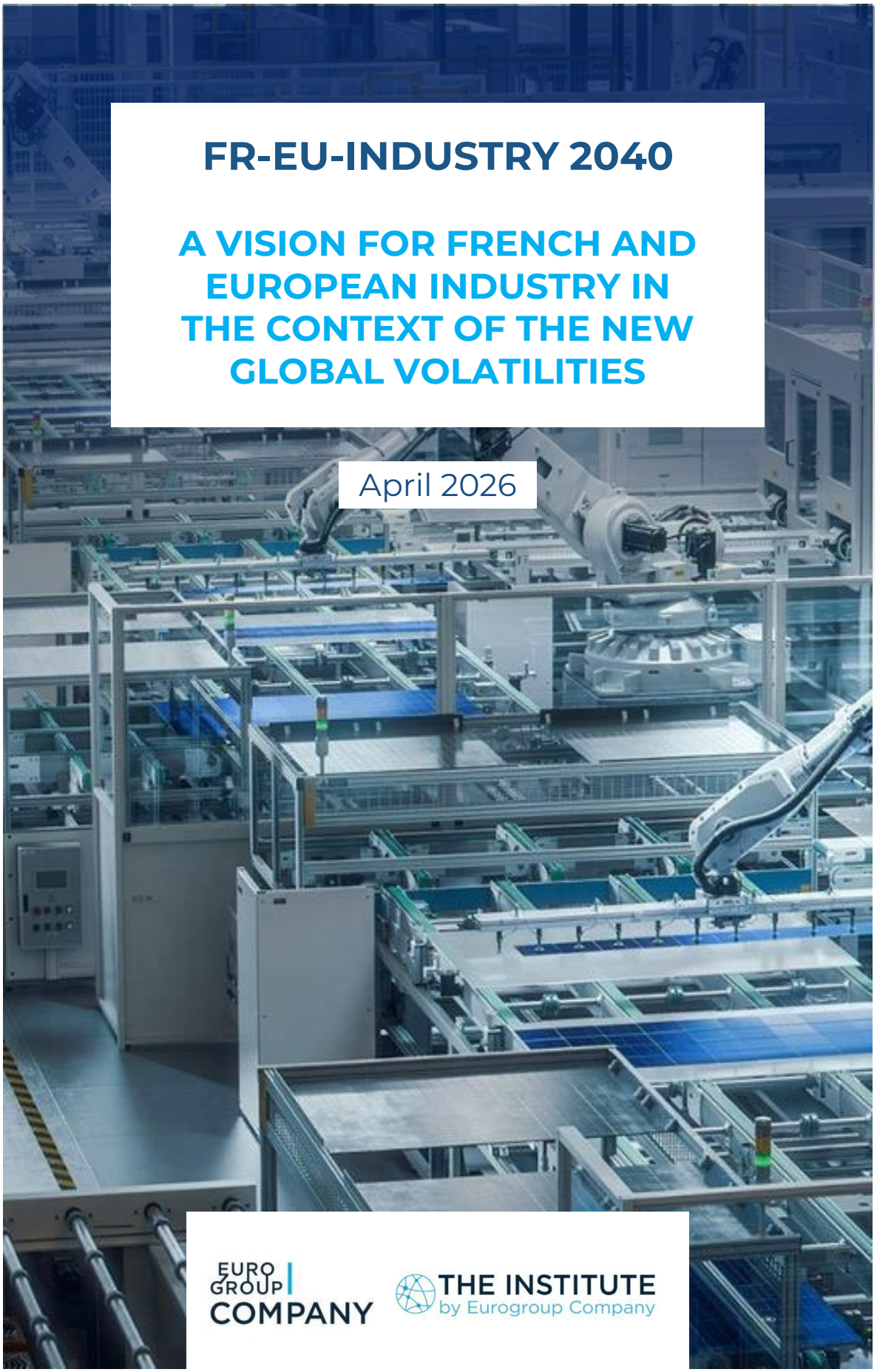


FR-EU-INDUSTRY 2040

A VISION FOR FRENCH AND EUROPEAN INDUSTRY IN THE CONTEXT OF THE NEW GLOBAL VOLATILITIES

April 2026

EUROGROUP COMPANY

THE INSTITUTE by Eurogroup Company

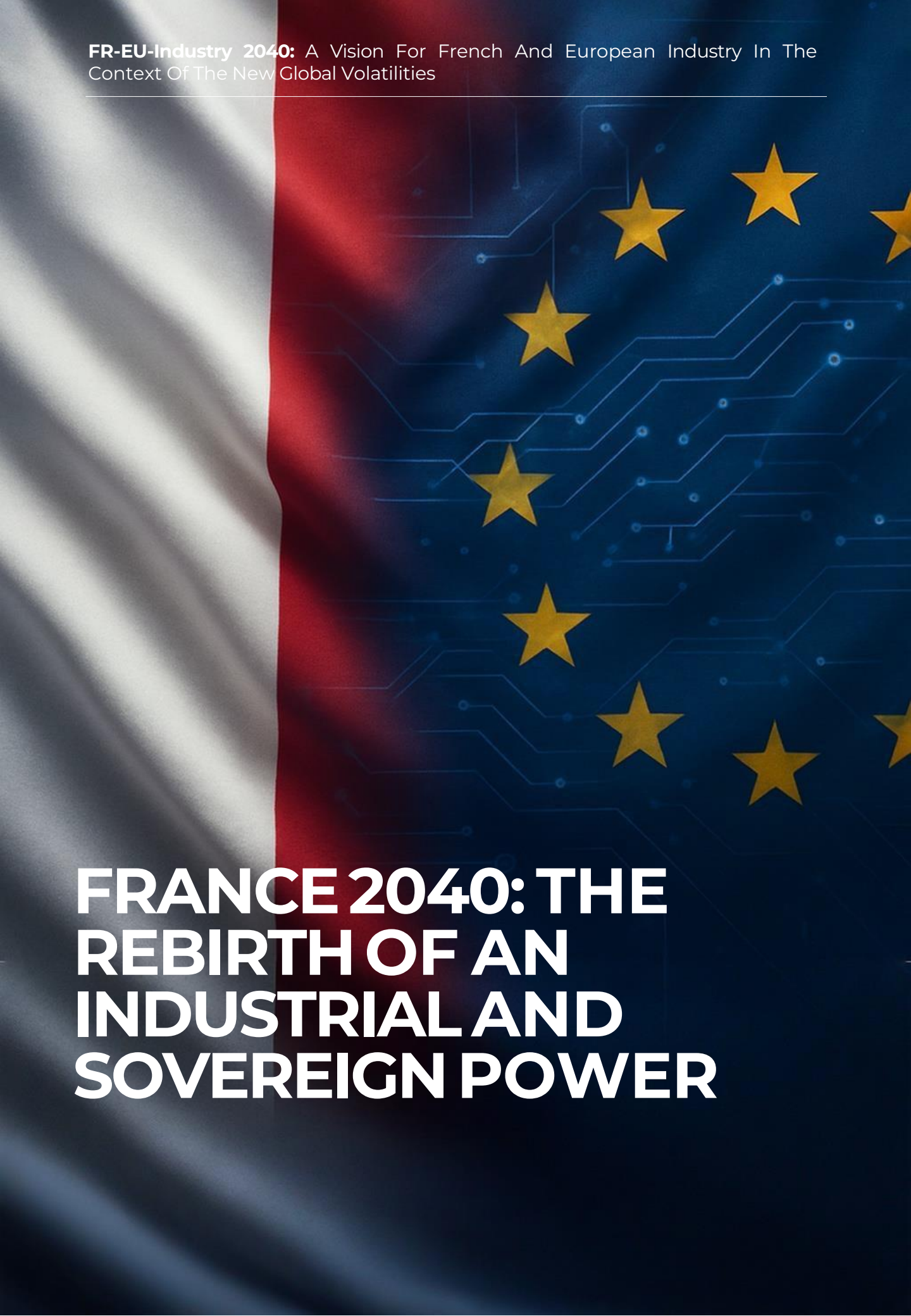
FROM VULNERABILITY TO LEADERSHIP

The global industrial order has entered a phase of lasting instability. Geopolitics, technology, energy and climate are reshaping value chains at unprecedented speed. Industry is no longer a background driver of growth — **it has become a central instrument of power, resilience and sovereignty**.

France and Europe enter this decade with undeniable strengths, but also with deep structural vulnerabilities: critical dependencies, insufficient scale, fragmented industrial ecosystems and a growing gap with competitors that have chosen speed and scale. The era in which efficiency could compensate for strategic exposure is over.

History rarely offers second chances. France and Europe still have one but only if they act decisively.

This study starts from a clear conviction: vulnerability is not a destiny. Industrial leadership remains attainable, but the window to reclaim it is narrowing fast.



FRANCE 2040: THE REBIRTH OF AN INDUSTRIAL AND SOVEREIGN POWER

FIVE YEARS AFTER POTIER*

CORRECT DIAGNOSIS, DELAYED EXECUTION

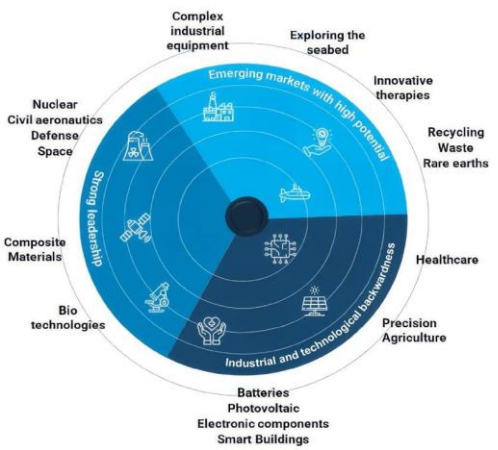
When the Potier Report was published in 2020, France demonstrated rare strategic foresight. Well before reindustrialization, sovereignty and strategic autonomy became central to European debates, the report articulated a coherent vision of the industries of the future, structured around 16 strategic industrial value chains conceived as integrated ecosystems, combining research, industrialization, skills, financing and export capacity.

