

## **Luxury, Identity, and Economic Power:** *Rethinking France's Export Strategy*

By Maria Diana Calara

### **Abstract**

This paper examines how France's luxury prominence should be understood within a broader export economy marked by uneven manufacturing competitiveness. Although France is widely associated with high-end sectors such as fashion, wines and spirits, and cosmetics, existing scholarship tends to separate the historical foundations of luxury, the competitiveness of premium exports, and the decline of manufacturing. I argue that France's luxury prominence is best understood as the product of historical cultural capital, firm-level strategy, and selective state support rather than a singular, coherent state-led export strategy. The paper first reviews three bodies of scholarship: historical studies of luxury, empirical work on luxury exports and global value chains, and research on industrial decline. This paper then examines the issue empirically by assessing the relative significance of luxury within France's export structure, distinguishing between state support and firm-led success, and comparing France with Italy across key export indicators. The findings show that luxury-related sectors occupy a meaningful but not all-encompassing place within France's export economy. French luxury benefits from selective public reinforcement, but much of its global strength depends on firm-level organization and the commercialization of historical prestige. The comparison with Italy further shows that France's luxury prominence is concentrated rather than universal, reinforcing the argument that French luxury is

best understood as a specialized area of high-value competitiveness and symbolic visibility within a broader and more uneven export economy.

Keywords: France; luxury goods; export strategy; comparative advantage; global value chains; industrial decline; political economy; Italy

### **Acknowledgements**

I would like to thank Dr. Colin Chia for his teaching and guidance in POLI 344, which provided the foundation for this research. I also extend my appreciation to the *On Politics* editorial team for their thoughtful feedback and guidance throughout the revision process. Finally, I would like to thank my family for their continued support throughout my academic journey.

## 1. Introduction

France is recognized as a global hub for luxury production; it is home to fashion houses Hermès, Chanel, Dior, Louis Vuitton, and includes high-value cultural goods such as Cognac (i.e., a type of brandy produced in Charente and Charente-Maritime departments in France) and fine wines. These high-value products earn remarkable export margins and are seen as national symbols of craftsmanship and identity; however, France's industrial structure has been declining, especially when it comes to other strong manufacturing sectors such as automotive and aerospace. Automotive production has been impaired by offshoring<sup>1</sup> and aerospace competitiveness increasingly depends on regional integration<sup>2</sup>. For reference, offshoring refers to the relocation of production to either affiliated or non-affiliated companies in foreign locations<sup>3</sup>. Industrial policymaking in France has also been characterized by institutional fragmentation, including conflicts between ministries and multi-level coordination failures, as well as structural weaknesses from policy capture and inconsistent strategic direction<sup>4</sup>. The combination of flourishing luxury markets and eroding manufacturing poses a question for the international political economy: how should France's luxury prominence be understood within a broader export economy in which manufacturing remains significant but unevenly competitive? This question is important for three reasons: (1) France's luxury goods sectors combine culture,

---

<sup>1</sup> Raphaël Chiappini, "Offshoring and Export Performance in the European Automotive Industry," *Competition & Change* 16, no. 4 (2012): 334.

<sup>2</sup> Fabien Candau and Serge Rey, "The Effect of the Euro on Aeronautic Trade: A French Regional Analysis," *Economic Modelling* 41 (2014): 355.

<sup>3</sup> Bernhard Dachs, Bernd Ebersberger, Steffen Kinkel, and Bruno R. Waser, "Offshoring of Production – A European Perspective," *Bulletin* no. 2 (2006): 2.

<sup>4</sup> Samuel Klebaner and Anaïs Voy-Gillis, "The Political Economy of French Industrial Policymaking," *Review of Evolutionary Political Economy* 4, no. 1 (2023): 55.

identity, and strategy, showing that comparative advantage can also be shaped by historically accumulated reputation, symbolic value, and high-value market positioning; (2) the contrast between strong premium exports and the declining industrial performance highlights broader structural shifts within advanced capitalist economies; and (3) observing France's export strategies offers insight into how states maneuver through globalization, offshoring production, and domestic industry decline, contributing to debates on global value chains – the cross-border organization of production – as well as market competitiveness, and economic prestige. In this paper, “luxury” refers to a heterogeneous set of export sectors including the fashion industry, wines and spirits, cosmetics, and other premium branded products associated with French heritage, reputation, and high value-added production. This category is not treated as a unitary industry, but as a cluster of sectors linked by premium positioning, symbolic value, and export performance.

