

9th Edition

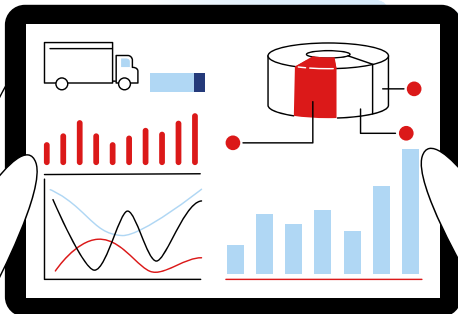
June 2026

CROSS
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By the
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BRITISH
Chamber

Barometer of Franco-British Economic Relations

2025: Resilience, Innovation and Shared Growth



In partnership with

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Foreword

*Olivier Campenon,
Chairman of the Cross-Channel Institute*

In a world shaped by geopolitical uncertainty, economic fragmentation and rapid technological transformation, the relationship between France and the United Kingdom remains both resilient and strategically important.

This 9th edition of the Barometer of Franco-British Economic Relations offers far more than a collection of statistics. It provides a unique insight into the strength and future potential of one of Europe's most significant bilateral economic partnerships. Behind every figure lies a story of businesses investing, innovating and adapting to a fast-changing global environment.

The figures confirm the remarkable solidity of Franco-British exchanges. With bilateral trade reaching €121 billion in 2025 — only marginally below the record €123 billion of 2024 — our two economies have demonstrated a deep interdependence that neither tariff turbulence nor market uncertainty has been able to erode. This near-record performance, sustained over three consecutive years, speaks to the structural strength of this relationship. This seems to be confirmed by the + 8% trade in goods for Q1 2026.

This edition also highlights emerging trends that will shape our future: artificial intelligence, defence cooperation, energy transition, life sciences and the growing importance of regional ecosystems across both countries.

I would particularly like to thank George Lagarias, Chief Economist and Azza Essaafi, Senior Manager Tech, Data & AI at Forvis Mazars as well as Chantana Sam, Economist at HSBC Continental Europe whose expertise brings depth and perspective to this publication. Their insights help transform data into meaningful strategic reflection.

Our sincere thanks also go to our partner Forvis Mazars for its support and commitment in 2026 to strengthening Franco-British economic dialogue.

I hope this Barometer will inspire business leaders, policymakers and investors to continue building ambitious partnerships across the Channel. At a time when Europe needs both resilience and innovation, the Franco-British relationship remains a powerful driver of opportunity and growth.

Enjoy your reading.

Notes and references

- 1 Data source is UK Office of National Statistics

Services

<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/datasets/uktradeinservicesservicetypebypartnercountrynonseasonallyadjusted>

Goods exports

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktradecountrybycommodityexports>

Goods imports

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktradecountrybycommodityimports>

Goods & Services

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktradegoodsandservicespublicationtables>

- 2 The latest data include trade between January 2025 and December 2025 as published by the ONS on 24 April 2026. Published data may be revised and updated as further data becomes available or when methods and systems are changed.
- 3 All figures are reported in current prices (not adjusted for inflation), unless otherwise stated.
- 4 Annual percentage change (%) is calculated on a nominal basis and is non-seasonally adjusted.
- 5 As this report is presented to a predominantly French audience, the methodology adopted converts UK trade data from pounds sterling (£) to euros (€) using the average annual exchange rate for the year as published by the European Central Bank (ECB).
https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-gbp.fr.html

AER	2019	2020	2021	2022	2023	2024	2025
GBP1 = EUR	1.13925	1.12397	1.16333	1.17266	1.14970	1.118117	1.16715
Variations		-1.3%	3.5%	0.8%	-2%	2.7%	-1.2%

- 6 Following a decade of relatively low inflation, in 2022 and 2023 the post-Covid economic recovery and energy crisis caused by Russia’s invasion of Ukraine have fed through to higher prices.

Moreover, trade statistics have seen high levels of volatility since the implementation of the UK-EU Trade and Cooperation Agreement (TCA), global supply chain disruptions (e.g. shortage of semi-conductors).

This makes it challenging to disentangle price/mix/volume effects on trade. As such, caution is needed when interpreting these data sources.

Headline and core inflation figures* are shown in the table below:

		2020	2021	2022	2023	2024	2025
UK	Headline	0.9	2.6	9	7.4	2.5	3.3
	Core	1.4	2.4	5.9	6.2	3.7	4.2
France	Headline	0.5	1.6	5.2	4.9	2	2.6
	Core	0.6	1.1	3.8	5.1	1.8	2.4

* Core inflation excludes food and energy prices

- 7 The ranking of UK total trade partners (page 23) and the Quarterly trade in goods data (page 30) is published and presented in pounds sterling (£).

8 Trade definitions:

- **UK imports** – Goods and services that were produced or sourced in the UK, which were sold to France (from the UK to France).
- **France exports** – Goods and services that were sold to the UK, which were produced or sourced in France (from France to the UK).
- **Total or ‘bilateral’ trade** – The value of total trade between France and the UK (imports plus exports).
- **Trade balance** – the difference between exports and imports, calculated by France exports minus UK imports.
- **Trade surplus** – the amount by which the value of a country’s exports exceeds the value of its imports.
- **Trade deficit** – the amount by which the value of a country’s imports exceeds the value of its exports.
- Statistics are given on a balance of payments (change of ownership) basis.

Evolution of Bilateral Trade

Bilateral trade



€121 = £103.8 Bn

Billion in 2025*

of goods and services in 2025.



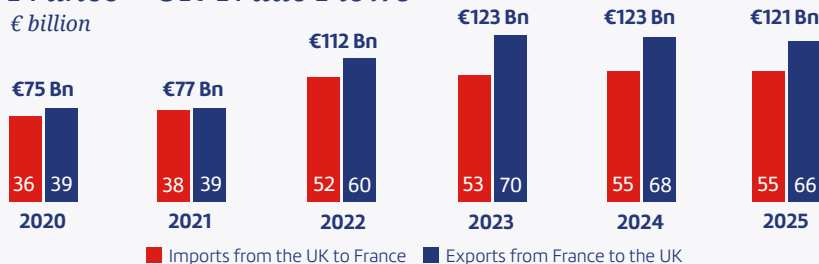
Imports from the UK
to France in 2025 (+1%)



Exports from France
to the UK in 2025 (-4%)

France – UK Trade Flows

€ billion



Bilateral trade between France and the UK remained broadly resilient in 2025, reaching around **€121 billion**, only **1.5% lower year on year** after a record **€123 billion in 2024**, confirming the structural strength of the Franco-British trading relationship.

Imports from the UK to France continued to expand, rising to approximately **€55 billion**, an increase of **around +1% year on year**, reflecting sustained UK competitiveness in selected goods and, above all, services.

