Flash Economics

N° 80
August 14th, 2026

Subscribe here.

How is the attractiveness of France and the euro zone evolving?

We propose to measure the attractiveness of a country or region on the basis of four sets of indicators:

- inward and outward direct investment flows;
- developments in manufacturing output and value added;
- the balance of external trade in manufactured goods and in services excluding travel;
- trends investment in machinery and equipment and in intellectual property products.

We apply this analytical framework to France and to the euro zone as a whole.

It emerges that the attractiveness of France has been recovering slightly since 2017, while that of the euro zone has been deteriorating since 2020.

Patrick Artus
Senior Economic Advisor
patrick.artus-ext@ossiam.com
@PatrickArtus
Patrick Artus

Isabelle Gravet
Research Assistant
isabelle.gravet-ext@ossiam.com

Marketing communication: this document is a marketing presentation. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Indicators revealing a country's attractiveness

The **level of attractiveness of a country** (or of a region) can be assessed on the basis of the following indicators:

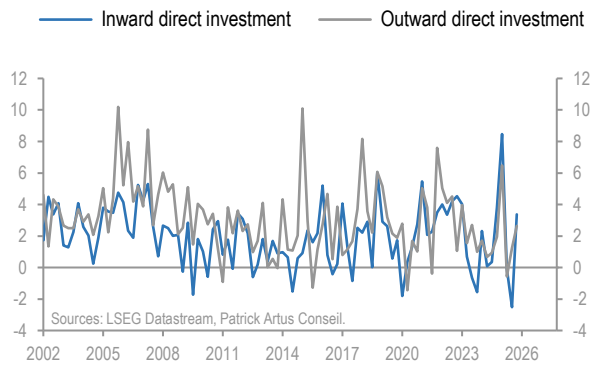
- **the scale of inward and outward direct investment flows;**
- **developments in manufacturing output and value added**, in volume terms;
- **the balance of external trade in manufactured goods and in services excluding travel**;
- **trends in investment in machinery and equipment and in intellectual property products** (research and development, computer software and databases).

We apply this framework to France and to the euro area as a whole.

Inward and outward direct investment

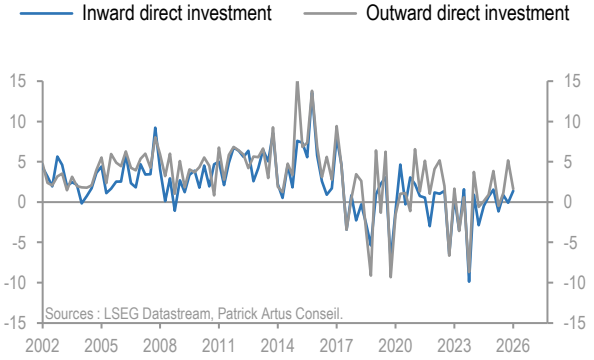
In France, we observe **a balance between inward and outward direct investment flows since 2018**, while in **the euro area**, **inward flows** have been markedly **lower than outward flows** since 2020 (**Charts 1** and **2**).

Chart 1
France: Direct investment* (as % of GDP)



*Inward direct investment (capital inflows increasing France's liabilities) and outward direct investment (capital outflows increasing France's assets) are both recorded with a positive sign, in accordance with balance of payments conventions.

Chart 2
Euro zone: Direct investment* (as % of GDP)



*Inward direct investment (capital inflows from outside the euro zone, increasing its liabilities) and outward direct investment (capital outflows to the rest of the world, increasing its assets) are both recorded with a positive sign, in accordance with balance of payments conventions.

Manufacturing output and value added

Is there a recovery in manufacturing output, or in the share of manufacturing in GDP in volume terms, that would indicate an improvement in attractiveness?

In France, **the share of manufacturing in GDP** in volume terms has **stabilised** since 2020, while in **the euro zone** as a whole it has been **declining** since 2021 (**Charts 3** and **4**).

