

NEW INDUSTRIAL POLICIES: LESSONS FOR THE EU AND THE CLEAN INDUSTRIAL DEAL

Case study: New industrial policy in France

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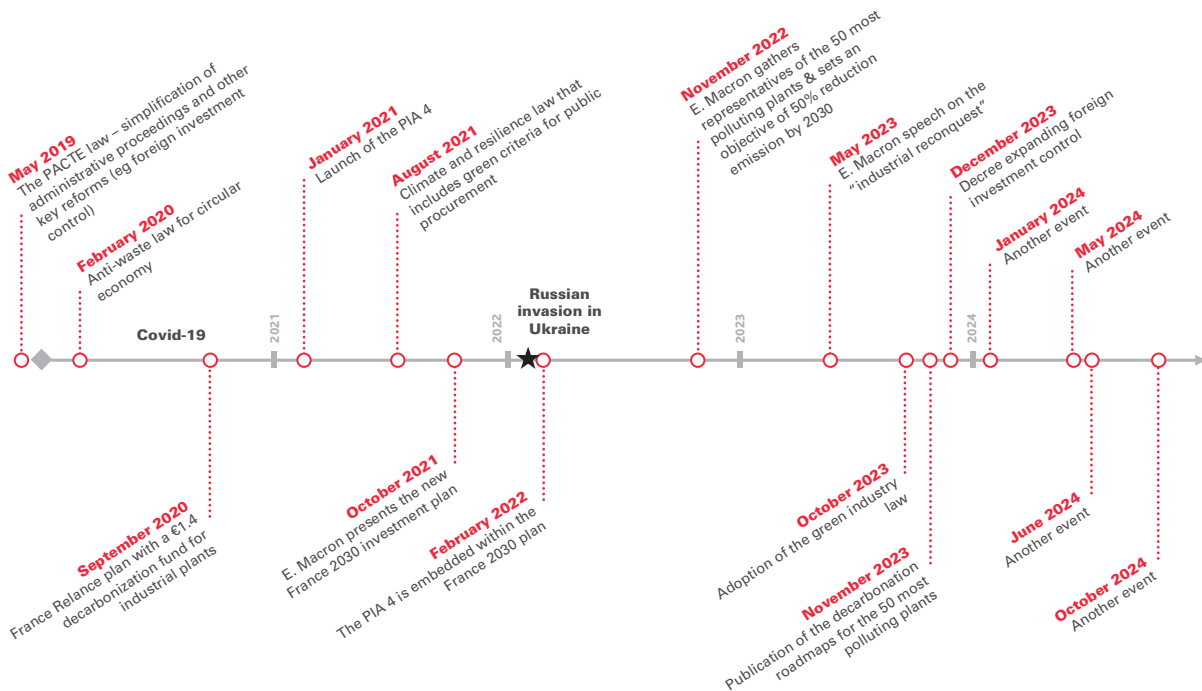
Since 2020, French industrial policy has been articulated between three distinct, although largely complementary, objectives: the reallocation towards innovative and high value-added industrial sectors, the decarbonization of existing industrial activities and the reindustrialization of France. This industrial policy was not formulated into a single consistent strategy but rather results from a patchwork of multiple policy initiatives. It also builds on previous efforts aiming at developing industrial production in France, dating back from the 2009 crisis. This partly results from the dissemination of various competencies among different ministries and parts of the administration and the absence of a well identified institution supporting the definition and the implementation of industrial policy, largely abandoned since the 1980s. However, there is consistent political support for the development of new manufacturing capacities in innovative sectors such as clean technologies. Nonetheless, new public institutions, such as the SGPI and the SGPE (and to a lesser extent the National Council for Industry–CNI), try to revive a form of State-headed industrial policy and planning emerging from different priorities ; innovation, environment preservation etc. The State was also equipped with the France 2030 program, a wide “mission-oriented” innovation program aiming to support the emergence of critical innovation. The support to clean industries was also evidenced by the adoption of a green industry law, introducing a new tax credit for clean technologies (batteries, heat pumps, renewable energy technologies). France 2030 also provides subsidies through competitive tenders supporting innovative projects in targeted sectors, notably for SMEs and startups. It was also the main vehicle used for supporting the decarbonization of existing industries through competitive tenders and a new “large industrial decarbonization” tender.