By contrast, French exports to the UK softened to about **€66 billion**, down **around -3.5% compared with 2024**, following two years of exceptionally strong post-Covid recovery. As a result, France maintained a **positive trade balance of roughly €11 billion**, although this surplus narrowed by **around 21% year on year**, signalling a gradual erosion of France's relative advantage.

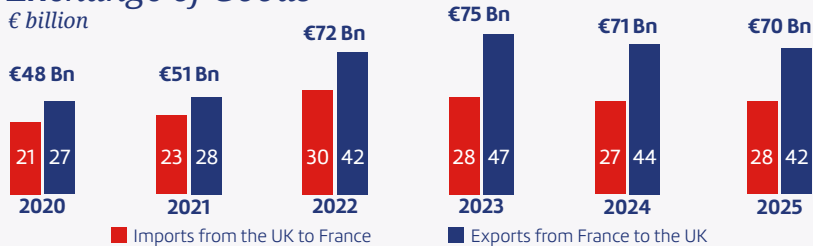
***Note:** Unless otherwise indicated, this report refers to percentage (%) increases on a "nominal" basis (i.e. without adjustment for the effects of inflation, exchange rates etc.).

2025: Exchange of Goods and Services



Exchange of Goods

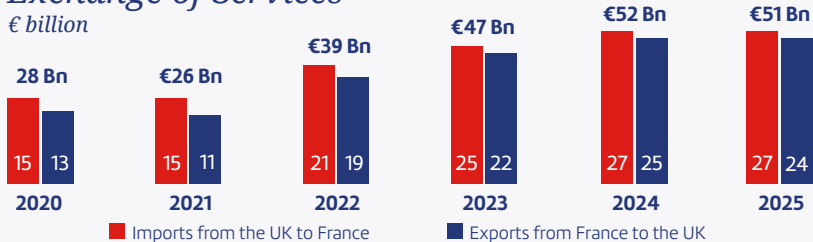
€ billion



The Exchange of Goods highlights an erosion of France's goods trade surplus. In 2025, total goods exchanges declined by -1.1%, with exports from France to the UK falling (-2.3%) compared with imports from the UK to France (+3.7%).

Exchange of Services

€ billion



2025 confirms a plateau in France-UK services trade: volumes remain historically high, the UK keeps a stable €3bn advantage.

2025: Main sectors of **trade in goods**



€70 Bn = £60.5 Bn

Trade in goods
in 2025

- 3%
versus 2024



Machinery and transport equipment
including aeronautics and automobiles.



€26.5 Bn
↓ -7%



Chemical products
of which pharmaceutical products,
cleaning products...



€12.6 Bn
↑ +17%



Miscellaneous manufactured articles
of which jewellery, clothing and
accessories, furniture...



€8.8 Bn
↓ -4%



Agriculture & Livestock
including cereals, fisheries,
dairy products...



€8 Bn
=



Material Manufactures
of which steel, iron, paper, leather...



€6.2 Bn
↓ -4%



Beverages & Tobacco



€2.8 Bn
↓ -34%



Energy
of which oil, electricity, gas...



€3.9 Bn
↑ +30%



Others
of which crude materials, animal and
vegetable oils and fats, miscellaneous...



€1.7 Bn
↑ +31%

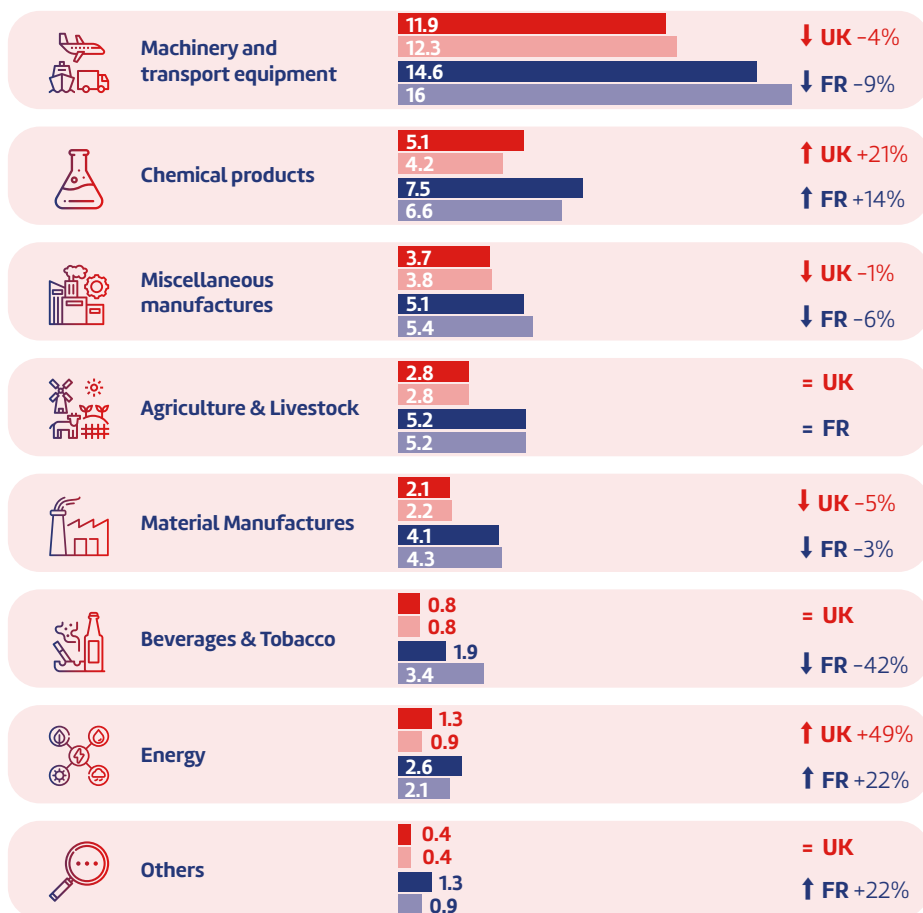
↑ Change from 2024

■ Imports from the UK to France (in € billions)
■ Exports from France to the UK (in € billions)

Evolution of trade in goods in 2024 and 2025

Exports from France to the UK declined by around 3%, driven mainly by lower exports of machinery and transport equipment (-9%), miscellaneous manufactures (-6%), material manufactures (-3%) and a sharp fall in beverages and tobacco (-42%). This was partly offset by strong growth in chemical products (+14%), energy (+22%) and other goods (+22%), while exports of agriculture and livestock remained stable.

Imports from the UK to France increased overall, supported by a sharp rise in energy imports (+49%) and chemical products (+21%). In contrast, imports of machinery and transport equipment fell by 4%, alongside declines in material manufactures (-5%) and miscellaneous manufactures (-1%), while agriculture and beverages remained broadly unchanged.