The diagnosis was both lucid and demanding. France still possessed major industrial strengths, world-class engineering capabilities and dense innovation ecosystems. Yet these assets were undermined by chronic fragmentation, insufficient scale-up mechanisms and a persistent dispersion of public action. The report's wager was explicit: leadership was achievable, but only through selectivity, long-term investment and policy coherence. Absent these conditions, France would inevitably lose ground in industries where speed, capital intensity and scale determine outcomes.

Five years later, the strategic intuition has largely been validated, but execution has lagged. The intellectual framework of the Potier Report now underpins France 2030, with its focus on selective bets, decarbonization, deep tech, health innovation, new mobility and energy sovereignty, and a renewed emphasis on industrialization rather than research alone. France did not revise its diagnosis; it revised its timing — at a cost.

The consequences are visible. **France has consolidated leadership where structural advantages already existed**: civil aeronautics, space systems, nuclear technologies, defense, luxury and high-end manufacturing, as well as selected segments of low-carbon energy and health technologies. In these fields, patient capital, strong industrial champions and sustained public commitment proved decisive. **Elsewhere, however, the window has narrowed or closed**, France remains present — sometimes highly competitive in niches — but no longer defines the global trajectory. **The lesson of the years is therefore not one of missed diagnosis, but of execution discipline**. France identified the right battlegrounds early. It did not always prioritize, sequence or invest fast enough.

The coming decade will be unforgiving: leadership remains attainable in a limited number of strategic industries, but only through radical focus, rapid industrialization and the acceptance that some races have already been run.



Source: Eurogroup Consulting analyses

* As part of the Productive Pact announced in April 2019, a panel of experts chaired by Benoit Potier has been mandated to identify emerging markets in the technology sphere in which France could become a world leader

FIVE LEVERS TO RECLAIM INDUSTRIAL LEADERSHIP

Industrial leadership in the twenty-first century will not be restored through incremental adjustments. It requires a deliberate shift in scale, speed and ambition. For France and Europe, the challenge is clear: move from fragmented reindustrialization efforts to a coherent, sovereign and competitive industrial project.

The first priority is integrated industrial sovereignty. Securing critical value chains, investing in strategic infrastructure and regaining control over key technologies are no longer defensive choices but the foundations of lasting productive power. At the European level, this means building a truly interconnected industrial base capable of standing alongside the world's major blocs.

This ambition demands a new industrial governance. Moving beyond siloed policies, France and Europe must adopt mission-driven governance that aligns the State, industries and territories around shared objectives — and translates national strategies into a more agile and sovereign European framework.

Scale then becomes decisive. Human capital, technology and finance must be mobilized massively and simultaneously. Training, attracting and financing at speed — and pooling resources at European level — are the only ways to industrialize innovation and compete in disruptive technologies.

Yet no industrial renaissance will endure without meaning. **Rearming the industrial narrative is essential to restore pride in production, rebuild public support and anchor reindustrialization** in a shared European vision of prosperity and sustainability.

Finally, **ambition must be matched by competitiveness**. A Franco-European pact on fiscal, social and industrial frameworks is required to provide clarity, stability and attractiveness for long-term productive investment.

Together, these five levers define a single imperative: act collectively, act at scale, and act now. In the global industrial race, hesitation is no longer neutral — it is a decision in itself.

1 Providing France and Europe with the foundations of integrated industrial sovereignty
FR Secure critical chains, invest in infrastructure and restore technological control to guarantee the country's productive sovereignty.
EU Build a coherent and interconnected European industrial base, capable of ensuring the continent's strategic autonomy in the face of the major global blocs.

2 Building agile, sovereign and partnership-based industrial governance
FR Unify industrial governance around a shared vision between the State, sectors and territories, to move from a one-stop shop logic to a mission logic.
EU Align national industrial policies in the service of a more responsive, coordinated and sovereign European governance.

3 Massively mobilising human, technological and financial levers
FR Train, attract, finance and accelerate to give France the capacity to act at the speed and depth of global industrial transitions.
EU Pooling the continent's resources to invest in disruptive technologies and build a true European industrial scale.

4 Rearm the industrial narrative and the desire to produce in France and Europe
FR To rehabilitate industry in the collective imagination and restore the pride of production as a central lever of the national reindustrialization project.
EU Rebuilding a European narrative of industrial power, a bearer of prosperity, sustainability and shared pride between nations.

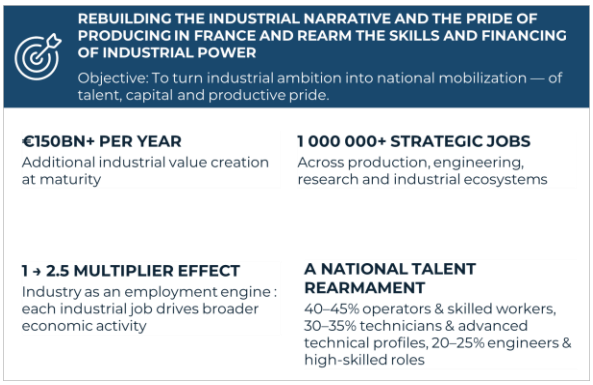
5 Moving towards a Franco-European fiscal, social and industrial competitiveness pact
FR Build a clear, attractive tax and social framework that is conducive to productive investment and industrial upgrading.
EU Converge rules, incentives and taxation to strengthen the competitiveness and attractiveness of the European internal market.

FROM TECHNOLOGICAL LEADERSHIP TO MEASURABLE IMPACT

Industrial strategy only matters if it delivers results. **The proposed France 2040 industrial plan is built around a limited number of breakthrough technologies in which France has both the capability and the legitimacy to lead** — provided it acts decisively. These technologies, spanning advanced manufacturing, low-carbon energy systems, next-generation mobility, deep tech, digital-industrial convergence and health innovation, are not ends in themselves. They are growth multipliers for the entire extended industrial ecosystem.

By concentrating investment, talent and industrial capacity on these strategic technologies, the plan would unlock around €150 billion in net added value, reinforcing the €60 billion natural growth path of French industry while delivering a significant additional boost to overall economic growth. This impact reflects not only direct production effects, but also spillovers across supply chains, services, exports and innovation-driven productivity gains.

The employment effect is equally structural. **Nearly 1,000,000+ jobs would be created, primarily in high-value, skilled and non-offshorable activities**. These jobs would anchor industrial capabilities on the territory, strengthen regional ecosystems and reinforce France's position within European value chains.



Beyond the numbers, the transformation is qualitative. **Technological leadership translates into strategic autonomy, export strength and long-term resilience**. It repositions industry as a central engine of growth, innovation and sovereignty. In a global environment defined by scale and speed, this plan is not a projection of what could happen — it is a statement of what must be achieved if France is to remain an industrial nation of reference.

TRANSFORMING VULNERABILITY INTO LEADERSHIP

France has cutting-edge industrial sectors, but its productive base remains fragmented and overly dependent on foreign supplies for critical inputs, reducing its ability to secure its industrial sovereignty. More than 60% of industrial components come from abroad, with strong strategic dependencies on Asia for semiconductors, advanced materials and some pharmaceuticals, creating a high risk of disruption in value chains. **Compared to its main European neighbors, France is lagging behind in terms of emerging technologies and the integration of complete sectors**, limiting its ability to relocate and manage its critical segments.

The USA and China are deploying massive and targeted industrial plans to secure their supply chains and dominate the industries of the future, increasing the pressure on French competitiveness and its position in global markets.

France needs to act simultaneously on two fronts :

1. **Reducing its dependence** on today's strategic segments, such as electronics components and systems, energy, rare earths, machine tools,
2. **Investing proactively in tomorrow's industries**, such as recycling, complex industrial systems , AI and quantic , advanced materials and innovative therapies, in order to capture the value of global markets.

The consolidation of skills, the development of integrated regional ecosystems and the modernization of industrial infrastructure will be key levers for creating sovereign and sustainable value chains. By securing critical segments and deploying its positions in strategic technologies, **France can transform its vulnerabilities into levers of competitiveness and position itself as a key player in global industrial markets**.