In this paper, I argue that France's luxury dominance reflects a combination of historical cultural capital, firm-level strategies, and selective state support, rather than a singular, coherent state-led export strategy. Existing scholarship remains divided: empirical studies explain the competitiveness of luxury exports, historical scholarship explains the cultural foundations of French luxury, and research on industrial decline focuses on manufacturing sectors such as automobiles and aerospace without relating them to luxury. This separation leaves unresolved the broader political significance of luxury within France's export strategy.

To address this gap, the paper proceeds in two stages: a literature review and then an empirical analysis. The literature review groups three bodies of scholarship. The first group looks at the historical and cultural foundations because it is

important to provide initial context about French luxury to understand the argument's basis. This background analysis shows how luxury, morality, political economy, and national identity formed before the global markets did today.<sup>5</sup> The second group analyzes competitiveness in luxury exports and France's overall position in global value chains. This includes empirical works in Cognac and wine,<sup>6</sup> brand equity,<sup>7</sup> corruption in luxury consumption,<sup>8</sup> geographical indications and the politics of gastronationalism – the cultural and political salience of regional food products in trade negotiations;<sup>9</sup> high-end European comparative advantage;<sup>10</sup> and global commodity chains.<sup>11</sup> Lastly, the third group of scholarship looks at France's industrial decline, industrial policy, and export systems. Such scholarship includes offshoring production in the automotive sector,<sup>12</sup> the effect of the euro in

---

<sup>5</sup> Walter Eltis and Shelagh M. Eltis, "The French Debate on the Morality and the Political Economy of Luxury: From Boisguilbert to Quesnay," in *Economic Development and Social Change*, ed. Y. Stathakis and G. Vaggi (London: Routledge, 2006), 218–49; Jeremy Jennings, "The Debate about Luxury in Eighteenth- and Nineteenth-Century French Political Thought," *Journal of the History of Ideas* 68, no. 1 (2007): 79–105; Aida Ramos, "Luxury, Crisis, and Consumption: Sir James Steuart and the Eighteenth-Century Luxury Debate," *History of Economics Review*, no. 53 (2011): 55–72; John Shovlin, "Commerce, Finance, and the Luxury Debate," in *The Political Economy of Virtue* (Ithaca, NY: Cornell University Press, 2006), 13–48.

<sup>6</sup> Antoine Bouët, Charlotte Emlinger, and Viola Lamani, "What Determines Exports of Luxury Products? The Case of Cognac," *Journal of Wine Economics* 12, no. 1 (2017): 37–58; Charlotte Emlinger and Viola Lamani. "International Trade, Quality Sorting and Trade Costs: The Case of Cognac." *Review of World Economics* 156, no. 3 (2020): 579–609.

<sup>7</sup> Amanda J. Blair et al., "Assessing Brand Equity in the Luxury Wine Market by Exploiting Tastemaker Scores," *Journal of Product & Brand Management* 26, no. 5 (2017): 447–52.

<sup>8</sup> Reza Tajaddini and Hassan F. Gholipour, "Control of Corruption and Luxury Goods Consumption," *Kyklos* 71 (2018): 613–41.

<sup>9</sup> Martijn Huysmans, "Exporting Protection: EU Trade Agreements, Geographical Indications, and Gastronationalism," *Review of International Political Economy* 29, no. 3 (2022): 979–1005.

<sup>10</sup> Valérie Duchateau, Jeannot Rasolofoarison, and Romain Sautard, "Do High-End Goods Represent a Comparative Advantage for Europe?" *Trésor-Economics*, no. 118 (September 2013).