Imports from the UK to France (in € billions) ■ 2025 ■ 2024
 Exports from France to the UK (in € billions) ■ 2025 ■ 2024

2025: Main sectors of **trade in services**



€51 Bn =£43.3 Bn
 Trade in services
 in 2025
-2%
 versus 2024



Business services

including management consulting, legal services, accounting, advertising, R&D, etc.



€14.8 Bn

↑ +1%



Travel and tourism*

Including business travel and tourism



€11 Bn

↓ -13%



Financial services



€7.3 Bn

↓ -6%



Technology

including telecommunications and computer services



€4.9 Bn

=



Transport services

Maritime, air or rail



€4.1 Bn

↑ +4%



Intellectual property



€3.6 Bn

↑ +17%



Pensions and insurance



€2.2 Bn

↓ -5%



Miscellaneous

including manufacturing, maintenance & repair, construction, personal & recreational, and government services.



€3.7 Bn

↑ +47%

↑ Change from 2024

■ Imports from the UK to France (in € billions)

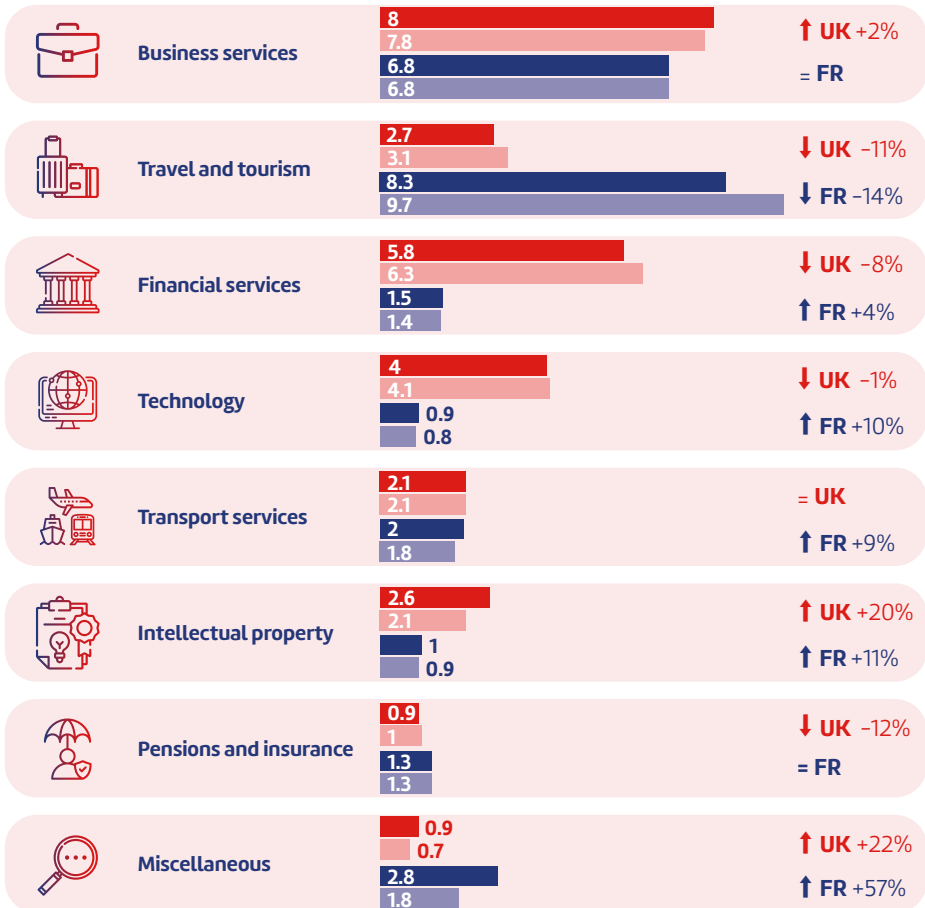
■ Exports from France to the UK (in € billions)

* Travel "receipts" or exports cover the goods and services (excluding international transport) that non-resident visitors acquire in France, including during day trips (border crossers, transit passengers, etc.) and for any reason (business, pleasure, secondments and posted work, international studies, medical care, second homes, etc.). Likewise, travel "payments" or imports cover purchases by French residents while abroad.

Evolution of trade in services in 2024 and 2025

Exports of services from France to the UK declined overall, mainly reflecting a sharp contraction in travel and tourism (-14%), which more than offset growth in technology services (+10%), transport services (+9%), intellectual property (+11%) and a strong increase in miscellaneous services (+57%). Exports of business services remained stable, while pensions and insurance showed no significant change.

Imports of services from the UK to France showed a mixed picture. Business services increased by 2%, intellectual property rose sharply (+20%), and miscellaneous services grew strongly (+22%). These increases were partially offset by declines in travel and tourism (-11%), financial services (-8%), technology (-1%) and pensions and insurance (-12%), while transport services remained broadly stable.



Data was suppressed for certain service export classifications (FR to UK) and included under Misc.

Imports from the UK to France (in € billions)
Exports from France to the UK (in € billions)

■ 2025 ■ 2024
■ 2025 ■ 2024

Sectors in surplus for France



Machinery and transport equipment

€ 26.5 Bn - 6.5%

Imports: € 11.9 Bn ↓ -4%

Exports: € 14.6 Bn ↓ -9%

Surplus: € 2.7 Bn ↓ -26%

At €26.5bn in 2025, Machinery & Transport Equipment remains the largest goods trading sector, despite a decline of -6.5% compared with €28.4bn in 2024. Imports edged down from €12.3bn to €11.9bn (-3.5%), while exports fell from €16bn to €14.6bn (-8.8%), leading to a sharp reduction in the trade balance from €3.7bn to €2.7bn (-26%).



Travel and Tourism*

€ 11 Bn - 13%

Imports: € 2.7 Bn ↓ -11%

Exports: € 8.3 Bn ↓ -14%

Surplus: € 5.6 Bn ↓ -16%

Totalling €11.1bn in 2025, down from €12.8bn in 2024 (-13.4%), Travel & Tourism shows the largest year-on-year decline among all sectors. Imports decreased from €3.1bn to €2.7bn (-10.6%), while exports fell more sharply from €9.7bn to €8.3bn (-14.4%), reducing the overall trade balance from €6.7bn to €5.6bn (-16%).



Chemicals and Pharmaceuticals

€ 12.6 Bn +17%

Imports: € 5.1 Bn ↑ +21%

Exports: € 7.6 Bn ↑ +14%

Surplus: € 2.5 Bn ↑ +2%

Chemical Products increased from €10.8bn in 2024 to €12.6bn in 2025 (+16.8%), making it the 2nd fastest-growing sector year on year among the top 7 sectors in surplus. Imports rose strongly from €4.2bn to €5.1bn (+21.2%), while exports increased from €6.6bn to €7.5bn (+13.9%). The trade balance improved slightly from €2.45bn to €2.49bn (+2%).