Chart 3
Manufacturing production (January 2002 = 100)

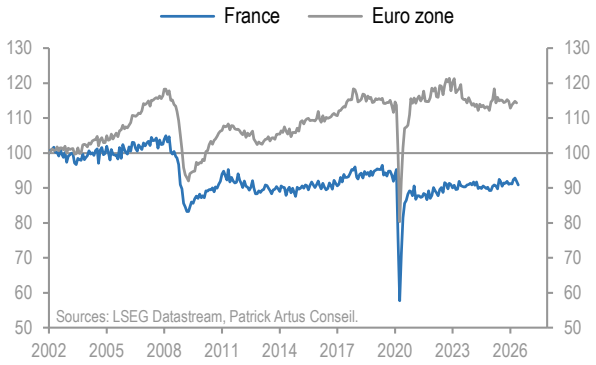
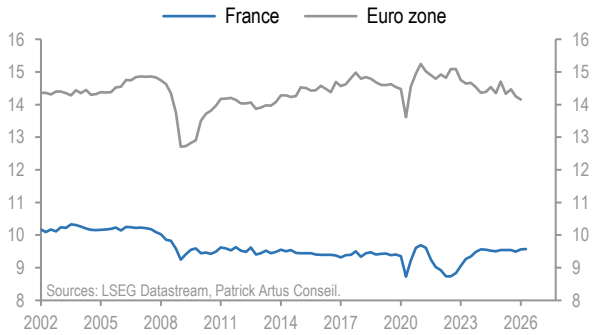


Chart 4
Manufacturing value added
(as % of GDP, in volume terms)



Balance of external trade in manufactured goods and in services excluding travel

An improvement in the balance of trade in manufactured goods or in services excluding travel (sea and air transport, technical and engineering services, financial services, legal and consultancy services) reflects an increase in a country's attractiveness.

In France, we observe **a deficit in trade in manufactured goods** and, **since 2020, a large surplus in trade in services excluding travel**, which nevertheless declined in 2023; in **the euro zone**, we observe **a decline,** since 2024, in both **the surplus of trade in manufactured goods and the balance of trade in services excluding travel** (**Charts 5** and **6**).

Chart 5
Trade balance in manufactured goods
(EUR bn, quarterly data)

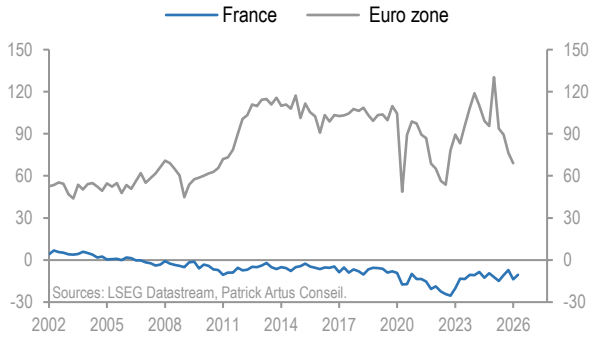
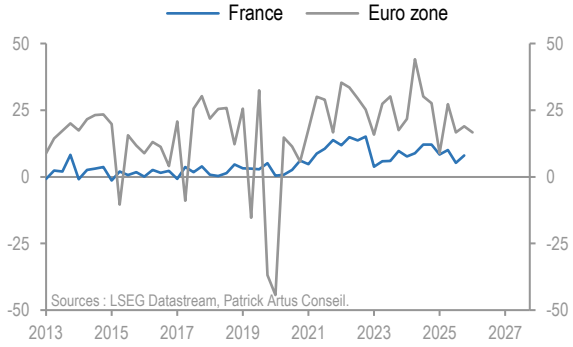


Chart 6
Trade balance in non-travel-services
(EUR bn, quarterly data)



Investment in machinery and equipment and in intellectual property products

A rise in the investment rate in machinery and equipment and in intellectual property products, as a percentage of GDP, indicates an improvement in attractiveness.

In France, investment in machinery and equipment has been declining since 2021, but **investment in intellectual property products has been rising rapidly since 2016**. In **the euro zone**, **investment in machinery and equipment remains at a high level**, while **investment in intellectual property products has been stagnating since 2020** (**Charts 7** and **8**).