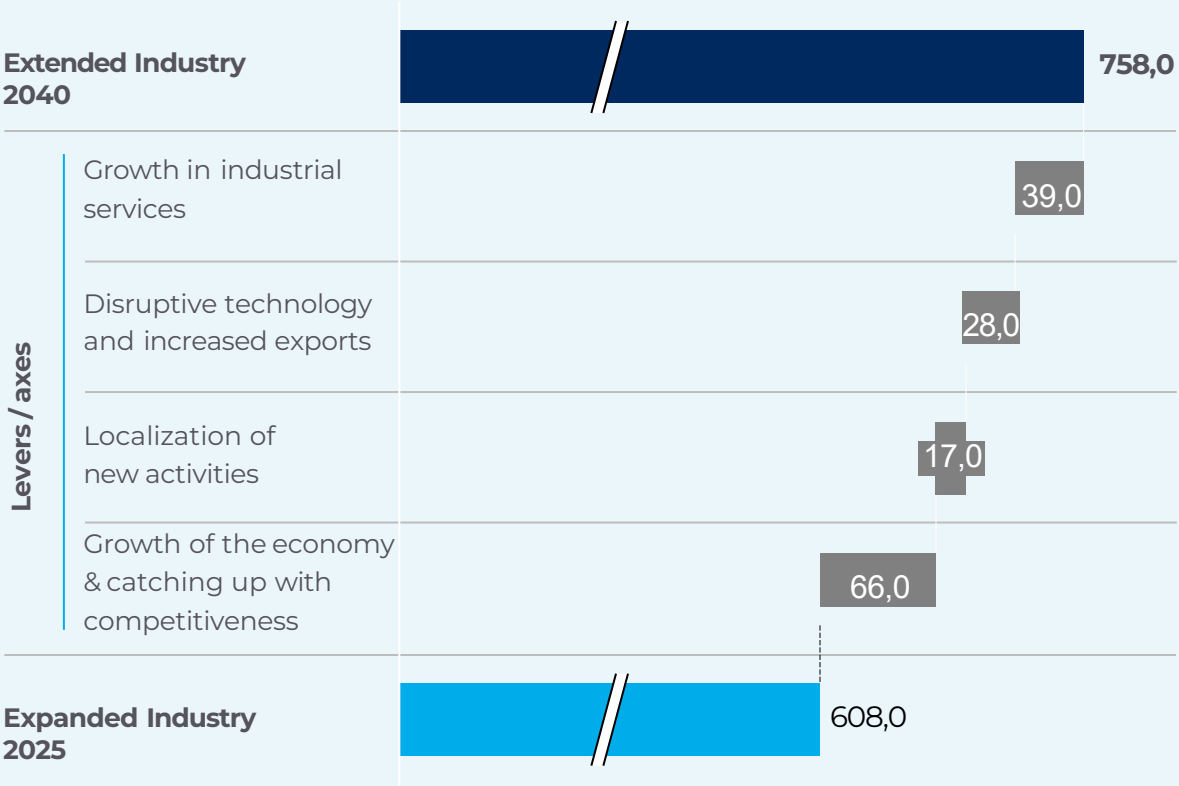
Achieving this trajectory will generate growth, value and jobs while affirming French technological leadership by 2040, in a global context where the major powers are redefining their industrial and strategic standards. **The success of this trajectory also requires coordination at the European level** to harmonize industrial policies, secure supply chains and build a European industrial powerhouse in the face of the ambitious plans of China and the United States.

This means launching a few major targeted European industrial programs (for example in sovereign technologies, healthcare or semiconductors) to pool investment efforts, accelerate innovation and create European champions in strategic segments for decades to come.

The conclusions of our study lead to a proposal in 15 strategic actions, articulated around targeted relocation, the development of the industries of the future and the mobilization of skills and funding, in order to ensure the sovereignty and competitiveness of French industry by 2040.

THE FRANCE 2040 INDUSTRIAL PLAN WOULD UNLOCK UP TO €150 BILLION IN ADDITIONAL ANNUAL INDUSTRIAL VALUE AND CREATE NEARLY 1 MILLION JOBS ACROSS THE FULL INDUSTRIAL VALUE CHAIN

Framing of the gain for the French economy (Billion euros)



The plan would unlock around €150 billion in net added value, reinforcing the €60 billions natural growth path of French industry while delivering a significant additional boost to overall economic growth.

The plan results in 1,000,000+ jobs created and a recovery in the trade balance of industry.

Working assumptions for the estimation of gains : 2025 baseline of the extended industry, based on the assumption that its level remains close to that of 2023: €608 billions. €236 billions for ISs. Horizon to 2040 (15 years). Considering natural growth: +0.7% / year. Employment/value-added ratio (direct + indirect): 1 job / €125,000 in VA. Impact on economic growth and catch-up in competitiveness: +0.5%/additional year after 3 years. Location of new activities: +0.3% / year after 3 years. Disruptive technology and increase in exports: +0,5% / year. Growth in industrial services: +0.4% / year. CAGR : minimum of 1,5% / year.

INTERNATIONAL CONTEXT & VOLATILITIES

POWERFUL EPISODIC SHOCKS THAT DISRUPT THE GLOBAL INDUSTRIAL ECOSYSTEM

Specific to the industry sector

Outside the EU: Acceleration of protectionism and re-establishment of customs barriers between major powers

- **Evolution of exports in the world**: Tariff barriers reduced expected trade growth by roughly **2 percentage points**, from moderately positive to barely above zero as of February 2026.
- **Customs duties between the United States and the European Union**: 15% on the majority of European industrial exports to the American market; 30% for Canada, 50% for India -> Fragility particularly French microenterprises or SMEs, which represent 86% of flows to the United States.

In the EU: Vulnerability of European exporters and economic fragilities

- **Notable contraction in demand and investment in Europe**: a decline in order books and a less optimistic outlook for industry for the second half of 2025 according to INSEE (e.g. 8% decline in overall orders for mechanical backlogs).
- **Reduction of the workforce of large industrial groups** such as Arcelor Mittal, Siemens, Audi, STMicroelectronics.
- **Macroeconomic forecasts:** With growth estimated at 1.4% in 2026, the European Union lags behind the United States (1.5 to 2.2%) and China (around 4.3%).

Applied to all sectors: Multiplication of systemic shocks going beyond the industrial sectors alone

Energy shocks

Soaring energy prices are weakening the competitiveness of European industrial sectors.

In 2023, the price of industrial electricity in Europe was **158% higher** than in the United States, putting pressure on sectors such as chemicals and metallurgy, which are highly energy-intensive and exposed to relocation**.**

The acceleration of artificial intelligence and robotics

The rapid rise of AI and robotics is profoundly transforming industrial models.

70% of global manufacturers anticipate an increase of more than **3 points** in margin by 2030 thanks to these technologies, but only **4%** are already seeing concrete results, illustrating the challenge of large-scale adoption.

Geopolitical tensions

International rivalries are increasing the instability of value chains and dependence on critical resources.

From the war in Ukraine to Sino-American rivalries, tensions that accentuate the instability of supply chains and dependence on critical resources

Climate crises

Extreme weather events weigh heavily on infrastructure and industrial sectors.

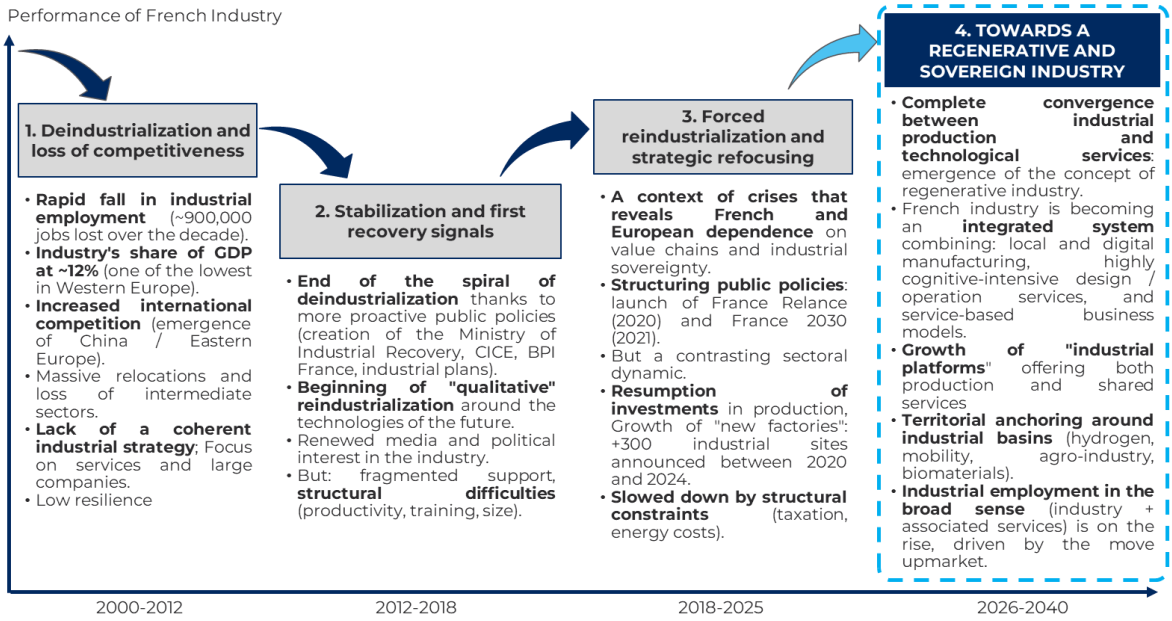
The summer of 2025 caused an estimated loss of **€43 billions** across the European Union, demonstrating the vulnerability of production sites to droughts, floods and heat waves.

This combination of shocks and innovations is reshaping industrial models and forcing players to rethink their resilience and sovereignty strategies in depth.

FROM DEINDUSTRIALIZATION TO THE INTEGRATED PRODUCTIVE ECONOMY

THE PROPOSED PLAN OPENS THE OPPORTUNITY FOR A NEW CYCLE FOR FRENCH INDUSTRY

The implementation of the 5 pillars will make it possible to move from a weakened model to an integrated productive economy, combining industry, innovation and high value-added services



French industry has undergone four distinct phases since the early 2000s:

- **The period from 2000 to 2012 was marked by rapid deindustrialization**, with nearly 900,000 industrial jobs lost, a collapse of intermediate sectors, and a strategic focus shifted toward services rather than production.
- **Between 2012 and 2018, proactive public policies slowed this decline**, initiating a first phase of qualitative reindustrialization centered on future technologies.
- **Since 2018, successive crises** (pandemic, energy shock, geopolitical tensions) **have exposed Europe's industrial dependencies** while accelerating policy responses such as France Relance and France 2030. More than 300 new industrial sites were announced between 2020 and 2024, signaling renewed investment momentum, albeit constrained by structural issues such as energy costs, taxation, and skills shortages.