Agriculture and Livestock

€ 8 Bn =

Imports: € 2.8 Bn ↓ -0.2%

Exports: € 5.2 Bn ↑ +0.2%

Surplus: € 2.4 Bn ↑ +0.6%

Total trade in Agriculture & Livestock remained stable at around €8.1bn, with a 0% change between 2024 and 2025. Imports were broadly flat at €2.83bn (-0.2%), while exports increased marginally from €5.23bn to €5.24bn (+0.2%). The trade balance improved slightly from €2.4bn to €2.41bn (+1%).



Material manufactures

€ 6.2 Bn -4%

Imports: € 2.1 Bn ↓ -5%

Exports: € 4.2 Bn ↓ -3%

Surplus: € 2.1 Bn ↓ -2%

Material Manufactures declined from €6.47bn in 2024 to €6.22bn in 2025 (-3.8%). Imports decreased from €2.18bn to €2.08bn (-4.8%), while exports fell from €4.29bn to €4.14bn (-3.3%). The trade balance narrowed moderately from €2.1bn to €2.07bn (-2%).

↑ Change from 2024

- Imports from the UK to France (in € billions)
- Exports from France to the UK (in € billions)

* Travel "receipts" or exports cover the goods and services (excluding international transport) that non-resident visitors acquire in France, including during day trips (border crossers, transit passengers, etc.) and for any reason (business, pleasure, secondments and posted work, international studies, medical care, second homes, etc.). Likewise, travel "payments" or imports cover purchases by French residents while abroad.

Sectors in surplus for the UK



Business Services

€ 14.8 Bn + 1%

Imports: € 8 Bn ↑ + 2%

Exports: € 6.8 Bn =

Surplus: € 1.2 Bn ↑ + 19%

At €14.73bn in 2025, Business Services is the largest services category overall, increasing slightly from €14.54bn in 2024 (+1.3%). Imports rose from €7.79bn to €7.98bn (+2.5%), while exports remained stable at €6.75bn (0%). The UK surplus expanded from €1.04bn to €1.23bn (+18.7%).



Financial Services

€ 7.3 Bn - 6%

Imports: € 5.8 Bn ↓ - 8%

Exports: € 1.5 Bn ↑ + 4%

Surplus: € 4.3 Bn ↓ - 12%

Totalling €7.28bn in 2025, down slightly from €7.74bn in 2024 (-6%), Financial Services remains the largest UK-surplus services sector. Imports decreased from €6.32bn to €5.8bn (-8.2%), while exports increased modestly from €1.42bn to €1.48bn (+3.9%). The UK surplus narrowed slightly from €4.89bn to €4.32bn (-11.6%), but remained substantial.



Technology & Telecommunications

€ 4.9 Bn + 1%

Imports: € 4 Bn ↓ - 1%

Exports: € 0.9 Bn ↑ + 10%

Surplus: € 3.1 Bn ↓ - 4%

Total trade in technology services reached €4.92bn in 2025, up from €4.88bn in 2024 (+0.8%). Imports declined marginally from €4.07bn to €4.02bn (-1.1%), while exports increased from €0.82bn to €0.9bn (+10.3%). Despite this export growth, the UK surplus remained broadly stable at €3.12bn, compared with €3.25bn in 2024 (-3.9%).



Intellectual Property

€ 3.6 Bn + 17%

Imports: € 2.6 Bn ↑ + 20%

Exports: € 1 Bn ↑ + 11%

Surplus: € 1.6 Bn ↑ + 26%

Intellectual Property services increased from €3.02bn in 2024 to €3.54bn in 2025 (+17.2%), showing the strongest growth rate among UK-surplus services sectors. Imports rose from €2.15bn to €2.58bn (+19.8%), while exports grew from €0.87bn to €0.97bn (+10.7%). The UK surplus widened significantly from €1.28bn to €1.61bn (+26%).

↑ Change from 2024

■ Imports from the UK to France (in € billions)
■ Exports from France to the UK (in € billions)

Global analysis



Chantana SAM
Economist, HSBC Continental Europe



2025: Franco-British trade resilience amid tariffs and turbulence



Global trade has been surprisingly resilient in 2025, despite the turbulence created by US tariff policies. The sum of global imports and exports expanded by 7.3% in value terms, following a 4% rise in 2024. This rise needs to be put into context given the volatility of trade flows during the year. Rapidly evolving tariff measures triggered widespread frontloading of US imports, followed by payback, and some permanent shifts in trade flows. Another important feature has been the reconfiguration of trade flows in China, as the marked decline of exports to the US has been more than offset by an increase in exports to the rest of the world. Finally, the boom in AI capex has contributed to the resilience in global trade flows, especially in Asia thanks to the boost in demand for chips.

This story of trade resilience in 2025 also applies to France. The sum of global imports and exports expanded by 5.5% in value terms, following a slight drop in 2024 (-0.4%). French exports have been especially supported by a surge in shipments of aircraft (18.3%) and ships (8.7%), reflecting a ramp-up in production on the back of easing supply bottlenecks. Exports of pharmaceutical products (8.7%) have also been very dynamic, supported by the surge in demand for weight-loss drugs. In the other direction, imports have also materially increased for aircraft (24.6%) and for pharmaceutical products (14.4%), reflecting the fact that supply chains in both sectors are highly integrated.

In the end, the French goods trade deficit was reduced to EUR69.2bn in 2025 (EUR10bn lower than in 2024), even if a large part of the improvement reflected a drop in energy imports due to lower energy prices.

Franco-British bilateral trade remains near record highs

Franco-British trade of goods and services stood at €121bn in 2025, slightly lower compared to the record levels reached in the two previous years (€123bn for both). This modest decline reflected a moderate drop in exports from France to the UK, both for goods (-3.5%) and for services (-3.6%).



In detail, French exports of **aircraft** to the UK fell markedly in 2025 (-42.7%), contrasting with the dynamism of shipments to the rest of the world. Conversely, imports from the UK to France rose by 5.5% in that category. It may reflect the specific positions of both countries in the aircraft supply chain, with the UK being more specialised in the production of specific parts like wings and France having a more significant role in final assembly.



French exports of **cars** to the UK also declined (-16%) but imports from the UK to France dropped even more sharply (-28.7%). These trends may reflect the structural downtrend in the production of thermal cars and the challenges posed by the transition to electric cars.