<sup>11</sup> Jennifer Bair, "Global Capitalism and Commodity Chains: Looking Back, Going Forward," *Competition & Change* 9, no. 2 (2005): 153–80.

<sup>12</sup> Chiappini, "Offshoring and Export Performance," 323–42.

aerospace,<sup>13</sup> structural policymaking weaknesses,<sup>14</sup> industrial transition challenges,<sup>15</sup> and the internationalization strategies of French firms.<sup>16</sup>

Each group offers meaningful insights; however, these insights also have limitations. Historical studies explain how luxury industries became significant, but do not show how they relate to contemporary export strategies. The empirical studies highlight the strength and performance of luxury exports but do not account for the broader decline of manufacturing in other sectors. Industrial policy research explains this manufacturing decline but ignores the luxury products. Taken together, these gaps suggest that current scholarship does not examine the political significance of luxury exports within France's broader export strategy.

Subsequent to the literature review, the empirical section analyzes data about France's exports relative to the broader export economy. This analysis includes three subsections: one evaluating the relative significance of luxury goods within France's export structure; one distinguishing between state support and firm-led success in shaping the global position of French luxury; and one placing France in comparative perspective with Italy across key export indicators. Together, these sections show that luxury goods are best understood as a concentrated area of high-value specialization and symbolic visibility within a broader and more uneven export economy.

---

<sup>13</sup> Candau and Rey, "The Effect of the Euro," 345–55.

<sup>14</sup> Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking," 49–74.

<sup>15</sup> Bob Hancké and Jasper Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry," in *Is Electromobility Made in Europe Still Possible?*, ed. Béla Galgóczi (Brussels: ETUI, 2025), 95–112.

<sup>16</sup> Grégoire de Warren, "The International Strategies of France's Business Sector," *Trésor-Economics*, no. 267 (September 24, 2020).

## 2. Literature Review

### 2.1. Historical Foundations: Luxury as Moral Economy, Social Order, and Statecraft in France

The term *statecraft* is used in this sub-section's title to refer to the strategic use of economic and cultural tools by France to establish authority, structure social order, and maintain national power. Across historical literature, luxury in France emerged as a political, moral, and economic framework which created debates about social hierarchy, national identity, and state governance. Scholars such as Eltis and Eltis; Jennings; Ramos; and Shovlin consistently show that the French elites used luxury to identify and judge the health of the state. For example, how French citizens consumed luxury goods was a signal of problems between virtue and excess, productive work versus wasteful spending, and national strength versus moral decline.<sup>17</sup> Instead of the general assumption that luxury is merely an economic phenomenon, these scholarly works put luxury within a "moral economy" in which consumerism either secured or undermined the social order. Across this literature, luxury's perceived excess was associated with economic strain and political anxiety.<sup>18</sup> However, luxury was also tied to France's cultural supremacy: refinement, taste, and artisanal experience were markers of national

---

<sup>17</sup> Walter Eltis and Shelagh M. Eltis, "The French Debate on the Morality and the Political Economy of Luxury: From Boisguilbert to Quesnay," in *Economic Development and Social Change*, ed. Y. Stathakis and G. Vaggi (London: Routledge, 2006), 201; Jeremy Jennings, "The Debate about Luxury in Eighteenth- and Nineteenth-Century French Political Thought," *Journal of the History of Ideas* 68, no. 1 (2007): 95; Aida Ramos, "Luxury, Crisis, and Consumption: Sir James Steuart and the Eighteenth-Century Luxury Debate," *History of Economics Review*, no. 53 (2011): 59; John Shovlin, "Commerce, Finance, and the Luxury Debate," in *The Political Economy of Virtue: Luxury, Patriotism, and the Origins of the French Revolution* (Ithaca, NY: Cornell University Press, 2006), 14.

<sup>18</sup> Eltis and Eltis, "The French Debate on the Morality and the Political Economy of Luxury," 224; Jennings, "The Debate about Luxury," 90; Ramos, "Luxury, Crisis, and Consumption," 65.

prestige and soft power.<sup>19</sup> This duality of luxury being a threat to material stability and also a symbol of cultural authority shows luxury's significance in French political thought.