Looking forward to 2026–2040, the strategic ambition is to move toward a regenerative and sovereign industry: an integrated productive system combining advanced manufacturing, digital and cognitive services, regional industrial ecosystems, and service-based business models. This "extended industry" model anchors production locally while embedding innovation, design, and high-value services at its core.

THE EXTENDED INDUSTRY: A STRUCTURAL ASSET FOR FRANCE

The concept of extended industry broadens the traditional definition of industry to encompass approximately twenty interconnected segments, combining manufacturing, utilities, and industrial services. It includes sectors such as agri-food, chemistry and materials, pharmaceuticals and health technologies, aerospace, energy, digital infrastructure, engineering, logistics, and industrial R&D.

In 2023, extended industry generated nearly €1,300 billion in value added in France, representing approximately 23% of national value added and 22% of GDP. Manufacturing and process industries account for around 12.7% of GDP, while industrial services—where France shows a relative strength compared to European peers—contribute more than 10%. France ranks third in Europe by industrial value added, close to the United Kingdom but significantly behind Germany, whose extended industry represents 31% of GDPand benefits from deeper manufacturing integration.

DEFINITION OF THE EXTENDED INDUSTRY, AROUND 20 SEGMENTS, COMBINING MATERIAL PROCESSING ACTIVITIES AND INDUSTRIAL SERVICES.

Extended Industry captures these upheavals by including Industrial Services (IS) The industry has 3 distinguishing characteristics:

1. **Complex organization for supervising and managing** activities
2. **High intensity** in the use of **new technologies** and customer **interfaces**
3. **Highly structured procurement process** with **high know-how**

Industry provides **skilled jobs** and contributes to the trade balance

Extended Industry*

Manufacturing & Process

Vertical

1. Food
2. Fashion and Luxury
3. Wood & Paper
4. Chemistry & Materials
5. Pharmaceutical Industry & Health Technologies
9. Automotive Construction
10. Aeronautics & Aerospace
11. Maritime, rail and other transport industries

Horizontal

6. Mining, Metallurgy & Mechanics
8. Industrial Machinery & Equipment
7. Electrical & Electronics Industry

Utilities

13. Energy industries (new energy systems & nuclear)
14. Water Industry
15. Waste Transformation & Recovery

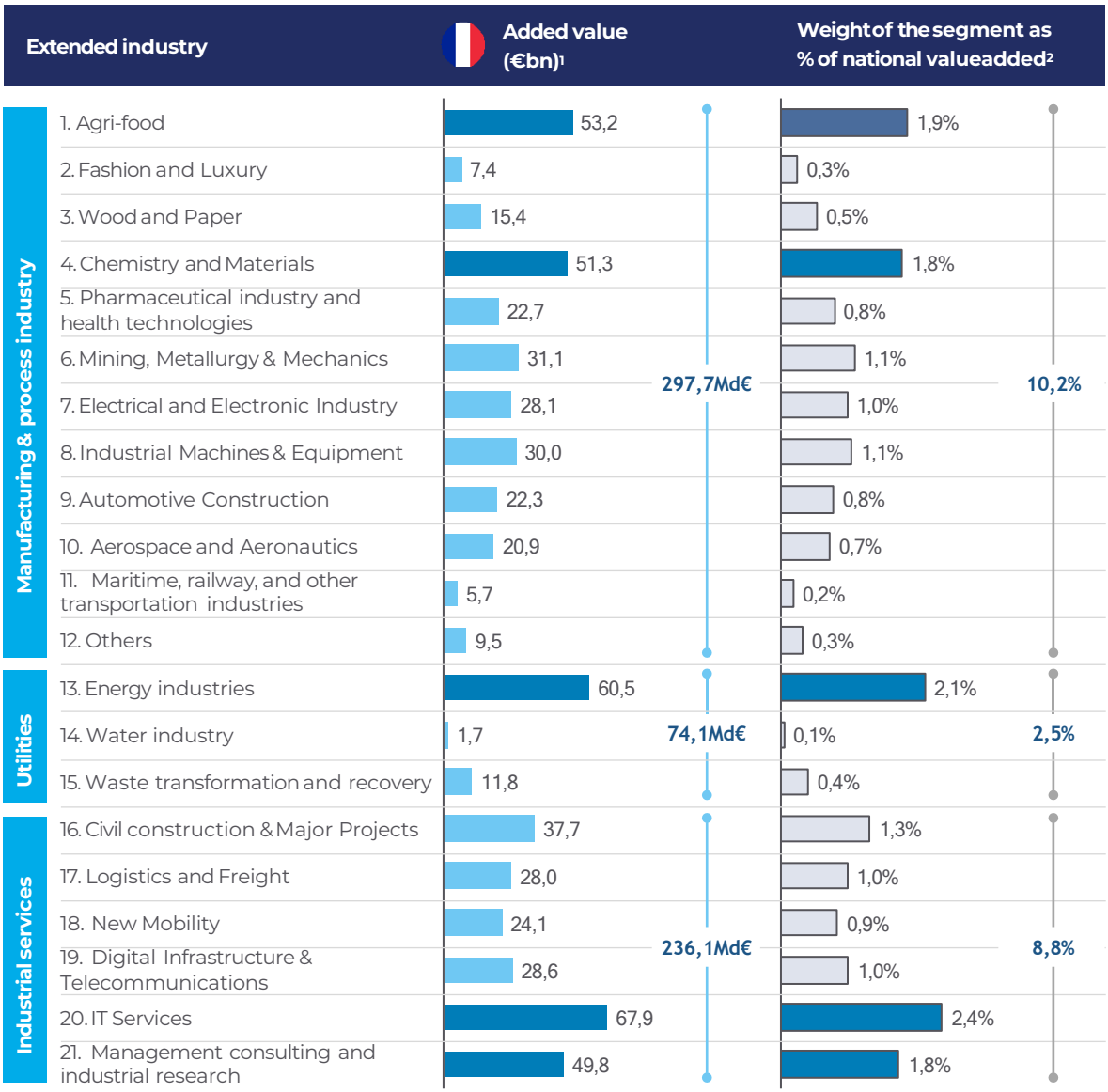
Industrial Services (IS)[1]

16. Civil Construction & Major Projects
17. Rail, Sea, Air & Logistics Freight
18. New Mobility[2]
19. Digital Infrastructure & Telecommunications, Security
20. IT Services
21. Management Consulting & Industrial Research

(*) Segments ordered in descending order in terms of the creation of VA, details of the segments of Extended Industry and NACE correspondence in the annex.
(1) Service segments identified after analysis of 700 NACE classification segments. 2) Air passenger transport and intercity rail passenger transport

WEIGHT OF THE EXTENDED INDUSTRY IN FRANCE

(2023, IN VALUE ADDED, BILLION €)



Gross Value Added (GVA) **= Output** (total value of goods and services produced by a unit (at basic prices))
– **Intermediate consumption** (value of goods and services consumed or transformed in the production process).

608 **Total**

283 **Top 5 Total**

47% **Percentage Value of the total extended industry**

23,9% **of the total national added value**

21,5% **of the 2023 total national GDP**

12,7% **Weight of the extended industry (excluding industrial services) in the 2023 national GDP**

Source: (1) Eurostat (2) INSEE, Value added by branches.

WEIGHT OF THE EXTENDED INDUSTRY IN FRANCE COMPARED TO ITS EUROPEAN COUNTERPARTS

(2023, IN VALUE ADDED, BILLION €)

	Extended industry					
Manufacturing & process industry	1. Agri-food	305.5	65.9	53.2	36.8	31.5
	2. Fashion and Luxury	68.8	8.3	7.4	27.6	4.6
	3. Wood and Paper	158.3	37.6	15.4	24.8	12.6
	4. Chemistry and Materials	397.8	123.4	51.3	49.9	32.3
	5. Pharmaceutical industry and health technologies	197.7	45.6	22.7	15.0	8.3
	6. Mining, Metallurgy & Mechanics	334.2	96.2	31.1	55.2	24.3
	7. Electrical and Electronic Industry	239.1	108.0	28.1	22.2	8.0
	8. Industrial Machines & Equipment	355.3	148.0	30.0	55.4	14.4
	9. Automotive Construction	240.8	122.4	22.3	19.1	14.0
	10. Aerospace and Aeronautics	45.8	11.7	20.9	5.6	3.1
	11. Maritime, railway, and other transportation industries	30.0	6.6	5.7	6.8	2.2
	12. Others	70.7	24.3	9.5	9.1	2.5
Utilities	13. Energy industries	393.5	114.8	60.5	37.7	30.5
	14. Water industry	27.4	6.0	1.7	5.5	4.4
	15. Waste transformation and recovery	70.0	19.7	11.8	11.5	6.6
Industrial services	16. Civil construction & Major Projects	293.8	50.4	37.7	38.9	30.8
	17. Logistics and Freight	253.2	79.8	28.0	40.1	26.4
	18. New Mobility	68.5	9.0	24.1	5.2	5.5
	19. Digital Infrastructure & Telecommunications	143.6	32.3	28.6	14.9	12.9
	20. IT Services	360.0	105.0	67.9	33.9	31.1
	21. Management consulting and industrial research	318.0	85.7	49.8	30.0	18.7
	Total	4 372	1 301	608	545	324
	Top 5 Total	1 841	617	283	239	156
	Top 5 Weight	42%	47%	47%	44%	48%

Source: Eurostat

While France retains world-class industrial know-how in sectors such as aerospace, luxury, energy, healthcare, and advanced services, **its productive base has progressively weakened over the past twenty years**. Fragmentation of value chains, excessive dependence on foreign suppliers for critical inputs, and under-integration of emerging technologies have eroded industrial sovereignty and resilience. Today, more than 60% of industrial components used in France are imported, with strategic dependencies concentrated in Asia — particularly for semiconductors, pharmaceutical active ingredients or advanced materials, and — exposing the economy to supply disruptions and geopolitical shocks. At the same time, global industrial competition has intensified dramatically. **The United States and China are deploying massive, targeted, and long-term industrial** policies to secure supply chains, dominate future technologies, and reshape global standards. Europe—and France in particular—can no longer rely on incremental adjustments.