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This case study is related to the *Study New industrial policies: Lessons for the EU and the Clean industrial Deal*

Figure A.1 France timeline



1. INDUSTRIAL STRATEGY – DIRECTION, PLANNING & GOVERNANCE

1.1. Political directionality of the national industrial strategy

France did not adopt a unique industrial strategy in a single policy document but rather developed several different sectoral strategies while the overall picture was presented in high-level political speeches.

The “France Relance” plan also developed a roadmap for supporting investment and modernization of industry, specifically in 6 sectors: aeronautics, automotive, nuclear, health, electronic and other essential components, and agro-industries. The France Relance plan was further developed with a longer-term strategy, with the France 2030 plan, as France Relance plan was limited to the 2020-2022 period. This investment plan is supported by an “investment doctrine” that aims to invest in “high-risk, high social return” projects with the ambition to transform the structure of French industry towards higher value-added products.

Beyond sector-based initiatives, France has implemented a place-based industrial strategy designed to bolster local economies. This approach combines major aid plans (like Territoires d’industrie and France Relance) with strengthened local governance—involving local authorities and collaborative networks like clusters—to enhance regional attractiveness factors such as land management, skills, and infrastructure. The ongoing challenge

at the national level remains balancing these place-based efforts with market-based policies. The balance between market based and place-based policies being an important and ongoing debate at national level.

In a May 2023 speech, Emmanuel Macron presented a plan to “Accelerate [French] industrial reconquest”¹ starting with the observation that France was more heavily deindustrialized than other Western developed countries and that this had challenged the socio-economic foundations of its social system. Therefore, the first claimed objective was to restore industrial employment. The president highlighted three main challenges that must be addressed through industrial policy:

- the twin climatic and biodiversity crisis that require to reduce national and imported emissions;
- the technological transformation that requires massive investments to remain on top on innovation;
- the geopolitical tensions that require improved economic security.

Finally, multiple reports emerging from various institutions (France Stratégie,² ADEME,³ SGPE⁴) have estimated the technical and economic trajectories to achieve at the same time

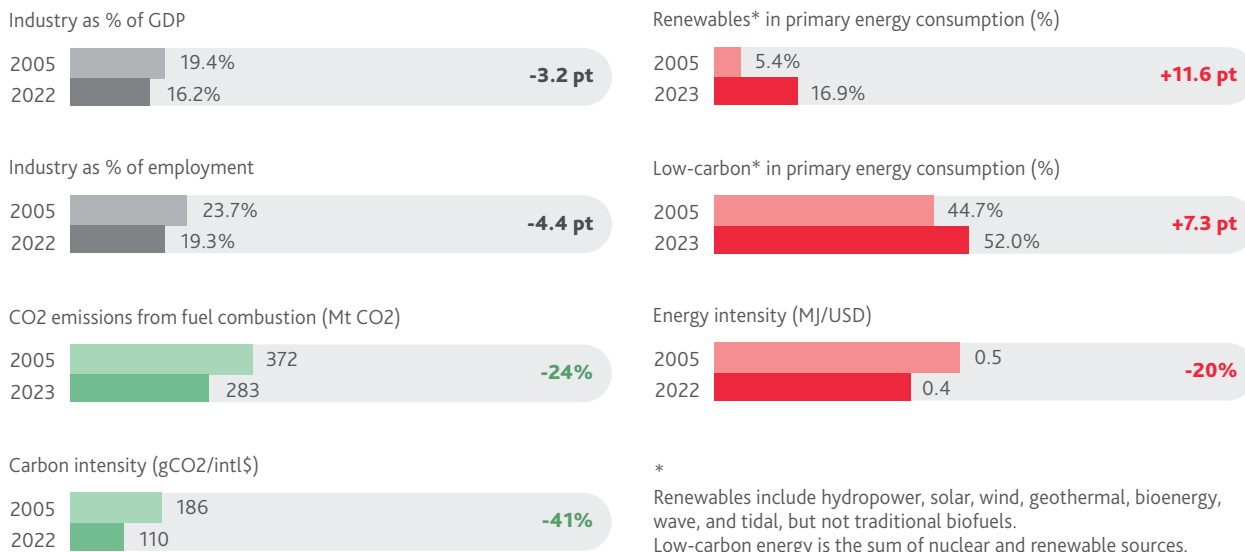
¹ See the transcript of the speech of E. Macron on 11 May, 2023.