A major theme across these works is the interdependence of luxury and governance. For example, luxury was not viewed as a private matter of consumers' preferences, but important to the state which shaped foreign trade, demographic patterns, and a balance of power against rival empires.<sup>20</sup> French elites believed luxury consumption had political effects: it shaped people's behaviour and values, removed workers from agricultural production, and overall weakened the state's financial and military strength.<sup>21</sup> These effects were more intense relative to Great Britain, where their ideology was more positive as they saw luxury for economic support in trade, creativity, and industries.<sup>22</sup> In contrast, both Jennings and Shovlin agreed that the French blamed their lost wars and lower geopolitical standing on moral and economic weakness tied to luxury.<sup>23</sup>

Another shared theme in this literature is that luxury operated as a system of social ordering instead of solely expensive items. In turn, this arrangement created visible social hierarchies that showed who belonged to the elite class and who did not. Eltis and Eltis, and Ramos, show that luxury was a political language: displays of taste communicated loyalty, proximity to power, and entitlement, while the rules

---

<sup>19</sup> Shovlin, "Commerce, Finance, and the Luxury Debate," 48.

<sup>20</sup> Eltis and Eltis, "The French Debate on the Morality and the Political Economy of Luxury"; Jennings, "The Debate about Luxury"; Ramos, "Luxury, Crisis, and Consumption"; Shovlin, "Commerce, Finance, and the Luxury Debate."

<sup>21</sup> Jennings, "The Debate about Luxury," 81, 85; Shovlin, "Commerce, Finance, and the Luxury Debate," 18.

<sup>22</sup> Jennings, "The Debate about Luxury," 97.

<sup>23</sup> Jennings, "The Debate about Luxury," 92; Shovlin, "Commerce, Finance, and the Luxury Debate," 46–47.

for luxury access (i.e., taxation, regulation, or court rules) supported the state's role with reinforcing further inequality.<sup>24</sup> Therefore, instead of luxury as an economic category, these works frame it as a tool in governance through which elites organized society, stabilized hierarchy, and embedded power within daily life.

Despite the shared themes thus far, these historical analyses do not explain why modern France appears to promote luxury industries as a major export sector. They highlight the cultural and ideological bases of French luxury but do not fully address how these foundations shape modern economic policy or the state's support for luxury conglomerates. Thus, while historical perspectives provide essential foundations, they cannot alone account for why and how France transformed luxury from a moral and social dilemma to contemporary economic strength.

## **2.2. Competitiveness and Global Value Chains: Luxury as High-End Export Strategy**

From an empirical trade analysis – meaning studies that measure export performance, trade costs, competitiveness – and global value chain perspective, scholars (i.e., Bouët, Emlinger, and Lamani; Duchateau, Rasolofoarison, and Sautard; Emlinger and Lamani) position luxury exports as a set of economic processes that involve reputation support, improving products' quality, using place-based branding, and overall situating French goods at the top of global markets.<sup>25</sup> So rather than competing based on cost, France's luxury goods sectors function within premium market segments that shape comparative advantage with

---

<sup>24</sup> Eltis and Eltis, "The French Debate on the Morality and the Political Economy of Luxury"; Ramos, "Luxury, Crisis, and Consumption."

<sup>25</sup> Bouët et al., "What Determines Exports of Luxury Products?"; Duchateau et al., "Do High-End Goods Represent a Comparative Advantage for Europe?"; Emlinger and Lamani, "International Trade, Quality Sorting and Trade Costs."

high entry barriers, quality certification, and brand prestige.<sup>26</sup> Duchateau et al. further illustrate that high-end goods create trade surpluses even with BRICS (Brazil, Russia, India, China, and South Africa) countries –markets in which France otherwise runs account deficits – suggesting that luxury exports remain a structurally competitive sector with limited foreign competition.<sup>27</sup>