The coming decade requires a structural transformation capable of turning current vulnerabilities into levers of competitiveness, sovereignty, and sustainable growth by 2040.

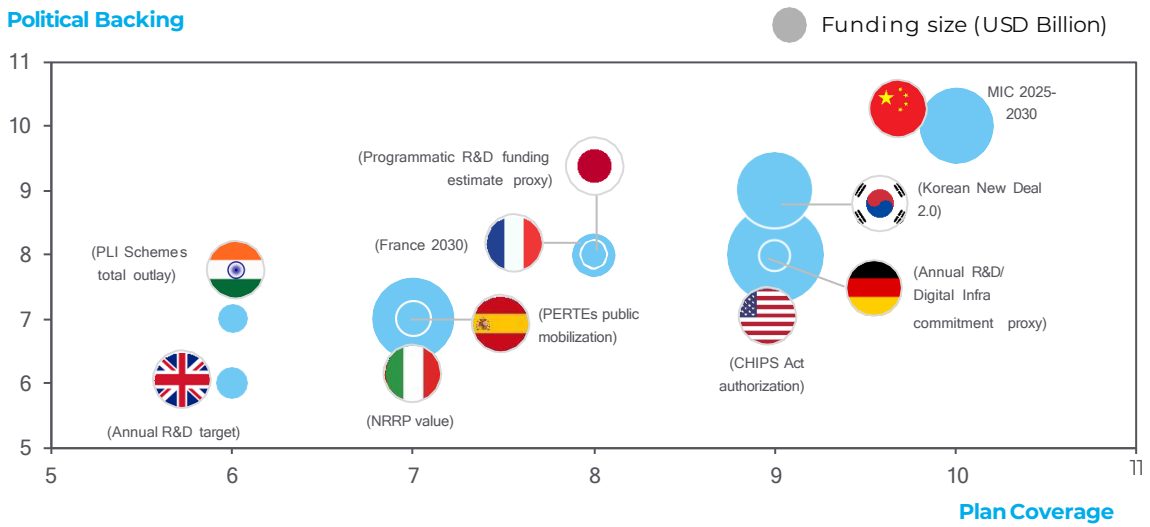
COMPARISON OF INDUSTRY DEVELOPMENT SUPPORT PLANS (1/2)

THE GLOBAL RACE HAS ALREADY STARTED

International benchmarks highlight a clear shift toward assertive industrial strategies. The United States combines the CHIPS and Science Act and the Inflation Reduction Act to mobilize more than $600 billion in public and private investment to re-anchor semiconductors, clean energy, and advanced manufacturing on its soil. China, through Made in China 2025 and its Five-Year Plans, pursues technological self-reliance via state capitalism and standard setting. Japan, South Korea, and India deploy long-term, capital-intensive programs linking digitalization, decarbonization, and skills development.

In Europe, France 2030, the EU Green Deal Industrial Plan, the Net-Zero Industry Act, and the EU Chips Act represent a decisive but still fragmented response. The challenge ahead lies in scaling these initiatives, accelerating execution, and deepening European coordination to match the ambition and coherence of global competitors.

Europe, by contrast, has too often relied on fragmented initiatives, regulatory reflexes and incremental funding. France 2030, the EU Chips Act and the Net-Zero Industry Act mark a real shift—but they remain insufficient in scale, speed and coordination relative to the challenge.



Criteria:

- **Plan coverage**: support for Industry 4.0, development of innovation networks, development of human capital.
- **Political backing**: a structured plan, supported by public authorities, with strong institutional cooperation (public-private).
- **Funding levels**: public and private funds.

Sources: each country's official website, analysis of publicly available evaluation reports, Eurogroup Consulting analyses

COMPARISON OF INDUSTRY DEVELOPMENT SUPPORT PLANS (2/2)

Country Name	Synthesized Key Info
France (EU)	• **France 2030** (**€54B**) mandates industrial reshoring and green tech for technological sovereignty. • Leverages public-private instruments (**Tibi Initiative, €6B**) to channel institutional capital into deep tech.
Italy (EU)	• Driven by **€194.4B NRRP**, focusing **€13.4B** on **Transition 4.0** digital innovation and RDI. • Utilizes RRF loans/grants with national funds (**€5.08B**) to modernize infrastructure and industrial competitiveness.
Germany (EU)	• **High-Tech Strategy 2025** prioritizes AI, digital services, and sustainability through six societal challenges. • Allocates **€4B** via SVIK for broadband and mobile network expansion by 2025.
Spain (EU)	• Uses **PERTEs** to mobilize >**€30B** public funds towards strategic, high-impact sectors. • PERTEs formalize public-private cooperation for RRF funds, **targeting microelectronics and electromobility.**
UK	• Innovation Strategy targets record **£22B** annual public R&D investment, relying heavily on R&D tax relief over direct strategic grants. • Catapult Network supports SMEs with **I4.0 adoption**, advanced technology, and bridges R&D commercialization gaps.
China	• **14th** Five-Year Plan prioritizes technological self-reliance (Dual Circulation) and digital economy (AI, 5G, foundational software). • R&D intensity nearing **2.68%** of GDP with strong state direction and major infrastructure investment.
USA	• **CHIPS Act ($280B)** targets domestic semiconductor manufacturing resilience and R&D capability. • Highly effective at leveraging private investment, attracting over **$600B** through grants and tax incentives.
Japan	• **Society 5.0** envisions a human-centered "super-smart society" fusing cyber and physical spaces (digital twins, AI). • Implementation uses cross-ministerial R&D programs (**SIP, BRIDGE**) to translate technology into solutions for societal challenges.
South Korea	• **Korean New Deal 2.0** commits **220T** KRW integrating Digital (DNA) and Green components with human capital development. • Focuses on digital workforce training via online platforms to manage labor mobility from economic transition.
India	• **Production Linked Incentive (PLI)** Schemes attract FDI and boost domestic manufacturing across **14** sectors (**₹1.97T** outlay). • Achieves output scale success (e.g., mobile manufacturing) but low R&D allocation (**2.5%**) limits deep innovation support.

Sources: each country's official website, analysis of publicly available evaluation reports, Eurogroup Consulting analyses

FROM VISION TO ACTION: 5 YEARS AFTER THE POTIER REPORT, WHERE DOES FRANCE STAND IN THE INDUSTRIES OF THE FUTURE IN THE FACE OF THE NEW GLOBAL INDUSTRIAL GEOGRAPHY? (1/2)

Very high · High · Moderate · Low because no dependency / multiple offer

Industry	Potential / Objective	Key global leaders	Can France become a leader?	Sovereignty issues?
Innovative therapies	Double-digit growth, a challenge for health sovereignty	**USA** (Pfizer, Moderna, Amgen), **China** (WuXi Biologics), **Switzerland** (Novartis, Roche), **Germany** (BioNTech), **India**	**YES** - Window open: strong scientific base, but urgent need to industrialize in France and Europe	Strategic health dependence
Innovative building	Decarbonization , renovation, smart building	**USA** (smart building), **China** (modular construction), **Sweden**, **Germany**	**PARTIAL** - Global leadership unrealistic, but possible in Europe	Diversified and uncritical global offer
Essential machinery and equipment	Criticism for industrial autonomy	**Germany**, **Japan**, **Korea**, **USA**, **China**	**YES** (niches) - Challenging global leadership, but accessible industrial and power/ robotics niches	Pillar of technological sovereignty
Bio-based products	Replacing petrochemicals, reducing carbon footprint	**USA** (Dow, Dupont), **China** (bio-industrial chemistry), **Sweden**, **Netherlands**	**YES** - High potential; ecological advantage + French chemistry to be repositioned	Relatively diversified global offer
Electronics / embedded software	Key to digital sovereignty, AI, vehicles, defense	**USA** (Intel, NVIDIA), **China** (SMIC), **Taiwan** (TSMC), **Korea** (Samsung), **Japan**	**TOO LATE** for mass production, but sovereign niches (sensors, defense) to be consolidated	Strategic dependence (defense)
Sustainable food for health	Growing market, responsible consumption	**USA** (agri-biotech, food-tech), **Netherlands** (Agri-tech), **Israel** (protein alternatives)	**YES** — agri-food advantage to be promoted, with R&D and premium health position	Low geopolitical dependence
Recycling and recovery of waste	Critical resources, circular transition	**Switzerland**, **Netherlands**, **Japan**, **China** (volumes)	**YES** — leadership achievable if scaled up (critical materials)	Sovereignty in matters 1st secondary.
Precision Agriculture	Productivity, sustainability, food sovereignty	**USA** (John Deere, agri-drones), **Netherlands**, **Israel**	**POSSIBLE BUT URGENT** — digital catch-up essential	Risk of dependency if delay persists

Sources: Analysis of publicly available evaluation reports, Eurogroup Consulting analyses