² Belle-Larant, F., Bouvart, C., Claeys, G., Fotso, R., Gérardin, M., & Zbalah, N. (Jul. 2024). Réindustrialisation de la France à horizon 2035 : besoins, contraintes et effets potentiels [Working Paper, no. 2024-02]. France Stratégie.

³ ADEME (first edit. Nov 2021) Prospective - Transitions 2050 - Rapport

⁴ Secrétariat général à la planification écologique (Jul. 2024): Mobilising for acceleration – Ecological planning

Figure A.2 France indicators



industrial decarbonization and reindustrialization. These were also complemented by "strategic sectoral contracts" and decarbonization contracts signed between industry representatives and the national council for the industry.⁵

1.2. Technological and environmental objectives of industrial policy

French industrial policy has been articulated around the objectives of competitiveness and innovation, associated with the France 2030 program, and decarbonization, associated with the climate and energy objectives and planning.

France 2030 was conceived as a "mission-oriented" innovation policy with the influence of the work of Mariana Mazzucato and the OECD. It has therefore defined 3 overarching objectives ("produce better", "live better", "understand the world better"), further broken down in 10 objectives: support the creation of a French offer of small modular reactor (SMR), become leader in green hydrogen, decarbonize industrial emission with an objective of -35% emissions in 2030 compared to 2015, produce 2 million electric and hybrid vehicles by 2030, build the first low-carbon aircraft etc. It also defined 6 cross-sectoral levers: secure access to raw materials, secure access to strategic components (especially electronic), enable the emergence of new skills and training, master sovereign digital technologies, develop the superior education environment, and favor the

emergence of industrial startups. These high-level objectives are then further declined in indicators which are monitored in the implementation of projects.⁶

Industrial representatives have set in November 2023 an overall objective of reducing industry emissions by -45% compared to 2015 by 2030, following a speech by Emmanuel Macron on 8 November, 2022, in which he asked industrial representatives of the main emitting industrial facilities to halve industrial emissions in 10 years. This trajectory is based on the decarbonization plans for the 50 main industrial sites emitting more than 50% of total industrial emissions (developed throughout the first half of year 2023) and 4 additional sectoral roadmaps (metals, construction materials, chemicals, agroindustry, and glass).

1.3. Institutional setup supporting the implementation of the industrial policy

There are multiple bodies involved in the governance of the industrial strategy: the Secrétariat Général pour l'Investissement (SGPI), a public body attached to the Prime Minister office, is the main coordinator of the France 2030 plan and has 2 main operators for the implementation of the tenders: the Banque Publique d'Investissement (BPI) which is operating most of the France 2030 tenders and ADEME, the Ecological Transition Agency, which is focused on the decarbonization related tenders. The General Direction of Enterprises (DGE) from the industry ministry is involved in the strategic planning and the definition of industrial sites roadmaps. The Secrétariat Général

⁵ For the automotive industry, aeronautics, maritime industry, energetic systems and bicycle sector. Ademe, (2025), Éligibilité des voitures particulières électriques neuves à certaines aides à l'acquisition de véhicules peu polluants et certaines dispositions fiscales

⁶ See ADEME (Mar. 2024), Suivi et évaluation des impacts du plan France 2030 en matière de décarbonation de l'économie.