In other categories, the sharp drop in French exports of **beverages** to the UK (-41.3%) was another standout. At a global level, French exports of wines and spirits have been under pressure due to protectionist policies in the US and China, and it may have led producers to cut prices to increase their market share in other countries.



Conversely, bilateral trade flows in **pharmaceutical products** have been strong in both directions, due to the surge in demand for weight-loss drugs. In that category, exports from France to the UK surged by 71.3% while imports from the UK to France jumped by 63.9%.



Bilateral trade flows also improved for **fuels**, with exports from France to the UK rising by 50.9% and imports to France from the UK rising by 23.7%. The latter was mainly led by crude oil, while the former was more driven by electricity.



Regarding **services**, the drop in French exports to the UK was led by travel and tourism receipts (down by 14%), reflecting probably a payback from the Paris Olympic Games in 2024.



Indications and expectations for 2026



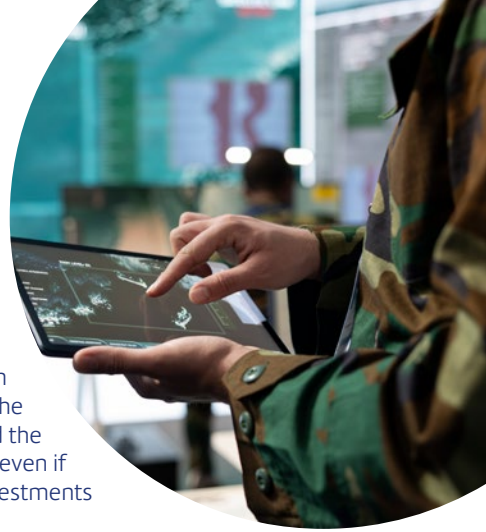
The resilience of global trade should clearly be tested in 2026. The conflict in the Middle East and the surge in prices for oil and natural gas (as well as various other commodities like fertilisers, aluminium, sulphur, and helium) has injected a significant level of uncertainty into the outlook for the rest of year. On top of that, the evolution of US tariffs remains a significant risk to monitor, especially after the decision of the US Supreme Court to invalidate the IEEPA (International Emergency Economic Powers Act) tariffs announced by the Trump administration, as the next steps remain unclear. There are doubts about the implementation of the various trade deals negotiated by the US, which means that a return of trade tensions cannot be excluded.



Under such an environment, French trade could be exposed on several fronts. First, the sharp rise in oil prices could weigh on demand for foreign travel and negatively impact French services exports. Second, exports in the aircraft sector, one of the main tailwinds of the French economy in 2025, could be hurt by renewed supply constraints and fresh doubts about the global demand for travel.

Bilateral Franco-British trade would be specifically impacted by a slowdown in the aircraft sector, given the high level of integration in supply chains. Conversely, Franco-British travel could show more resilience, given the geographical proximity between both countries.

More fundamentally, the current push to increase defence spending in Europe could be a factor of resilience for Franco-British trade. Indeed, France and the UK have both a strong expertise in the sector, and bilateral trade could benefit from a deeper defence cooperation between the UK and the EU.



The latest EY Attractiveness barometer indicated that even if overall foreign investments in Europe fell in 2025, defence was one of the few sectors that bucked the trend, alongside AI and low-carbon energy. France and the UK held again the top two positions in this barometer, even if both have seen a decline in the number of foreign investments in 2025 (respectively -17% and -14%).

So far, latest data have not signalled a significant weakening in Franco-British trade in 2026. On the contrary, it has started the year on a positive note as exports from France to the UK rose by 8% q-o-q in the first quarter, while imports from the UK to France increased by 12%. Of course, it is too early to draw strong conclusions as the current conflict in the Middle East only started in late February.





George Lagarias
Chief Economist, Director, Forvis Mazars Economics Hub
Forvis Mazars Financial Planning UK

2025–2026: an increasingly challenging backdrop, but resilient data

As we were entering 2025, the global economy was already under pressure. The previous global geoeconomic order was cracking as increasing debt and worsening demographics put an onus on societies, which in turn began to seek less systemic solutions. 2025 and 2026 saw the consequence of a world where countries, even allies, began to compete harder for growth. In 2025, the world’s biggest economy launched a rare global trade war. In 2026, the war between the US and Iran culminated in an unprecedented multi-month closure of the Strait of Hormuz, blocking global trade.

Yet, despite these extremely challenging circumstances, manufacturing remained resilient and global trade conditions did not materially deteriorate. The average monthly international trade balance volume in the 12 months to March 2026 was +4.4%, above the long-term average of 3%. Our own Forvis Mazars Global Trade Model suggests trade acceleration since October 2025. To be fair, the numbers don’t quite capture the Hormuz disruption, but the overall trend is a positive one.

Global manufacturing data has also been fairly resilient, with PMIs suggesting consistent (but not accelerating) expansion since August 2025. Manufacturing has benefited from two main tailwinds: trade war pre-stocking and breakneck capital expenditure in technology, and especially artificial intelligence. These two trends have mostly benefited the US and China. In the US, especially, domestic manufacturing also improved, as firms sought to diversify away from foreign exporters to avoid tariffs.



Trade from the UK to France

Trade from the UK to France held up better than the headline goods numbers suggest, with UK imports into France rising around 1% to roughly €55bn even as total goods exchanges contracted by 1.1%. Beneath that resilience, the three sectors of interest tell sharply divergent stories.



Metals and material manufacturers (steel, iron and related products) softened. UK imports into France fell 4.8%, from €2.18bn to €2.08bn, broadly tracking the wider sector's 3.8% decline to €6.2bn. The numbers are consistent with reduced European industrial demand and weaker construction activity through the year.



Autos were the weakest link, by far. Within machinery and transport equipment, still the largest goods category at €26.5bn, UK car imports into France fell sharply by 28.7%, outpacing even the 16% drop in French car exports the other way. The contraction reflects, of course, the structural decline of non-electric car production and the transition to electric vehicles. Aircraft moved in the opposite direction, with UK imports up 5.5%, a reminder that the cross-Channel aerospace supply chain (UK wings, French final assembly) remains deeply integrated.



Pharmaceuticals, on the other hand, outperformed. UK imports into France jumped 63.9%, lifting the broader chemicals category by 21% to €5.1bn. The surge owes much to soaring demand for weight-loss drugs (GLP-1s).

In aggregate, the UK-to-France picture is one of pharmaceutical strength offsetting cyclical and structural weakness in metals and autos, a composition shift that leaves the relationship more vulnerable and increasingly dependent on a single, demand-driven sector.



Our 2026 and beyond outlook: challenges but also opportunities

The UK is sensitive to weakening global trade conditions. To be sure, economic, manufacturing and trade resilience has indeed been remarkable. A year into the US trade war, several weeks into the Hormuz disruption and with inflation lurking, yet global consumption patterns have not shifted materially.