FROM VISION TO ACTION: 5 YEARS AFTER THE POTIER REPORT, WHERE DOES FRANCE STAND IN THE INDUSTRIES OF THE FUTURE IN THE FACE OF THE NEW GLOBAL INDUSTRIAL GEOGRAPHY? (2/2)

Very high · High · Moderate · Low because no dependency / multiple offer

Industry	Potential / Objective	Key global leaders	Can France become a leader?	Sovereignty issues?
Sustainable composite materials	Critical for aeronautics, transportation, construction	**Japan, Germany, USA** (aerospace)	**YES -** France can aim to be the European leader in aeronautics (Airbus, Safran and organic materials)	Strategic risk if import dependence.
New generations of photovoltaics	Explosive global market, dependence on China	**China** (90% production), **Korea, Japan, USA** (First Solar), **Australia** (R&D)	**DIFFICULT -** Catch-up possible only on niches (integrated PV, perovskites, recycling)	Extreme dependence on China
Sustainable fuels (bio, e-fuels)	Critical for aviation, maritime, heavy transport	**Brazil** (bioethanol), **Germany, Japan, USA** (e-fuels, SAF)	**POSSIBLE** on aviation/marine, but saturated market in the medium term	Energy sovereignty
Hydrogen, energy/ mobility	Key driver of decarbonization	**Germany, Japan, Australia, Korea, USA, China, India**	**YES -** Open race: strong French industrial base (Air Liquide, McPhy), European strategic stake	Strategic pillar of our independence
Electric vehicle batteries	Massive market, an issue of industrial sovereignty	**China** (CATL, BYD), **Korea** (LG Chem, Samsung), **Japan** (Panasonic), **USA** (Tesla)	**TOO LATE** for the masses, but possible leadership on recycling, solid-state battery, European leadership	Critical dependence on China and Asia
Offshore wind	Carbon-free electricity production, floating fleet	**United Kingdom, Denmark, Norway, China, USA** (Atlantic offshore)	**YES** (floating offshore) – Open window 2025-2030; strong potential for France Atlantic/ Mediterranean	Need for project acceleration
Recycling building materials	Expanding circular construction market	**Netherlands, Germany, Sweden**	**YES -** Sector to be structured quickly; credible European leadership by 2030	Limited external outbuilding
Additive manufacturing (3D printing)	Reindustrialization, maintenance, defense. Critical for ISs	**USA** (GE, Stratasys), **Germany** (EOS), **Switzerland, Japan, Qatar, India**	**YES** (high-end) - Possible European leadership in metal, medical, defense printing	Criticism of industrial sovereignty

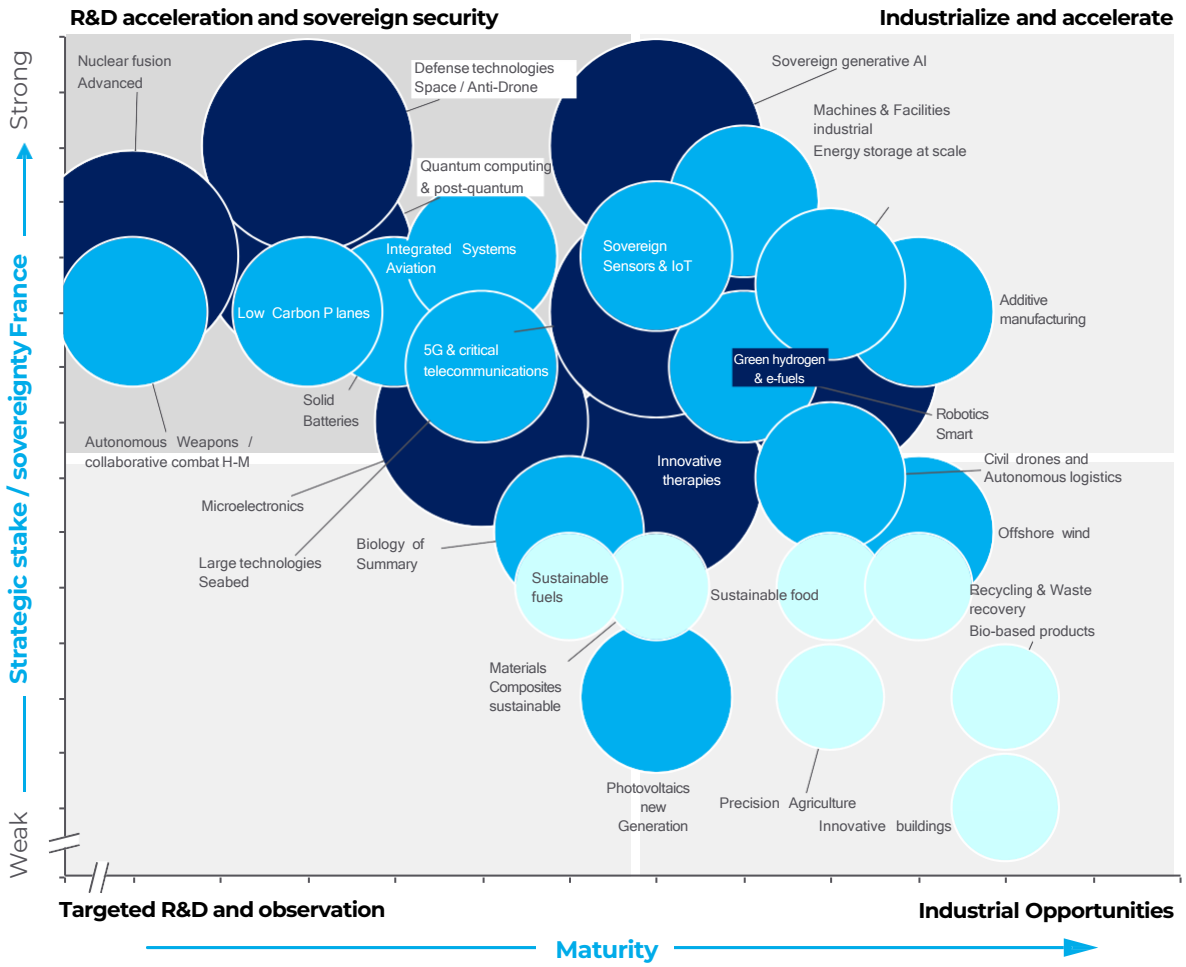
Sources: Analysis of publicly available evaluation reports, Eurogroup Consulting analyses

ACCELERATING, INDUSTRIALIZING, MONITORING / FRANCE 2040:

THE MATRIX OF FRENCH INDUSTRIES OF THE FUTURE

Relocating and strengthening production of critical products represents a potential **€150 billion in additional value added**. Priority areas include semiconductor components, battery cells, medical devices, active pharmaceutical ingredients, industrial automation equipment, hydrogen systems, advanced robotics, and next-generation energy technologies.

Beyond relocation, value creation will increasingly come from markets of the future: industrial artificial intelligence, digital twins, additive manufacturing, advanced robotics, decentralized energy systems, cybersecurity, and new digital infrastructures. Mastery of these technologies is essential not only to reindustrialize but to position France and Europe at the forefront of global industrial competition by 2040.



- **Technology maturity** (X-axis) is rated on a scale from 1 to 10, based on a review of available public reports, industry analyses, and expert assessments.
- **Strategic stake / impact on French sovereignty** (Y-axis) is rated on a scale from 1 to 10, based on expert judgment regarding the technology's importance for national strategic autonomy, security of supply, economic resilience, and critical capabilities.
- **Market potential** (bubble size) is evaluated on a scale from 1 to 3, based on available economic data (market studies, investment trends, growth projections) complemented by expert assessments. 1 = limited market potential. 2 = moderate market potential. 3 = high market potential

FOCUS ON DARK FACTORIES

THE 24-HOUR AUTOMATED FACTORY AS A NEW LEVER FOR GLOBAL COMPETITIVENESS AND EMPLOYMENT THREAT

The Dark Factories (fully automated, data-driven production sites with minimal human presence) **represent more than a technological leap**; they mark a psychological rupture for classical industrial players. Built on robotics, AI, and real-time optimization, they challenge decades of craftsmanship, tacit know-how, and hierarchical factory culture.

For legacy manufacturers, the transition often triggers organizational trauma: fear of workforce displacement, loss of identity, and erosion of long-standing social contracts. Middle management roles, historically rooted in supervision and experience, are among the most destabilized. Capital intensity and speed of obsolescence also strain balance sheets and strategic planning cycles.

At the same time, dark factories expose a growing gap between digital leaders and traditional players struggling with brownfield constraints. Resistance to change can become systemic, allowing more agile competitors to leapfrog entire value chains. Yet for those who adapt, the shift can unlock radical gains in quality, resilience, and scalability. Ultimately, the true disruption is less about machines replacing humans than about redefining what industrial mastery means in the 21st century.

Gree Electric Appliance's new production line in Zhuhai, southern China. – Image TF1

Its goal: to produce 24 hours a day, with maximum efficiency, low consumption and consistent quality.

