

Sectors most affected by the lasting impacts of the health crisis are likely to represent about 9% of value added

Since lockdown restrictions were lifted, the resumption of activity has been mixed. Some sectors were soon almost back to their pre-crisis level, but in others the effects appear to be longer-lasting, given their degree of exposure to the restrictive health measures. These sectors, notably passenger transport, accommodation-catering and cultural activities, are expected to represent around 9% of value added. The difficulties they have experienced are likely to have repercussions on employment, a phenomenon already visible in the employment data for Q2: about 220,000 jobs were lost in these sectors compared to Q4 2019, although the reduction in the workforce remains proportionally smaller than the decline in their activity.

Passenger transport, aeronautics, accommodation-catering and cultural activities are among the worst affected sectors

After the collapse of economic activity in France in March and then April 2020, the recovery that began as soon as lockdown was lifted and which continued throughout Q3 revealed a dichotomy between sectors where activity was quickly back almost to its pre-crisis level and others which, on the contrary, were penalised in the much longer term (*Graph 1*). These sectors¹ are associated mainly with service activities – passenger transport (rail and air), accommodation-catering, sports and cultural activities – and to a lesser extent with industrial activity (rail construction and aeronautics). In 2018, these activities represented about 9% of value added in the French economy, with 1% in aeronautics, 4% in transport services, 3% in accommodation-catering and 1% in cultural and sports activities (*Table 1*). All in all, they are the equivalent of 13% of payroll employment, or about 3.3 million people at the end of 2019.

These sectors already account for a large proportion of the loss of activity in the French economy

The sectors that are potentially suffering the longest-lasting effects as a result of the health crisis already represented a significant share of the loss of activity in the French economy when lockdown was introduced (*Graph 2*). In April, their activity was on average about 48% below the pre-crisis level, accounting for around 15% of the total loss of activity.

After the lifting of lockdown in May, activity recovered quickly in most sectors. However, the worst affected sectors picked up only very slightly during the summer: in July, their activity remained 25% below the pre-crisis level, or one third of the total loss of activity. In September, while most of the other sectors would appear to have continued to progress towards their pre-crisis level, the sectors suffering lasting effects appear to account for almost half of the loss of activity in the French economy.

1. Sectors affected in the long term that are considered in this Focus were selected on the basis of *Graph 1*, retaining those where the loss of activity in September looks set to be more than 15% of their pre-crisis level (Q4 2019).

1 - Change in loss of activity estimated in April and forecast in December by sector



Note: the threshold of -15% of activity in September, shown by a dotted line, was used as a selection criterion for sectors impacted in the long term. The size of the circles representing the sectors with long-term impacts is proportional to their contribution to value added. How to read it: activity in the catering branch was -68% in April compared to its pre-crisis level, and should increase to -17% in September. Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations

Table - Characteristics of sectors affected in the long term

in %

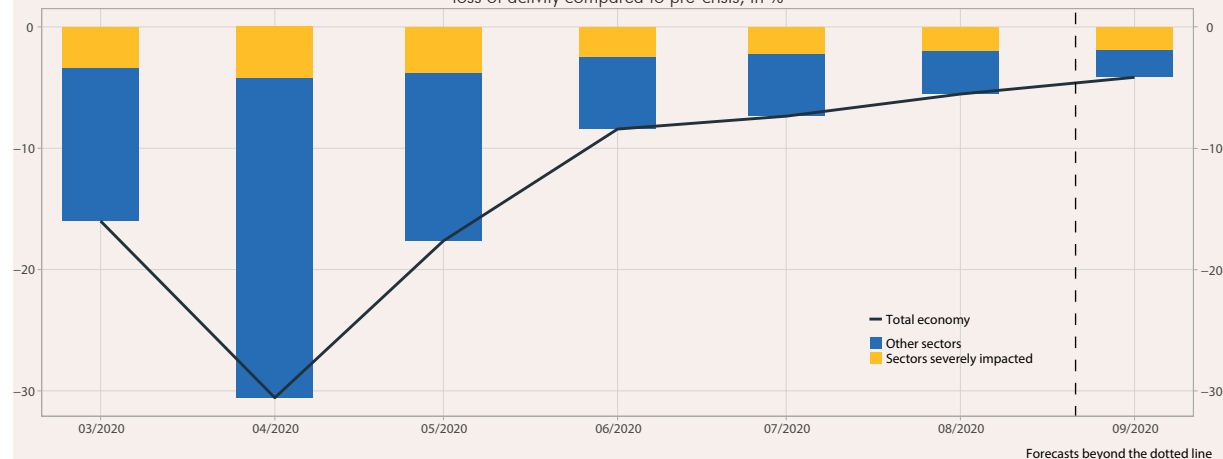
Branches/Products (A88)	Weight in VA	Loss activity April	Loss activity August	Loss activity September
Manufacture of other transport equipment	0.8	-45	-21	-17
Land and pipeline transport	2.2	-33	-21	-17
Air transport	0.3	-48	-27	-29
Warehousing and services incidental to transportation	1.5	-36	-21	-18
Accommodation	0.7	-68	-26	-41
Catering	2.2	-68	-17	-17
Film production and related activities	0.4	-47	-48	-48
Programming and Dissemination	0.2	-24	-25	-20
Travel agency and related activities	0.1	-82	-55	-39
Creative, artistic and entertainment activities	0.1	-35	-23	-16
Sporting, recreational and leisure activities	0.2	-51	-24	-18
Sectors most affected	8.7	-48	-22	-21
Others sectors	91.3	-29	-4	-3
Total Economic	100	-31	-6	-4

How to read it: all in all, the most severely affected sectors represent 8.7% of value added and their activity was 22% below their pre-crisis level in August. Among these sectors, air transport represents 0.3% of value added and its activity declined by 27% in August compared to its pre-crisis level.

Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations

2 - Loss of economic activity and contribution of sectors worst affected in the long term

loss of activity compared to pre-crisis, in %



How to read it: in September, the loss of activity in the French economy is expected to be 4%. The sectors impacted in the long term account for about 45% of this loss, or a little under 2%.

Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations

In contrast, some sectors appear to be winners, at least in the short term, with a higher level of activity than before the crisis: this is the case, for example, for the pharmaceutical industry, information services, telecommunications and retail trade. These sectors represent a significant share of the economy – about 8% of total value added; however, the extent of their additional activity is likely to remain low in view of the losses sustained by the most severely affected sectors.

The decline in employment between the end of 2019 and Q2 2020 was highly concentrated in the sectors affected in the long term

Between Q4 2019 and Q2 2020, more than 700,000 payroll employment jobs were lost (*Employment Sheet*). Almost a third of these losses were concentrated in the sectors suffering long-term effects, or 220,000 jobs, although they represent only 13% of payroll employment. These sectors more often used the short-time working scheme. 45% of short-time working hours were targeted on sectors where the effects were far-reaching. The decline in the workforce measured in these sectors in H1 2020, a little below 7% compared to Q4 2020, thus remains lower than the deterioration in their activity, which stands at about 30%. ■

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