à la Planification Écologique (SGPE) is a new public institution, also attached to the Prime Minister office, created in 2023, which aims to support these different institutions by defining an environmental planning consistent with French environmental objectives.

Finally, the National Council for Industry (CNI), a body initially created in 2009, is an institution meant to create a link between the government and industry representatives. The executive committee is constituted of the Prime Minister, the minister for economy and the minister for industry as well as representative of large industrial companies and trade unions.⁷ It also plays a more strategic role by defining decarbonization roadmaps in collaboration with industry representatives (it was the main body involved for the definition of the 50 decarbonization plans for the more polluting industrial plants) and operates 19 sectoral strategic committees (CSF) that work on sectoral contracts to define strategic actions. This council was initially created in 2009 to reinstate a dialogue between the government and industry representatives, which had been limited after the 80s (industrial policy mostly relied during the 1990s and 2000s on a territorial "competitive cluster" policy rather than a sectoral approach). Having an institution enabling sectoral planning seemed to be a way for reinvigorate industrial policy, with working groups at the sectoral level (the CSF) defining multiannual planning (strategic sectoral contracts).⁸ This institution however faces important challenges: first, the globalization of value chain leaves relatively limited room for enabling a sectoral approach, as only a limited share of the value chain is installed in France; second, the level of trust between political and industry representatives is limited and the CNI might be perceived as too vertical in its functioning and not relying sufficiently on private actors' initiative.

2. DEVELOPMENT OF A CARBON PRICING MECHANISM

France is part of the EU-ETS market whose average allowance price in 2024 was about 70€/tCO₂. In France, on top of the EU ETS system, the carbon content is taxed with the excise duty on energetic products taxes (TICPE, TIPP, TICGN & TICC) with a cost of 44.6 €/tCO₂eq since 2018, when the increase of the carbon price has been frozen following the "Gilet Jaune" crisis.

⁷ See the [current governance](#) of the Conseil National de l'Industrie.

⁸ The Contrat Stratégique de Filière (CSF) define some high-level objectives for the sector and form working groups with leading representatives that aim to achieve these objectives ([see the example of the CSF for new energetic systems](#)).

3. SUPPLY-SIDE SUPPORT TO INDUSTRIES

3.1. Support mechanisms for R&D&I focused on new green technologies

The R&D policies are mostly structured around the R&D tax credit with three main instruments: the research tax credit (CIR), the innovation tax credit (CII) and the "innovative young company" (JEI) regimes. The CIR and CII allow a deduction of 30% of relevant expenses from corporate tax. These different instruments are not specific to green technologies.

There are however multiple tenders in the France 2030 plan that are specific to R&D&I: the "DEMO-TASE" and "TASE-PME" calls for proposals aim to support innovation and demonstration projects in solar photovoltaic, floating wind energy, energy network and heat pumps. Other tenders focus on the electric vehicles such as the "eXtrême Défi" for the conception of intermediary vehicles and components and the "Propulse" program that supports 10 projects for sustainable transport. France 2030 also has more broad base innovation tenders that are less technology specific (eg i-Demo and i-Nov tenders). These different tenders might be spin-offs of tenders already initiated in the previous "Plan d'Investissement d'Avenir" (PIA), an investment program initiated since 2010 to support innovation.

3.2. Support mechanisms for the development of new green technologies production units

France 2030 is the main tool used to provide "vertical" subsidies for the development of green technologies through competitive tenders that aim to support the development of innovative products and the industrialization of "first-of-a-kind" products, including decarbonization solutions. These tenders are focused on certain clean technologies (such as heat pumps, hydrogen & solar industries) but mostly finance projects that are not yet in the industrialization phase. Some tenders providing support to expand new manufacturing capacities however exist, such as the "First plant", the "Green venture" or "deeptech" tenders. BPI France, the French public investment bank, also provides low interest loans to innovative SMEs and medium-sized enterprises ("prêt nouvelle industrie").