It is a factory that no longer has:

Workers	Light	Heating	Air conditioning	IRP strikes

Impact & Key figures[1]

Productivity	↗	~ +30% à +400%
Energy	↘	~ -15% à -20%
Workforce	↘	~ -40% à -80%
Quality	↗	~ +10% à +15%
Line availability		24/7

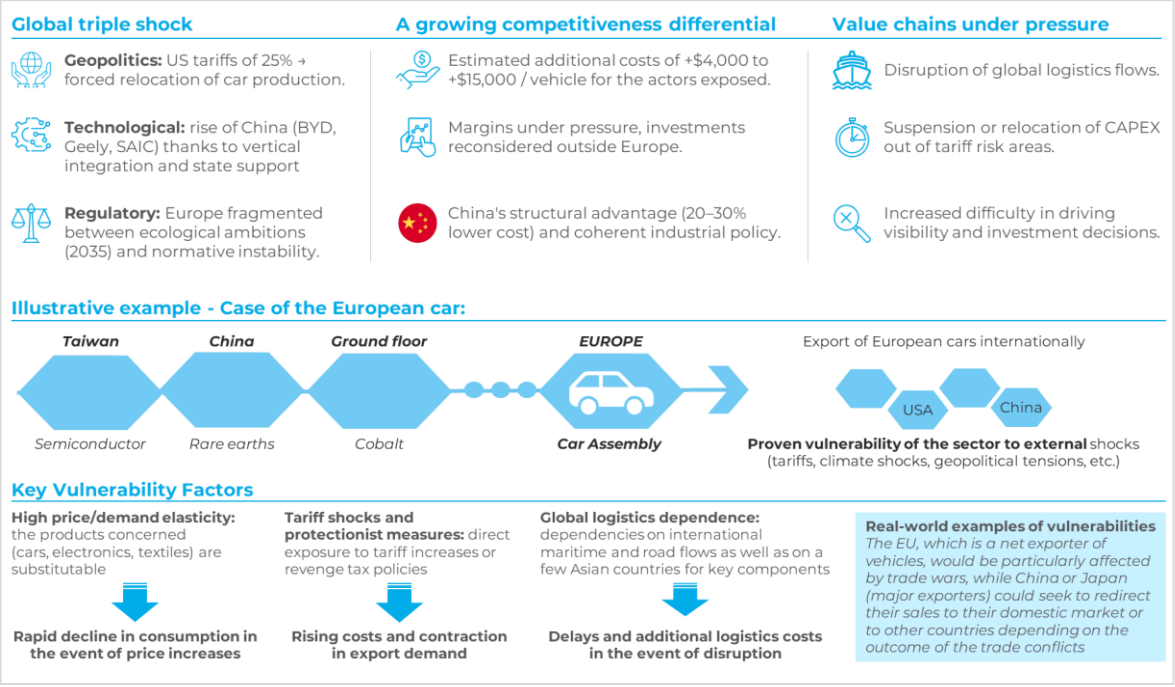
Source: (1) Estimates based on journalistic sources and academic studies (Diplomatic Watch, Zhengzhou University)

SECTOR FOCUS – AUTOMOTIVE

THE AUTOMOTIVE INDUSTRY, A SECTOR AT THE CROSSROADS OF VOLATILITY

European industries, characterized by highly globalized value chains, are particularly vulnerable to geopolitical shocks, trade barriers, and logistical disruptions.

Industries concerned: globally integrated sectors focused on cost optimization, relying on a wide network of suppliers across Asia, Eastern Europe, North America, and other regions for raw materials, intermediate components, and critical technologies. In Europe, these industries notably include automotive, electronics, textiles/apparel (fashion), as well as certain segments of the machine tools industry.



Challenges and strategic levers for Europe:

- Rebuilding European industrial sovereignty: Building an integrated industrial policy aligning energy transition, innovation and competitiveness.
- Secure critical chains: Partially relocate production and strengthen control over batteries, semiconductors and rare metals.
- Rebalancing global competition: Creating a stable and incentivizing framework for investment, in response to Chinese and American coherence.
- Accelerate technological transformation: Promote integrated models (electrification, on-board electronics, recycling) and upgrading.
- Consolidating European ecosystems: Encouraging alliances, pooling investment capacities, and strengthening intra-European cooperation.

SECTOR FOCUS – ELECTRONICS INDUSTRY

THE ELECTRONICS INDUSTRY, AT THE HEART OF 21st-CENTURY INDUSTRIAL SOVEREIGNTY

By 2030, mastery of electronics and components will be a key determinant of industrial and technological sovereignty. This sector embodies both critical dependencies and significant value-creation opportunities. In the face of intensifying global competition and accelerating technological disruption, France can no longer afford to remain in an intermediate position. The development of an integrated industrial base—combining design, advanced manufacturing, and secure supply chains—has become essential to ensuring its competitiveness and resilience.

Electronics are no longer satisfied with basic components: **there is an undeniable trend of advanced miniaturization**, advanced packaging and the integration of connectivity functions, embedded artificial intelligence.

An all-inclusive factory in Europe (ultra-competent engineers and technicians) is **an investment of 20 billions Euros.**

Need for new materials, more advanced production processes (nano, micro-nano electronics), sophisticated packaging technologies.

A major issue is the shortage of talent in Europe in electronic skills : engineering, advanced circuit design, packaging, IT security, ...

Beyond France, **Europe remains a strategic yet underexploited market**:

Europe is a major market, comparable to North America for some electronics and telecommunications players, but fragmented and difficult to understand

Its partnerships are generally not well promoted, unlike the Americans, who can have a "show-off" behaviour, making collaborations difficult to value from an international point of view

A diagnosis that underlines a Europe that talks about sovereignty but acts in silos

Dimensions	Perceptions of Europe by international players in the sector	Benchmark international
Sovereignty	Defensive and not very open approach	Attractiveness of investment through tax incentives Insourcing of technologies
Innovation	Lack of a strong link between the technology and its market. For example, Europe is still struggling to fully exploit 5G and lacks structuring use cases.	State-industry-citizens coordination - Collective mobilization as soon as a major technological issue appears: strong coordination between the State, chaebols and citizens, creating a national federation around 6G
Industrial investment	A European industrial fabric that raises the question of the relevance of industrial investment in this territory, with the constraint of having to export production to reach the major players in the production chain	Investment by Asian players in electronic components factories to be able to supply the automotive sector, a major consumer of these components, immediately and in close proximity

A purely national approach would be insufficient: acting without strategic partners entails significant risks in an industry where scale, investment requirements, and ecosystems extend far beyond national boundaries.

Building complete ecosystems: research + training + local industrial production + diversified supply chain.

Harmonize regulations at the European level to avoid national disparities that hinder certain investments.

Strengthen skills: technical training, electronic engineering, specialization in new technologies (e.g. embedded AI, quantum, etc.).

Ensure the security and cyber resilience of devices, both for civilian and military use.

Further develop semiconductor manufacturing capabilities in Europe, including advanced packaging, foundry, etc.

Encourage private investment through tax incentives, subsidies, PPPs.

Integrate sustainability by design (eco-design, recyclability, less toxic materials) and ensure compliance with European standards.

SECTOR FOCUS – TITANIUM

TITANIUM COMPANIES AS DRIVING FORCES OF REINDUSTRIALIZATION AND REGIONAL COMMITMENT

At a time when global value chains are being reshaped and sovereignty is once again becoming a major strategic priority: **mid-sized industrial companies (SMBs) are playing a central role**.

Within what some now refer to as the Titanium Economy, this concept encompasses technology-driven industrial companies that design, manufacture, and supply the components, systems, and equipment that enable the functioning of the modern economy.

Often operating under the radar, these companies are nonetheless at the core of industrial infrastructure: machine tools, robotics, advanced materials, electronic components, energy equipment, automation, and production technologies. They form the invisible backbone of the real economy and serve as powerful local drivers of industrial pride. **SMBs within the Titanium Economy are characterized by strong technological specialization, a culture of industrial excellence, and a sustained capacity for innovation**. They often hold global leadership positions in highly specific niches, while maintaining deep local roots and industrial expertise that is difficult to replicate.

A few examples include:

Sector	Examples
Robots & Logistics	• **Exotec**: goods-to-person robots (Skypod) for e-commerce and distribution. Headquarters in the Hauts-de-France, global deployments.
Electronics/EMS & Industrial IoT	• **Soitec**: Manufacture of substrates for semiconductors, advanced materials, French industrial high-tech company. • **STMicroelectronics**: Semiconductors, microelectronics. Highly technological, with advanced manufacturing operations. • **LACROIX**: Technological mid-cap (electronics, IoT, smart industries). 2024 report: listed midcap, €635.5 million in turnover.
Critical Connectors & Subsystems	• **Radiall**: RF/fiber connectors, aerospace/defence/industrial components; French player involved in an OSAT factory project in France (with Thales/Foxconn).
Precision fasteners & assembly parts	• **LISI Group / LISI Aerospace**: fasteners and structural parts for aeronautics/automotive, French international industrial group.
Advanced Materials & Electrical Power	• **Mersen**: carbon/graphite materials, sintered SiC, power solutions for demanding markets (EV, aero, electronics). • **EcoTitanium**: Titanium Recycling / Production of Aircraft-Grade Titanium Although related to titanium metal, its model of advanced industrial technology (recycling, processes) makes it relevant.
Cables & electrification	• **Nexans**: "pure player" in electrification (networks, offshore, data centres); low-carbon initiatives and recycling in France.

In a context of technological rivalry among major global powers, these companies are becoming strategic assets for nations.

For Europe and France, developing a strong base of mid-sized industrial companies (ETIs) is therefore a key lever for competitiveness and sovereignty. This requires facilitating access to growth financing, structuring a coherent industrial policy, and strengthening support for innovation and exports.

Beyond economic performance, what is at stake is far greater: **the ability of nations to produce, innovate, and retain control over their industrial destiny in the evolving landscape of global economic power.**

FOCUS – RARE EARTHS – RAW MATERIALS IN TENSION

STRATEGIC DEPENDENCIES AND INDUSTRIAL VULNERABILITIES

Despite its scale, French industry remains structurally dependent on imported inputs. **Nearly 60% of critical industrial inputs are sourced abroad**, more than one-third from Asia alone. Dependencies are particularly acute in three areas:

1 

Critical raw materials and inputs, such as lithium, cobalt, rare earths, and chemical intermediates, exposing industry to price volatility and geopolitical risk.