The question in everyone's mind is whether this state of affairs is sustainable. Our Forvis Mazars 3D framework (Debt–Disruption–Deregulation) suggests that these pressures are structural in nature and not cyclical. This is good, not bad news. It means that companies are realising that we are living in a more complex world and increasing their resilience.

The larger issue, however, is the weak international backdrop. Already, global supply chains have been disrupted to levels observed only during the Global Financial Crisis of 2008 and near the onset of global lockdowns. This should have a shorter, at least, impact on trade. Given that trade had picked up due to pre-tariff re-stocking and AI-driven capital expenditure, one could surmise that trade resilience is temporary. Our view is more nuanced.

Hormuz to normalise?

For Hormuz, our base case is that repercussions will last well into 2026, but also that the matter will be resolved before they spill over into 2027.



Less US tariffs?

While the trade war can still eventually hit trade, we are also observing significant impediments to the US President's trade agenda. The US Supreme Court struck down the IEEPA (International Emergency Powers Act) Tariffs. The immediate reaction (Section 122 emergency tariffs) was also struck down, in principle, by the US trade court. If Section 122 tariffs are left to expire after July, the average US tariff rate would fall from a peak of nearly 20% to near 8%. This is still more than 3-4 times higher than the previous average, but it is also a number that many international firms can work with. Higher inflation is a disincentive for higher tariffs. If they were still to be imposed, the likelihood is that they would be done so at a product level. This could hit certain product lines but likely not significantly alter aggregate trade flows, which is good news for the US economy. As for capital expenditure driving international manufacturing, we feel that the trend is not cyclical but secular. We feel that this investment drive could stretch out into the next few years, and certainly well into the foreseeable future, which should add to international manufacturing and trade tailwinds.



UK Forecast : How is the UK expected to fare in this environment?

Consensus, and our own estimates, bring UK GDP growth for 2026 to +0.8%, with average annual inflation near 3.3%. Manufacturing production is expected to be weak, around 0.4%, and unemployment should hover around the 5%-5.3% mark. Estimates suggest a one-in-three probability of a recession in 2026 (or two-in-three that the UK avoids one). The central bank is likely to wait for the fog of war from Hormuz to clear before proceeding with rate decisions.

Opportunities and risks

Artificial Intelligence remains the x-factor. It can improve growth and productivity, but it could also increase unemployment and social friction, challenging policymakers. The backdrop remains a challenging one, to be sure. We are, however, encouraged by the improving relationship between the UK and the EU, which could reduce trade friction and improve growth and productivity. Our risks focus more on the deterioration in the Middle East, or longer-term closure of the Hormuz Strait, as well as on a change in the less negative outlook for the US trade war.



Foreign direct investment in 2025

Foreign Direct Investment (FDI) reflects the capacity of an economy to attract international companies willing to establish or expand longterm activities such as factories, offices, research centers or service hubs. As such, it provides a clear and widely used indicator of a country's overall attractiveness and economic positioning in a global context.

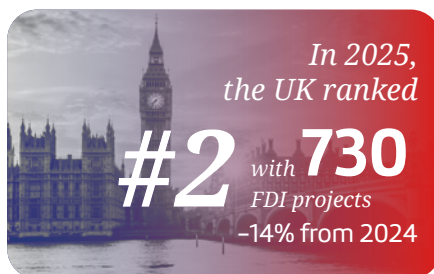
The year 2025 comes after a particularly challenging period for global investment. Worldwide FDI declined sharply in 2024, affected by geopolitical tensions, higher interest rates and increased uncertainty for international businesses. Europe was among the most impacted regions, experiencing a significant slowdown in investment flows and heightened competition between countries to secure strategic projects.

Against this backdrop, France and the United Kingdom remained the two leading destinations for foreign investment in Europe. France ranked first in Europe by number of projects in 2025, attracting a large volume of investments despite a noticeable decline compared with the previous year. Importantly, job creation associated with these projects proved relatively resilient, confirming the continued appeal of France for productive and operational investments.

The United Kingdom ranked second in Europe in terms of project numbers but stood out as the leading country for FDI related job creation. Although fewer projects were recorded, investments in the UK tended to be larger on average, resulting in a higher employment impact. This reflects the country's continued strength in highvalue activities and its ability to attract sizeable international operations.

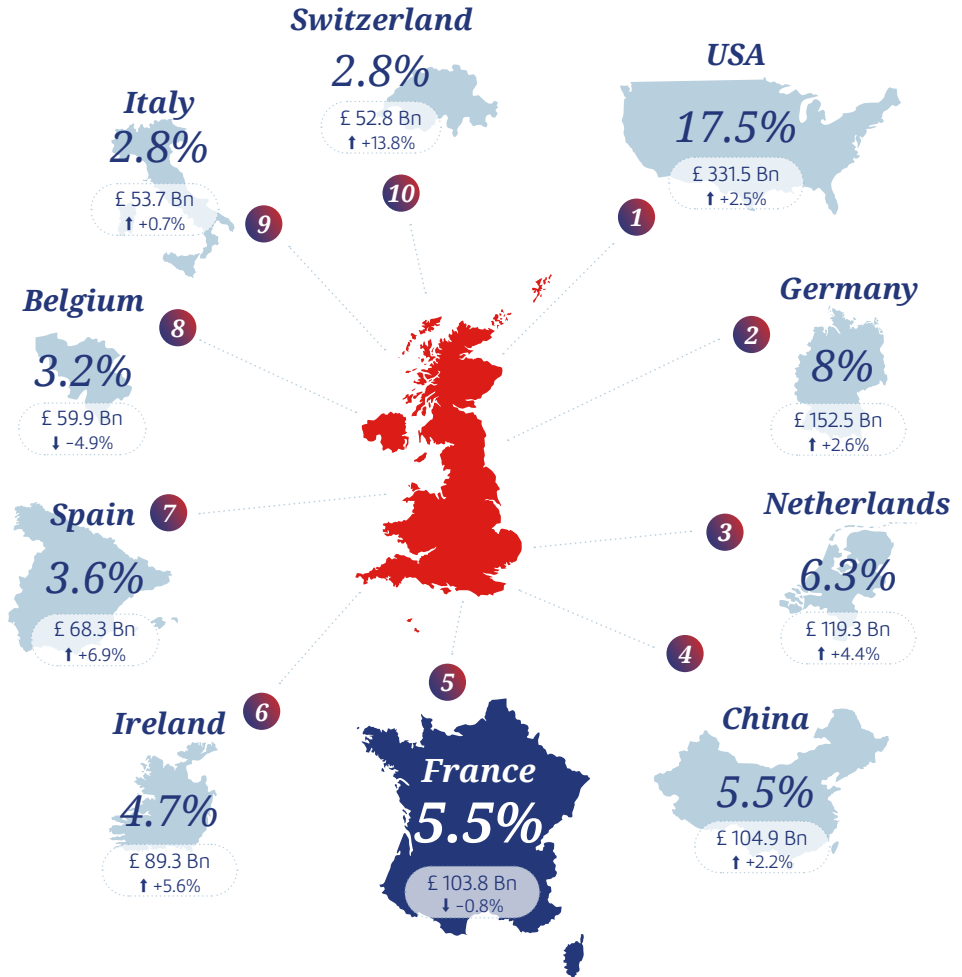
The data highlights a clear complementarity between the two economies. France attracts a broad range of projects across manufacturing, logistics, energy and technology, supported by a strong industrial base and a diversified regional ecosystem. The United Kingdom, by contrast, captures a higher share of headquarters functions, financial services and advanced business services, with projects that are fewer in number but more job intensive.