On top of these tenders, the Green Industry law has introduced the "Green industrial investment tax credit" (C3IV), conceived as a direct response to the American Inflation Reduction Act (adopted in August 2022) tax credits: it is a tax credit of 20 to 45% of any investment in productive CAPEX and RD&I for the manufacturing of batteries, battery components, solar panels, heat pumps and wind energy production.

Finally, France has developed "in-kind" support for reindustrialization through a territorial policy. Based on the policy constraints of a net zero artificialization of soils, local authorities may fund depollution of industrial sites, through a green fund, and allocate these sites to new industrial projects. The initial

objective following Emmanuel Macron's speech was to offer 50 "ready-to-use" industrial wasteland for the localization of these new industrial sites. More generally, the "Industrial Territories" program aims at creating a local ecosystem favoring the emergence of industry in a specific area. Local authorities are encouraged to define "industrial territories" and may, with the support of the State and industry representatives, create connections and define local employment or infrastructure needs to create synergies for that territory.

3.3. Support mechanisms for the decarbonization of existing industrial production units

Initiated under the France Relance plan and continued under France 2030, several competitive tenders were offered by the ADEME, for funds enabling the decarbonization and energy efficiency of industrial sites (technically, the program had already been initiated in 2022 under the "France Relance" plan and the first "Decarb Ind" tender). For instance, the tenders IBAC PME and DEMIBAC launched in 2022 until October 2023 aimed to develop and industrialize solutions for decarbonizing industries. The tender SOLINBAC aimed at scaling up existing decarbonization solutions and units. The tender "Zero Fossil Industry" with an overall budget of €150 M had 3 different components: one for the use of biomass and low carbon heat, the second on energy efficiency and the last one on the rapid deployment of decarbonization options.

In December 2024, a new tender for large industrial decarbonization projects was launched. This tender followed a public consultation opened in June 2024 and the selection process is ongoing. It follows an auction system, similarly to the German carbon contract for difference implemented in 2024 and is restricted to projects needing over €20 million of subsidies. The total amount of expected state aid should be inferior to €3 billion. This tender is complemented by another ongoing competitive tender for smaller decarbonization projects (DECARB IND 25) with a minimal investment of €3 million and the aim of reducing emissions by at least 1,000 tons per year.

The low-carbon industrial zones (ZIBAC) defined 4 industrial areas where ambitious decarbonization projects are conceived at the level of the whole area (and not a specific plant). It therefore aims to unlock investments and create synergies with innovative projects at the level of these low-carbon zones.

4. DEMAND-SIDE SUPPORT TO INDUSTRIES

4.1. Support mechanisms incentivizing private demand in green markets

France provided a subsidy for the purchase of clean vehicles (electric or hybrid) of up to 7,000 € in 2024. This amount has been reduced to 4,000 € in 2025 and the amount depends on the revenues of the buyer. Since December 2023, the subsidy is now

conditioned to the environmental footprint of a car (ecoscore).⁹

The ADEME is responsible for evaluating this environmental condition, which depends on: the raw materials used, the battery manufacturing, the vehicle assembly and transport to the selling point. In practice, this excludes any car manufactured in China.

Support for thermal renovation of housing also exists through the "MaPrimeRenov" program. The amount of subsidy depends on the type of renovation (either a single investment or a general renovation of the building—including the installation of a new heating system), on the revenues of the household and on the extent of the renovation. The subsidies can go up to 80% of the total expenses, and up to 70,000 € for most deprived households, assuming it implies significant gains in the energy performance of the building.

4.2. Public procurement strategy favoring green products and local content requirements

The Green Industry law of October 2023 has a full section on environmental and anti-dumping criteria in public procurement. Already in the Climate and Resilience law of 2021, public procurement was to include environmental criteria in their evaluation at the latest before August 2026. The Green Industry law accelerates the implementation of these criteria in 2024 and adds new exclusion conditions against offers of companies that do not declare their GHG emissions or other extra-financial declarations, or whenever a company has the majority of its products sold in a third country that does not provide access to public procurements to European countries.