2 

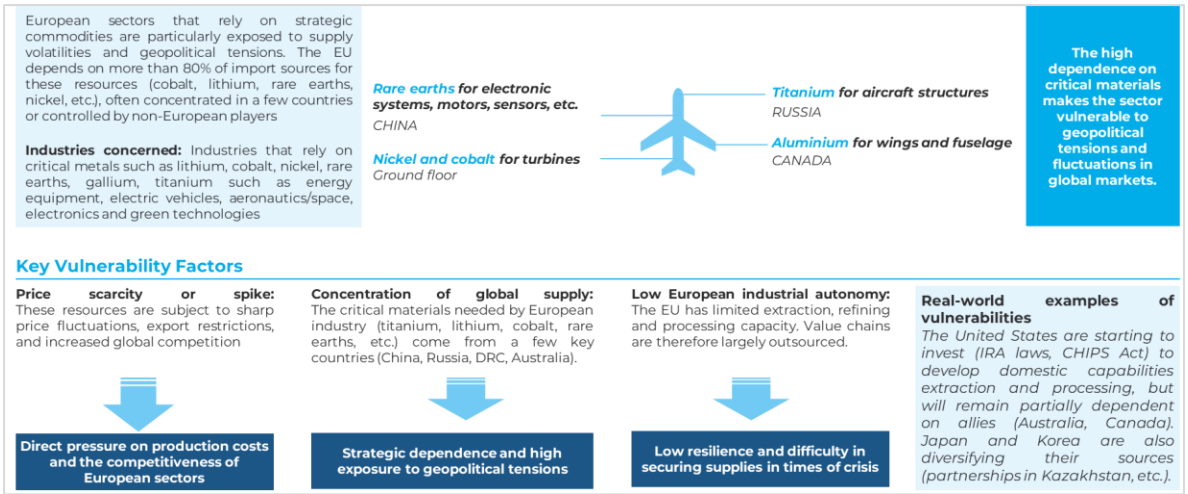
Intermediate and technological goods, including machine tools, robotics, automation systems, and semiconductors—85 – 90% of which are imported from Asia—limiting France's ability to relocate and innovate.

3 

Sovereignty-critical sectors, notably pharmaceuticals, low-carbon energy technologies, and defense, where dependence undermines technological autonomy and strategic security.

Securing access to resources, rebuilding upstream capabilities, and mastering key technological nodes have therefore become national and European priorities.

Illustrative example – the European aerospace sector



Sources : Eurogroup Consulting, HCSS, Datagora, Warm, Strategic raw materials for defense – Mapping European industry needs, Janvier 2023

FRANCE MUST DEPLOY A GLOBAL AND MOBILIZING INDUSTRIAL PLAN TO WEIGH IN THE FACE OF THE MAJOR GLOBAL BLOCKS

Axes	Mesure
1. Building complete industrial and technological sovereignty: producing and protecting	1 **Rebuild the "France 2030" program into a unified "Industrial France 2040" strategy**: reassess priorities, focus efforts on new critical technologies where France can become a leader. 2 **Create a "Sovereign Fund for Reindustrialization**": a national tool for co-investment in critical technologies, articulated with the EIB and European funds, also capable of intervening to protect strategic companies threatened by unwanted foreign takeovers. 3 **Establish a "National Agency for Technological Sovereignty**", for the management of critical technologies and strategic monitoring of foreign investments (in conjunction with the FIR).
2. Building sovereign and resilient industrial governance	4 **To found a "National Council for Industrial Sovereignty" (CNSI):** bringing together the State, industrialists, territories, researchers and unions for a common management of industrial strategy. 5 **Create "Sectoral Industrial Commands":** public-private bodies for each critical sector, integrating a competitive and commercial monitoring system. 6 **Strengthening industrial territories:** networking of regional clusters, accelerated release of land, simplification of establishment procedures and pooling of infrastructures.
3. Rearm the skills and financing of industrial power	7 Launch a **New Deal for Industrial Skills**: creation of an Academy of Sovereign Trades, development of technological high schools and industrial CFAs, technological visa for foreign talent. 8 **Mobilizing private productive financing:** earmarking savings (life insurance, employee savings, Livret A) to industrial sovereign wealth funds to finance long-term investment. 9 **To bring about a "Pact for industrial services":** to integrate them into the 2040 strategy, to develop training courses, to create a tax credit for industrial services to support these activities. 10 **Introduce a pilot "Buy French – Buy European Act":** priority given, in French public procurement, to sovereign and low-carbon industrial solutions, contributing to economic security.
4. Rebuilding the industrial narrative and the pride of producing in France	11 **Launch a campaign "Industrial France, France of the Future":** promoting engineers, workers, entrepreneurs and inventors as figures of national progress. 12 **Develop a National Export Plan to increase the international presence of the French offer of industrial machinery, equipment and technologies,** and support industrial **"Rising Star" in their international expansion.**
5. Ensuring sovereign and sustainable competitiveness in the face of global distortions	13 **Introduce a reduced effective tax rate** on profits reinvested in industry. 14 **Align production taxation** with the European average to restore cost competitiveness. 15 **Strengthen industrial social dialogue:** competitiveness agreements, wider participation in employee results.

BUT INDUSTRIAL STRATEGY CAN NO LONGER BE LIMITED TO THE NATIONAL LEVEL: EUROPE MUST BUILD ITS ECONOMIC POWER

Axes	Mesure
1. Laying the foundations for integrated industrial sovereignty in Europe	1 Adopt a "**European treaty of industrial and technological sovereignty**"
	2 Adopt a "**European Industrial Strategy 2040**" with a doctrine articulated around sovereignty and sustainability. Providing Europe with truly integrated industrial programs
	3 Institutionalize the "**European Strategy for Critical Technologies**" — 10 sovereignty technologies identified and funded at continental level.
2. Building an agile and sovereign European industrial governance	4 To found a "**European Industrial Coordination Organization (OECI)", like the European DARPA**, to steer strategic innovation.
	5 Creating a "**Single Market for Industry**": regulatory simplification, common standards, etc.
	6 Launch a "**Grand Industrial Alliance of Democracies and Industrialists**": structuring partnerships, global forum, Global South alliances
3. Mobilizing human, technological and financial levers on a continental scale	7 Creating a **New Deal for Industrial Skills**: European Academy, Talent Mobility, Technology Visa
	8 Create a "**European Fund for Strategic Reindustrialization**" (FERIS), create a "European Stock Exchange for Strategic Industrial Projects", mobilize productive investment
	9 Adopt a "**Buy European Act**" in European public procurement
4. Rearming the European industrial narrative and the desire for industry	10 **Rearming the European industrial narrative**: public campaign, industrial label, European Industry Days
	11 Create an "**Industrial Europe Label**" for exemplary products and companies.
5. Moving towards a European competitiveness and industrial convergence pact	12 Implement a "**European Industrial Fiscal Pact**": minimum taxation, coordinated incentives for productive investment.
	13 **Align production taxes and reduce industrial energy cost differentials**.
	14 **Gradually harmonize minimum social**, environmental and wage standards, to avoid a "race to the bottom" between Member States.
	15 Define a **European framework for strategic tax incentives** (e.g. tax credits for critical technologies) to avoid fragmentation of state aid.

THIS MEANS ACTING DIFFERENTLY

It means moving beyond pilot programs and embracing a small number of large, decisive industrial bets. It means accepting that industrial policy is no longer a market distortion, but a condition for remaining a serious economic power. It means aligning public authorities, industrial leaders, friendly international industrial partners (South Korea, Taiwan, India, and maybe China), investors and territories around a shared objective: **making Europe a place where the industries of the future are designed, produced and scaled**.

For France, this requires finishing what has been started—moving from France 2030, which is currently for a large part of it obsolete to a full industrial execution decade.

For Europe, it requires thinking and acting as a block: pooling capital, accelerating permitting, securing strategic resources, and defending emerging industrial ecosystems when they are most fragile.

CONCLUSION

A STRATEGIC IMPERATIVE FOR 2040

The transformation of French and European industry is no longer a matter of choice. It is a condition of sovereignty. In a world defined by power blocs, technological races and systemic volatility, industrial capacity determines not only growth and employment, but political autonomy and strategic credibility.

By simultaneously reducing critical dependencies and investing decisively in the industries of tomorrow, **France and Europe can still convert structural vulnerabilities into durable competitive advantages**. But success will require discipline and focus: targeted relocations, integrated regional ecosystems, massive skills mobilization, a renewed industrial narrative, and coordinated public-private investment at both national and European scale — with trusted strategic partners.

If this trajectory is pursued with consistency and speed, **France and Europe can secure technological leadership**, resilient growth and a sovereign industrial base by 2040 — one capable not only of withstanding global shocks, but of shaping the standards of the next industrial era.

The cost of action is significant. The cost of inaction is existential. Industrial dependence is no longer a theoretical risk; it is already constraining growth, security and freedom of choice. Rebuilding productive power is not nostalgia — it is the price of sovereignty in the twenty-first century.

THE WINDOW IS CLOSING. RESPONSIBILITY IS COLLECTIVE. BUT LEADERSHIP, AS ALWAYS, MUST COME FIRST.

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Sources: OECD, World Bank, IMF, Oxford Economics, Eurostat, France 2030, France Industrie, INSEE, Capital IQ, Websites of the Ministries of Industry of the US / UK / China / South Korea / Spain / Italy / Germany / Brazil / India, Expert interviews.