Across this literature, scholars (i.e., Bouët et al., Emlinger and Lamani) argue that France’s competitiveness in luxury markets rests on premium quality and reputation rather than price-based competition. Evidence from wine and spirits shows that luxury exports benefit from “quality sorting” in which trade costs, distance, and tariffs favour high-end goods, allowing French producers to get more value in export markets.<sup>28</sup> Cognac provides a particularly strong example within this literature. Emlinger and Lamani treat Cognac explicitly as a luxury product and show that its quality designations are objectively differentiated by ageing and perceived as distinct by foreign consumers, making it an especially useful case for analyzing the relationship between trade costs and quality mix.<sup>29</sup> Their findings further suggest that greater distance increases the share of higher-quality Cognac exports, reinforcing the broader argument that French wines and spirits compete through premium positioning rather than price alone.<sup>30</sup> Bouët, Emlinger, and Lamani likewise show that Cognac exports became a booming sector of the French economy, with more than 95 percent of production exported annually and shipment values exceeding €2 billion by 2013, underscoring the international importance of

---

<sup>26</sup> Ibid.

<sup>27</sup> Duchateau et al., “Do High-End Goods Represent a Comparative Advantage for Europe,” 1.

<sup>28</sup> Bouët et al., “What Determines Exports of Luxury Products,” 2; Emlinger and Lamani, “International Trade, Quality Sorting and Trade Costs,” 600.

<sup>29</sup> Emlinger and Lamani, “International Trade, Quality Sorting and Trade Costs,” 581.

<sup>30</sup> Ibid., 581, 592.

this premium spirits sector.<sup>31</sup> In this framework, quality sorting refers to high-productivity firms displacing lower-quality competitors and consolidating premium positioning. Complementing this empirical trade perspective, separate scholarship on brand equity and geographical indications (i.e., Blair, Atanasova, Pitt, Chan, and Wallstrom; Huysmans) shows that origin labels and cultural reputation generate price premiums by transforming symbolic value into economic returns.<sup>32</sup> Therefore, France's comparative advantage in luxury is not merely production-based; it is symbolically embedded in heritage.

Additionally, the role of global value chain positioning is a common theme. High-end sectors allow France to maintain control over high-value nodes like design, branding, and marketing even when production is dispersed internationally.<sup>33</sup> The ability to retain control over high-value functions such as design, branding, and marketing distinguishes luxury production from mass manufacturing, where France has experienced declining competitiveness, specifically in the automobile sector discussed later in this paper. Luxury operates in value chains where scarcity, craftsmanship, and symbolic capital determine economic outcomes. Studies on corruption and luxury consumption further illustrate that these goods behave differently from other basic commodities; for example, demand is shaped by social signalling and quality of governance systems instead of income or prices.<sup>34</sup> Together, this scholarship suggests that luxury

---

<sup>31</sup> Bouët et al., "What Determines Exports of Luxury Products," 38.

<sup>32</sup> Blair et al., "Assessing Brand Equity"; Huysmans, "Exporting Protection," 980–82.

<sup>33</sup> Bair, "Global Capitalism and Commodity Chains," 168; Duchateau et al., "Do High-End Goods Represent a Comparative Advantage for Europe."

<sup>34</sup> Tajaddini and Gholipour, "Control of Corruption," 614, 620.

functions as a highly competitive export sector shaped by cultural reputation, origin-based value, and control over high-value nodes in global markets.<sup>35</sup>

Even though these works explain how French luxury firms succeed abroad, they do not account for why France elevates luxury to the forefront of export strategies. The literature focuses on competitiveness specific to the sector; however, it does not explore how luxury became a national economic priority in the context of other sector-decline or changing global manufacturing processes. Therefore, scholars such as Bair; Bouët et al.; Duchateau et al.; and Huysmans clarify how luxury competes internationally, but not exactly why France continues to depend on it as an important factor in exports.<sup>36</sup>

### **2.3. Industrial Decline, Structural Constraints, and the Limits of France's Export Model**

Across the literature about France's manufacturing decline, a shared theme is that the weakening of industrial sectors does not come from temporary shocks; instead, it is from structural pressures which alter how French firms compete on the global scale. Scholars such as Candau and Rey, Chiappini, Hancké and Kanitz, Klebaner and Voy-Gillis, and de Warren note that globalized production networks, institutional limits on economic policy, and fragmented industry governance all

---

<sup>35</sup> Bouët et al., "What Determines Exports of Luxury Products"; Blair et al., "Assessing Brand Equity"; Duchateau et al., "Do High-End Goods Represent a Comparative Advantage for Europe"; Emlinger and Lamani, "International Trade, Quality Sorting and Trade Costs"; Huysmans, "Exporting Protection."