4.3. Regulation and norms favoring green industries

The Green Industry law (October 2023) has introduced regulatory changes in order to accelerate the administrative proceeding for opening a new industrial facility: it particularly aims at parallelizing the public consultation with the environmental review of the project. The law for accelerating the production of renewable energy (10 March, 2023) has also introduced new regulatory procedures for the deployment of wind and solar energy facilities: urban planning with "acceleration zone" for renewable energies, presumption of "imperative major public interest" that reduce the obligation to protect certain species, and creation of a prefectural referent.

These regulation initiatives are also completed by "soft law" incentives with the implementation of a new "Induscore" in the "solar pact" that reflect the number of industrial steps in the EU: with 4 or more steps in the EU, the solar panel has a score A; with 1 it has a score of D; and a score of E with no industrial step in the EU. The National Standard Association (Afnor) is also conducting a consultation and working on the development of a new standard of voluntary label of "European environmental excellence".

⁹ <https://score-environnemental-bonus.ademe.fr/>

5. LABOR AND SOCIAL POLICIES FOR A JUST INDUSTRIAL TRANSITION

As part of the France 2030 plan, the call for proposals "Compétences et Métiers d'Avenir" is dotted with €700 m to establish a diagnosis of needs and fund projects related to one of the 10 goals of the France 2030 strategy. It also established a specific fund for supporting the automotive industry through the tender "Rebond Industriel", equipped with €100 M and implemented since 2022. It aims to support territories most exposed to the industrial transformation in the transport sector, especially the automotive industry. In August 2023, 19 territories had been selected to get support and define a roadmap for accelerating their reindustrialization.

The European Just Transition Fund has also invested a little more than €1 billion in France from 2021 to 2027. The majority of these funds were directed towards the national program for employment and skills but regions benefited from this fund for investing in project for economic structural change (especially the Hauts de France region which received €228 million).¹⁰

6. TRADE AND INTERNATIONAL POLICIES SUPPORTING INDUSTRIAL POLICIES

6.1. Policies aiming at improving resilience and de-risk global supply chains

The control of foreign investment had already been extended in the 2019 PACTE Law (the uptake of only 10% of shares by foreign investment is now subject to control for specific sectors); a decree of December 2023 has stabilized the juridical regime and extended the activities that are now subject to the investment control. Activities in the extraction, transformation or

recycling of critical raw materials and technologies for the production of low-carbon energy are now subject to foreign investment review. Export control on dual-purpose technologies is regulated by the 2021 European regulation on the dual-purpose technologies (2021/821) and its scope was not expanded.

6.2. Policies supporting internationalization of national industries

The French international cooperation strategy is mostly aligned behind the European initiatives such as the Global Gateway for cooperation, the European agenda for critical raw materials. A "raw materials" diplomacy has been initiated following the publication of the Varin report in 2022 on raw materials leading to signing 15 cooperation agreements¹¹ among them with Canada and Australia, as well as through the deepening of collaboration with Germany and Italy. This strategy highlights the role of social and environmental standards as a means of differentiation. Nonetheless, compared to Germany or the US, France has not developed a specific platform to foster international collaboration for the development of raw materials partnership although France is part of the European Raw Materials Alliance. The Varin report on raw materials initiated also in parallel a reinforcement of the national capabilities for recycling raw materials, increasing the number of production units and developing new technologies saving materials and energy. France 2030 has in this way supported the sector with a "critical material" tender that aims to reduce the dependence on critical materials in the industrial, environmental and climate sectors.

¹⁰ See the details of the European Just Transition Fund in France.

¹¹ French government, (2025), La France agit pour sécuriser ses approvisionnements en minerais et métaux critiques, indispensables aux transitions énergétique et numérique, March 17th 2025

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