Chart 7
Investment in machinery and equipment
(as % of GDP, in volume terms)

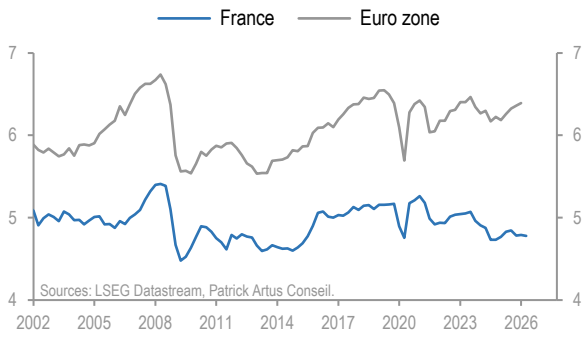
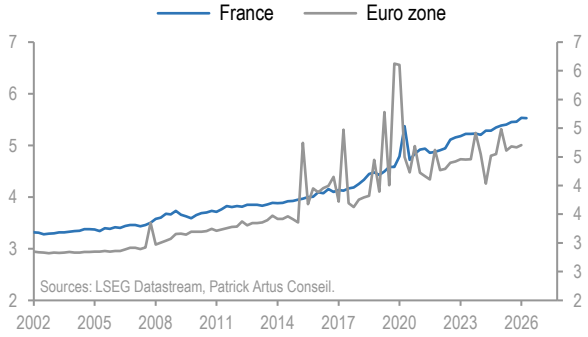


Chart 8
Investment in intellectual property products
(as % of GDP, in volume terms)



Summary: is the attractiveness of France or of the euro zone improving?

In France, we have observed large inward direct investment flows; stable manufacturing output and value added since 2020; a deterioration since 2017 in the balance of trade in manufactured goods, but a large surplus in trade in services excluding travel since 2020, despite a decline in 2023; a low level of investment in machinery and equipment, but rapidly rising investment in intellectual property products.

In **the euro zone**, we have observed weak inward direct investment flows; a decline in the share of manufacturing value added since 2021; a deterioration in the balance of trade in manufactured goods and in the balance of trade in services excluding travel; a high level of investment in machinery and equipment and stagnating investment in intellectual property products since 2020.

Overall, is there an improvement in the attractiveness of France or of the euro zone? **In France**, **attractiveness has been stabilising**, **or even improving**, **since 2017**, after having deteriorated in earlier years. In **the euro zone**, **attractiveness has been deteriorating since 2020**.

Disclaimer

Ossiam, a subsidiary of Natixis Investment Managers, is a French asset manager authorized by the Autorité des Marchés Financiers (Agreement No. GP-10000016). Although information contained herein is from sources believed to be reliable, Ossiam makes no representation or warranty regarding the accuracy of any information of which it is not the source. The information presented in this document is based on market data at a given moment and may change from time to time. This material has been prepared solely for informational purposes only and it is not intended to be and should not be considered as an offer, or a solicitation of an offer, or an invitation or a personal recommendation to buy or sell participating shares in any Ossiam Fund, or any security or financial instrument, or to participate in any investment strategy, directly or indirectly. It is intended for use only by those recipients to whom it is made directly available by Ossiam. Ossiam will not treat recipients of this material as its clients by virtue of their receiving this material. All performance information set forth herein is based on historical data and, in some cases, hypothetical data, and may reflect certain assumptions with respect to fees, expenses, taxes, capital charges, allocations and other factors that affect the computation of the returns. Past performance does not predict future returns. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice. Ossiam assume no fiduciary responsibility or liability for any consequences, financial or otherwise, arising from, an investment in any security or financial instrument described herein or in any other security, or from the implementation of any investment strategy. This information contained herein is not intended for distribution to, or use by, any person or entity in any country or jurisdiction where to do so would be contrary to law or regulation or which would subject Ossiam to any registration requirements in these jurisdictions. This material may not be distributed, published, or reproduced, in whole or in part.