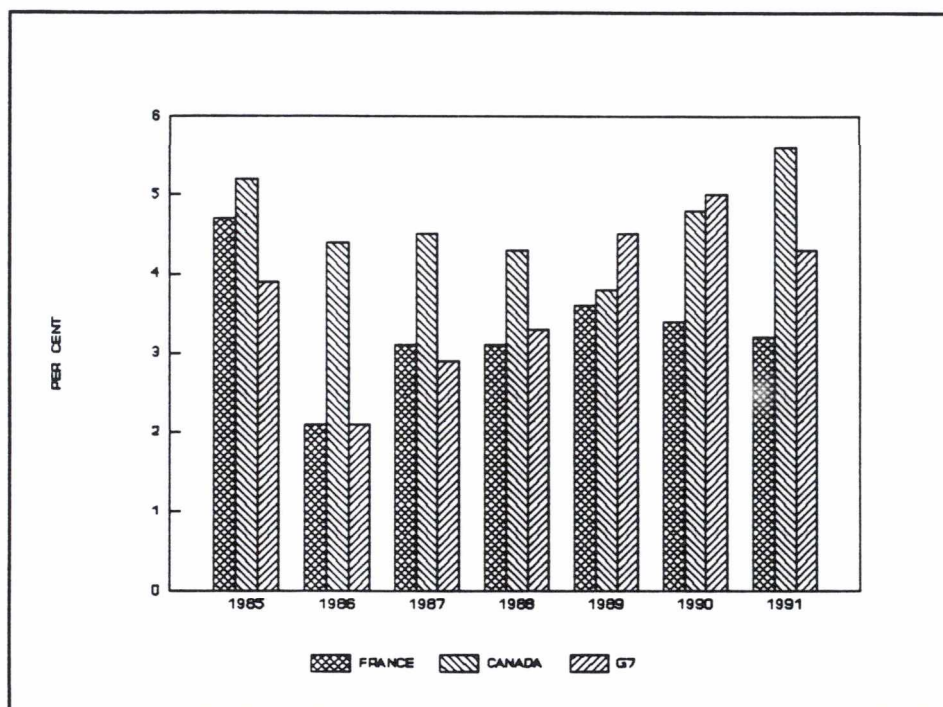


of the service industry continued to grow at a relatively high rate (4.3%), whereas the Agri-food sector was affected by the slowdown (1%).

France kept its major advantage, a moderate inflation rate, close to 3% for the sixth consecutive year. Prices in France have remained reasonable due to the slower rate of salary increase and the decrease in price for energy and industrial raw materials. Since the month of June and for the first time since 1973, the rate of price increases in France has been continuously lower, by over one percentage point, than in Germany. Consequently, France's performance in terms of inflation is the best among the G7 nations.

*FRANCE, CANADA AND G7 COUNTRIES
Consumer Prices in %*



The significant slowdown in employment, which started in the middle of 1990, became even more pronounced, thus contributing to an important rise in unemployment. Only 37,000 jobs were created, compared with an average of 213,000 in the three previous years. The service industry remained the only sector to create jobs, more than compensating for the net losses in industry. After three years of decrease, the number of unemployed workers rose by 235,000 to a total of 2.4 million at the end of December, 9.8% of the active population. As indicated in the following chart, France's unemployment rate remains higher than the average unemployment rate among its principal trading partners and one of the highest among the G7 nations.

Due to the deteriorating job market, the fight against unemployment remains the Government's top priority. The policy of employment assistance has intensified, with a focus on creating new jobs through tax incentives, improving training for the unemployed and rehabilitation of the most underprivileged, especially young people without training and those unemployed for over one year. In addition, the French government is attempting to create closer ties between education and the business world by improving the existing system of apprenticeship.