or services, mergers or acquisitions, outsourcing, major changes in working methods, and implementation of new technologies with an impact on jobs, skills, pay, training or working conditions. Conversely, isolated or small-scale measures (for example, a single transfer of one employee, minor changes to premises without impact on working conditions) normally do not trigger a works council's consultation. The assessment is made case by case, based on the scale and impact of the project.

The employer must consult the works council **at the project stage, before any final decision** is taken or communicated to employees, so that the works council can issue a useful opinion.

The employer must provide clear, written and sufficiently detailed information on the project and its consequences (for example, reasons, timetable, affected employees, impact on working conditions), and allow time for questions and discussion.

The Works council issues **a non-binding opinion**: it cannot veto the project, but the employer must formally seek and collect this opinion before implementation. Failure to do so is a breach of the employer's consultation duty.

If the employer implements a significant change without the required works council consultation, this is considered an unlawful interference with the works councils's prerogatives. A tribunal (in urgent proceedings) may order suspension of the project, require the employer to provide information and to consult the works council within a set deadline, and prohibit implementation until the consultation is completed. If employees are informed or decisions are applied before the end of the consultation process, the tribunal can declare these steps ineffective and order corrective measures. These sanctions are separate from any other claims employees might bring (for example, on unfair modification of their employment contracts).

Case-law on AI

Case law has evolved quite rapidly in 2025–2026. Several labour courts have already dealt with disputes concerning the introduction of AI tools in companies, mainly in relation to the obligation to inform and consult the works council.

In particular, a ruling by the Paris Court of Appeal dated 21 May 2026 is highlighting.

The key point is that courts are increasingly taking the view that the deployment of an AI tool may constitute the introduction of a new technology within the meaning of Article L. 2312-8 of the French Labour Code.

However, this does not necessarily mean that making any AI tool available automatically triggers an obligation to consult the CSE: the actual impact of the project on working conditions and work organisation remains an important factor.