<sup>36</sup> Bair, "Global Capitalism and Commodity Chains"; Bouët et al., "What Determines Exports of Luxury Products"; Duchateau et al., "Do High-End Goods Represent a Comparative Advantage for Europe"; Huysmans, "Exporting Protection."

undermine France's ability to sustain the manufacturing sectors at a competitive level.<sup>37</sup>

For example, a key theme in the literature is the displacement of domestic production within global value chains. In the automotive sector, competitive pressures in mid-range vehicles have encouraged firms to offshore assembly and component production – that is, to relocate final stages of vehicle manufacturing to lower-cost foreign locations – contributing to the long-term deindustrialization of France's domestic automotive base and its declining export performance.<sup>38</sup> A similar dynamic appears in firms' strategies on a broader scale: large French firms expand internationally to remain competitive in the market, often prioritizing foreign investment and globalized production structures over national industrial development.<sup>39</sup> These works present a model where firms integrate into global markets successfully, but at the cost of national manufacturing capacity.

Candau and Rey, and Klebaner and Voy-Gillis, also highlight that structural constraints on France's overall industrial capacity are traced to the combined effects of eurozone integration, weakened industrial policy, and disruptive technological shifts.<sup>40</sup> The loss of exchange rate autonomy with the euro limits France's ability to protect export manufacturing from international cost pressures, which in turn, reduces the macroeconomic tools needed and available to remain

---

<sup>37</sup> Candau and Rey, "The Effect of the Euro"; Chiappini, "Offshoring and Export Performance"; Hancké and Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry"; Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking"; de Warren, "The International Strategies".

<sup>38</sup> Chiappini, "Offshoring and Export Performance," 334-38; Hancké and Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry," 95.

<sup>39</sup> de Warren, "The International Strategies," 1.

<sup>40</sup> Candau and Rey, "The Effect of the Euro"; Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking."

competitive.<sup>41</sup> Institutionally, industrial policy has continually been fragmented. Instead of organized, long-term focused strategies, France relies on broad horizontal measures that favour short-term financial profit<sup>42</sup>. By focusing on short-term gains, firms are exposed to constant global competition which limits France's implementation of effective frameworks to counter overall structural decline.

Simultaneously, the industrial decline is uneven across other sections. Candau and Rey show that even though France's trade balance has deteriorated since the 1990s, a handful of sectors such as luxury goods and aerospace continue to generate trade surpluses<sup>43</sup>. Aerospace, specifically, has remained a solid and growing positive trade balance despite economic crises, which suggest that it depends on highly specialized capabilities instead of broad industrial strength<sup>44</sup>. This point reinforces the broader literature's idea in which France's industrial base is not declining all around but is becoming narrow as competitiveness is concentrated in few high-value sectors. In addition to the aerospace industry, Candau and Rey argue that the competitiveness is linked to European integration<sup>45</sup>. For this reason, France participates in cross-national production systems in Airbus where technological capabilities and export performance depend on cohesiveness across European Union (EU) partners. This dependence on coordinated structures illustrates how France's industrial strengths operate within EU-level production networks where supranational coordination increasingly shapes competitiveness (a pattern common across high-tech sectors).

---

<sup>41</sup> Candau and Rey, "The Effect of the Euro," 350.

<sup>42</sup> Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking," 50.

<sup>43</sup> Candau and Rey, "The Effect of the Euro," 345.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid., 348–49.

