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## EcoBrief

### French trade balance in 2023: the deficit is narrowing, including in volume terms

**According to our estimate, the trade deficit (on trade in goods) stood at almost EUR 101 billion in 2023, down from 165 billion in 2022, but still up from 86 billion in 2021. This improvement is primarily due to the drop in oil prices and the return to normal of electricity exports and intermediate-good imports. The good news is that the trade balance is also improving in volume terms, albeit to a more limited extent and due to effects that are likely to be one-offs.**

Customs will publish the December 2023 trade balance on Wednesday 7 February, which will allow for an initial assessment of last year. The balance of trade in goods has improved: according to our estimate, the deficit was EUR 101 billion in 2023, compared to 165 billion in 2022. This significant improvement is mainly due to the reduction in the deficit on crude oil (from 80 to 55 billion) and refined oil (from 27 to 19 billion), and due to surplus electricity being produced once again (+4 billion in 2023, following on from -7.5 billion in 2022). The balance of trade in manufactured goods (excluding refined oil) has also improved by nearly EUR 20 billion (with a deficit falling from EUR -79 billion in 2022 to -59 billion in 2023).

This improvement in the deficit on manufactured goods has been confirmed by the national accounting data published with INSEE's preliminary GDP estimate for Q4 2023. The balance on manufactured goods (excluding refined oil products) has improved, in volume terms, with a deficit falling from EUR 60 billion in 2022 to 51 billion in 2023. This improvement is mainly due to the decrease in the deficit for the "other industrial products" category, which includes intermediate goods (chemicals, wood/paper, metallurgy and plastics/rubber). These sectors (in which France is in the red) benefited from unprecedented market conditions in 2022 (against a backdrop of shortages), with strong demand driving imports in 2022. In 2023, this demand broadly normalised, leading to imports falling back again and sectoral deficit returning to normal.

After a year when the trade deficit fell significantly, benefiting from many areas returning to normal (oil prices, electricity and intermediate goods), these favourable effects are not expected to be felt as much in 2024, which will limit the scope for any anticipated further improvement in the trade deficit this year.

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