Looking ahead, investment conditions are expected to remain demanding in the short term. Nevertheless, business sentiment indicates sustained interest in both countries, particularly in future oriented sectors such as technology, digital services and the energy transition. This resilience confirms the structural importance of the Franco-British investment relationship, even in a more uncertain global environment.



France, a key global trading partner

Ranking of United Kingdom's trading partners in 2025



#5

France is the UK's 5th largest trading partner and accounts for 5.5% of UK's total trade.

↑ Change from 2024



A closer look at **Northern Ireland**

Northern Ireland – Life & Health Sciences Overview

France and Northern Ireland share a strong and growing economic relationship.

In 2025, 55 French-owned businesses operated in Northern Ireland, employing more than 5,500 people across companies including Thales, AXA, Sodexo and BNP Paribas.

Northern Ireland offers a compelling location for French companies looking to grow internationally. Key advantages include a highly skilled workforce, competitive operating costs, world-class research and education.

Uniquely, Northern Ireland provides dual market access to both Great Britain and the European Union, enabling frictionless movement of goods. Making Northern Ireland an attractive base for companies developing, manufacturing and exporting products.

The Life & Health Sciences sector is particularly well positioned to benefit from this proposition. Simultaneously, Northern Ireland companies are well placed to support the French market with innovative, export-ready solutions. The sector currently exports to over 140 countries and is actively seeking new partnerships in France.

A globally recognised, collaborative sector

The Life and Health Sciences Sector in Northern Ireland is innovative, collaborative and internationally recognised. It spans drug development, digital health and AI, diagnostics, genomics, medtech and advanced manufacturing.

The sector includes 250 companies employing approximately 18,000 people. Queen's University Belfast and Ulster University are ranked in the UK's top 10 for bioscience research and have produced a strong pipeline of successful spin-outs.

Investment continues to strengthen the sector. The £55 million Future Medicines Institute is advancing precision medicine, supported by collaboration with both universities. Industry-academia partnership is further enabled through the Health Innovation Research Alliance Northern Ireland (HIRANI), the region's health and life sciences cluster organisation, which connects industry, academia, health and government to drive innovation and collaboration. The region is also benefitting from a package of government investment of £1.3m from UK City and Growth Deals with over £300m of this dedicated to Life and Health Sciences.



In addition, the UK Medicines and Healthcare products Regulatory Agency (MHRA) recently announced a new hub in Belfast, providing organisations access to regulatory expertise across healthcare, medtech and life sciences.¹

Innovation with global impact

Northern Ireland combines world-class science with advanced manufacturing capability. Companies are developing diagnostics, medical devices and pharmaceutical products for global markets.

Established firms such as **Randox** and **Almac** demonstrate the impact of sustained investment in R&D, skills and manufacturing excellence. Alongside them, a new generation of companies is delivering cutting-edge innovation:

Re-Vana Therapeutics is developing biodegradable eye implants and injectable gels that deliver medicines over extended periods, with the potential to transform patient care.

Cirdan designs and delivers diagnostic imaging and laboratory informatics software deployed in over 200 clinical laboratories and hospitals worldwide, and is advancing innovation through investment in AI- and photonics-enabled platforms.

Axial3D has developed a cloud-based platform enabling clinicians to visualise patient data in 3D, improving surgical planning and outcomes.

Diaceutics provides a precision medicine platform that enables secure collaboration on diagnostics to ensure patients receive the most effective treatments.

These examples highlight the depth of innovation and capability within Northern Ireland.

Partnering with Northern Ireland

Invest Northern Ireland is the region's economic development agency. Based in the British Embassy in Paris alongside the UK Department for Business and Trade, we support French companies to source products and services from Northern Ireland, and to establish and grow operations in the region.

¹<https://www.gov.uk/government/news/mhra-supports-northern-ireland-life-sciences-sector-with-new-hub>



Contact us

For further information on Invest N. Ireland, please feel free to contact the Regional Director France : Kelly-Marie Nolan, kelly-marie.nolan@investni.com

And also check out our website : www.investni.com

A closer look at **Scotland**

Scotland Meets France in NewSpace

Did you know that Scotland is the N° 1 manufacturer of small satellites in Europe and that Scotland is about to carry out its first NewSpace launch?

Scotland is a serious contender in the NewSpace arena. New Space refers to a modern, commercially driven space economy characterised by the entry of private companies, innovative technologies, and new business models that make space activities more accessible and market oriented. NewSpace is a big shift away from traditional Space programmes lasting years and requiring very significant public funds. It requires rapid innovation, agility, a willingness to take risks and support from private investors.

Where Scotland differs from France is that Scotland does not have a history of traditional space programmes. It is therefore easier for Scotland to hit the ground running as products and services are being developed with this new model in mind. What makes Scotland so interesting is that due to its geographical location it is also well positioned to launch from Scotland. While France has a world-renowned launch site that site is not on mainland France but 7,000 km away in French Guyana. The first launch out of Scotland is due to happen imminently from the SaxaVord Space port on the Shetland Islands. There are plans in the pipeline for two other space ports in various stages of development. Scottish also boasts two launcher companies and the spaceport has already had commitment from an international player to launch.

It is estimated that there are over 180 Scottish companies working on space propositions across manufacture, launch and data. There are several companies providing hardware and software solutions for the supply chain, others supplying services. On the downstream side (space applications) there are over 35 companies in the earth observation, navigation, positioning and timing and satellite communications.

A lot of these companies have grown organically out of Scottish universities. With 19 higher education institutions Scotland has the highest concentration of universities in Europe. Add to this support from Space Scotland, the industry led group developing the space sector, innovation centres and the Scottish Government.