The shift toward electrification in the automobile sector further reveals weaknesses in French industrial competitiveness. Electrification reorganizes the value chain around batteries, power electronics, and software components (which are dominated by countries with concrete technological advantages), while France comes in with relatively weak domestic capability.<sup>46</sup> Scholars, such as Chiappini; Hancké and Kanitz; and Klebaner and Voy-Gillis, note that this technological reconfiguration removes some domestic interests that resisted reform historically, but it also reinforces France's reliance on foreign suppliers for the technology.<sup>47</sup> Simply, the shift to electric vehicles creates a paradox: France's government gains room to rethink industrial strategies as old ones weaken, but they lose autonomy because rising value chains are now controlled outside the country.<sup>48</sup>

Together, these scholarly works frame France's manufacturing decline as the outcome of globalization, institutional rigidity, and weakened state intervention, not just lower competitiveness. Although, the current literature does not account for why France elevates luxury as an alternative for a strategic export sector, especially in the midst of industrial erosion. Furthermore, the literature does not examine what fills the economic void created by industrial decline, or how luxury products function as national comparative advantage within the broader political economy.<sup>49</sup> Therefore, the following step is to move beyond the literature review and examine

---

<sup>46</sup> Hancké and Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry," 95, 103; Chiappini, "Offshoring and Export Performance," 331, 334.

<sup>47</sup> Chiappini, "Offshoring and Export Performance"; Hancké and Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry"; Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking."

<sup>48</sup> Candau and Rey, "The Effect of the Euro"; de Warren, "The International Strategies."

<sup>49</sup> Candau and Rey, "The Effect of the Euro"; Chiappini, "Offshoring and Export Performance"; Hancké and Kanitz, "The Role of Industrial Policy in the Transition of the French Automotive Industry"; Klebaner and Voy-Gillis, "The Political Economy of French Industrial Policymaking"; de Warren, "The International Strategies."

whether France's luxury prominence is empirically significant within its export structure, whether it reflects state strategy or primarily firm-level strength, and whether this pattern appears unusual in comparison with similar economies such as Italy.

### **3. Empirical Context: Luxury, Manufacturing, and the Question of Strategy**

The literature reviewed above suggests that luxury occupies an important place in France's export profile, but it does not clearly establish how significant that place is relative to the broader export economy, nor whether luxury's prominence should be attributed primarily to state strategy, firm-level strategy, or a combination of both. To address these gaps, this section examines three issues. First, it considers the relative weight of luxury products within France's export structure. Second, the international strength of French luxury is further analyzed to determine if that strength reflects direct state support or is better understood as the outcome of firm-led strategies rooted in reputation, branding, and historical prestige. Third, this section places France in comparative perspective by using Italy as a brief comparative study, a country that also combines strong manufacturing with globally competitive premium sectors. Together, these empirical observations help clarify whether France's luxury prominence reflects a particular national strategy or a broader pattern within advanced European political economies.

#### **3.1. The Relative Significance of Luxury in France's Export Structure**

Any claim that France meaningfully relies on luxury exports must first be grounded in the broader composition of its export economy. Although France is strongly associated with luxury in global markets, this reputation does not by itself demonstrate how large or economically central luxury-related sectors are relative to

manufacturing exports more broadly. Examining the relative significance of luxury within France's export structure therefore helps distinguish between symbolic prominence and measurable economic weight.

At the sectoral level, French premium exports are not merely symbolically prominent but also economically measurable. Evidence from the champagne industry provides one useful historical illustration: France exported €1.87 billion of champagne to 176 countries in 2005, demonstrating the broad international reach of at least one major French high-end export sector.<sup>50</sup> Champagne is also an analytically useful case because it functions as both a single appellation and a trade classification, with relatively stable quality characteristics compared to more subdivided French wine regions such as Bordeaux and Burgundy.<sup>51</sup> Firm-level evidence from the same sector further shows that higher quality increases prices, the probability of export-market entry, and export values.<sup>52</sup> In this sense, premium French exports derive part of their strength from observable trade advantages rather than from reputation alone. As discussed in the literature review sub-section titled *Competitiveness and Global Value Chains: Luxury as High-End Export Strategy*, similar dynamics also appear in Cognac. Emlinger and Lamani's findings show that Cognac's quality grades are defined according to the age of the youngest eau-de-vie (a category of brandy that is unaged) used in the blend and correspond to different perceived qualities on export markets.<sup>53</sup> Their analysis further highlights that distance increases the share of higher-quality Cognac exports<sup>54</sup>,