Scotland is already leading the way in small satellites. What is clear is that Scotland has an end-to-end space proposition for putting satellites into orbit and solutions for bringing the all-important data back down and analysing it for a multitude of critical sectors; Precision Agriculture, Maritime & Shipping, Security & Defence, Environmental & Climate etc.

France has been a space power for a long time and is one of the biggest contributors to ESA. The transition from traditional space to NewSpace however has been a difficult one for France; a totally different model requiring an important mindset change. France is fast realizing that to accelerate growth they also need to work with third parties. Another driving force is world events; opportunities are multiplying particularly in the area of security and defence as it is clear that there is an urgent need to scale companies rapidly to ensure European security. The environment is also an opportunity for Scotland to partner with French bodies on world programmes such as the French National Space Agency's Space for Climate Observatory programme (SCO), where companies work together across borders to tackle world climate issues via earth observation.

Where 'sovereignty' used mean France when employed by the French it is now used more and more to mean 'Europe', a positive message to companies in this geography. Scotland and France also share many of the same challenges; training new talent, raising awareness around the importance of space amongst the general public, risk management etc. It should be noted one of the 12 key proposals cited by the Alliance du New Space* is to *"Establish more international intergovernmental partnerships that translate into accessible commercial opportunities"*.

France is known for its mature sectors. New Space, however, is a developing sector for France. There is a very evident win win; Scotland's A to Z capability and France's need to accelerate the development of the NewSpace sector.

* Alliance representing French NewSpace stakeholders.

Contact us

For further information on doing business with Scotland, please feel free to contact Sonda d'Alton, Senior Trade Specialist, Scottish Development International France:
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Check out our website : **www.sdi.co.uk**



A closer look at **Wales**

Powering the Future: Franco-Welsh Collaboration in Clean Energy

France and Wales share a strong and growing economic partnership. More than 85 French companies operate in Wales across sectors including advanced manufacturing, aerospace, life sciences and renewable energy. Major French businesses with a presence in Wales include Airbus, EDF Power Solutions, ENGIE, Thales, Safran, and Ipsen, reflecting confidence in Wales as a competitive, and globally connected place to invest.

Why French companies choose Wales

French businesses continue to invest in Wales because of its stable, supportive business environment, strong government backing for economic growth and access to tailored business support. Close collaboration with universities and colleges, targeted skills programmes and practical recruitment support also help companies attract, develop and retain the talent they need to grow.

Wales as a key player in the net zero transition

Wales is investing heavily in the transition to net zero, with the transition to a more energy-secure future focused on utilising its natural resources: with 1,200km of rugged coastline providing high energy wind and wave climate, and the second highest tidal range in the world, Wales is home to rich renewable energy resources.

The Celtic Sea as a hub for offshore innovation

Wales is playing a central role in developing the Celtic Sea (the body of water connecting Wales, Brittany, Ireland and southwest England) as a major hub for offshore renewable energy. French companies are helping to shape this opportunity. In 2025/26, two French-backed projects secured seabed agreements for floating offshore wind developments in the Celtic Sea. The 1.5GW Gwynt Glas Floating Offshore Wind Farm project is a joint venture between EDF Power Solutions and ESB. Meanwhile, Ocean Winds, a joint venture between ENGIE and EDP, has secured development rights for another 1.5GW floating offshore wind project in the Celtic Sea. These projects highlight the scale of opportunity for Franco-Welsh collaboration in the clean energy transition.



Harnessing tidal power for long-term energy security

Like France, Wales is investing in harnessing the power of the tides and waves to create energy - Welsh waters have the potential to generate up to 9GW of tidal range energy and at least 1GW of tidal stream capacity. Projects such as Morlais Tidal Energy Scheme demonstrate Wales' ambition to harness its marine resources to drive innovation, investment and long-term energy resilience. Currently, the demonstration zone has five companies who have been awarded Contracts for Difference for nine projects to deliver over 52MW. Morlais is the UK's largest consented tidal energy demonstration site and has the ability to deliver up to 240MW of electricity. The first devices expected to be operational by 2027.



Shared ambitions: Celtic partnership with Brittany

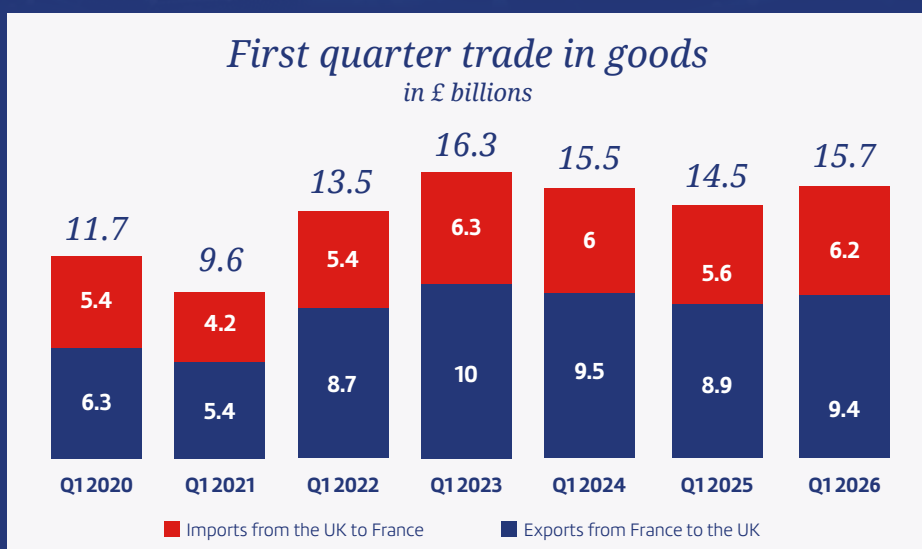
Pivotal to Wales' relationship with France is Brittany. Wales has a longstanding partnership with Brittany, rooted in shared Celtic heritage and underpinned today with a programme of cooperation. Organisations in Wales and Brittany are working together on a common ambition to combine the strengths of their ecosystems to accelerate marine energy development in the Celtic Sea.

Contact us

For further information on doing business in Wales please feel free to contact Scarlett Butler and Alannah Davies based in the Welsh Government office in France: france@wales.com

Discover more about doing Business in Wales : www.tradeandinvest.wales

Q1 2026: +8.3 % Trade in goods rebounds, driven by higher imports and exports



Note : Trade in goods increased in the first quarter of 2026 compared with Q1 2025, rising from €14.5bn to €15.7bn. This improvement reflects higher exports from France to the UK, which increased from €8.9bn to €9.4bn, alongside a stronger rise in imports from the UK to France, up from €5.6bn to €6.2bn. The data points to a broadbased recovery in bilateral goods trade at the start of 2026, following the slowdown observed in the previous year.

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is a publication of the Cross-Channel Institute,
the think-tank of the Franco-British Chamber.

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