---

<sup>50</sup> Matthieu Crozet, Keith Head, and Thierry Mayer, "Quality Sorting and Trade: Firm-Level Evidence for French Wine," *The Review of Economic Studies* 79, no. 2 (April 2012): 619

<sup>51</sup> *Ibid.*, 616–617.

<sup>52</sup> *Ibid.*, 622.

<sup>53</sup> Emlinger and Lamani, "International Trade, Quality Sorting and Trade Costs," 589.

<sup>54</sup> *Ibid.*, 590, 592.

suggesting that premium differentiation structures the international performance of French spirits in ways similar to champagne and other high-end goods.

This broader pattern is not limited to champagne alone. Research based on world trade-flow data finds that high-quality French goods are relatively less sensitive to distance and more sensitive to the income level of destination countries, suggesting that premium French products benefit from wider geographic reach and stronger demand in wealthier markets.<sup>55</sup> The economic significance of French premium sectors also extends beyond wines and spirits. Citing a 2016 report from the Institut Français de la Mode (IFM), Frans and Aryani report that France's fashion sector generated €150 billion in annual sales, €37.5 billion in value added to French GDP, and contributed 670,000 jobs, suggesting that fashion, too, forms part of the broader cluster of high-value sectors associated with French luxury.<sup>56</sup> The same discussion also notes that, in 2016, this sector generated more sales than the country's aerospace and automobile industries, reinforcing the extent to which premium sectors occupy a prominent place within the broader French economy.<sup>57</sup> Additionally, the fashion industry contributed €21.2 billion in indirect value added and 277,000 jobs in other sectors such as real estate, legal services, architecture, transportation, and the chemical industry.<sup>58</sup> In 2022, this overall high-end sector had a turnover (i.e., the total amount of sales made over a given period) of €154 billion and contributed 615,000 direct and indirect jobs ranging from fashion design to digital marketing.<sup>59</sup>

---

<sup>55</sup> Bouët et al., "What Determines Exports of Luxury Products," 40.

<sup>56</sup> Riris Parada Elisa Frans and Maria Indira Aryani, "The Influences of Fashion as a Soft Power Towards France's Economic Growth," *WIMAYA* 1, no. 02 (2023): 36–37

<sup>57</sup> *Ibid.*, 36.

<sup>58</sup> *Ibid.*, 37.

<sup>59</sup> Atout France, "France – the Undisputed Benchmark for Fashion, Luxury Goods, Perfume and Cosmetics," (January 23, 2025).

Taken together, these examples suggest that luxury-related exports occupy a meaningful, but not all-encompassing, place within France's broader export economy. Their importance lies not only in aggregate value, but also in their ability to command price premiums, access distant markets, and reinforce France's reputation for high-end production. Luxury, therefore, appears less as a replacement for manufacturing than as a concentrated area of competitive strength within a more diversified export structure. In this sense, the significance of luxury lies in the combination of economic value and symbolic visibility that makes it disproportionately prominent in how France is represented in global markets.

### 3.2. **State Support or Firm-Led Success?**

The international prominence of French luxury should not automatically be interpreted as evidence of a unified state-led export strategy. A central question is whether this prominence reflects direct state support, firm-level strategy, or the longer historical advantages of French prestige and reputation. Distinguishing among these possibilities is important because what appears to be a national economic strategy may instead reflect the organizational strength of firms, the symbolic value attached to French origin, and historically accumulated cultural capital. This subsection, therefore, evaluates the relative roles of the state and firms in shaping the global position of French luxury.

On one hand, French luxury does benefit from selective forms of public support and institutional reinforcement. Recent official material highlights several examples, including the Living Heritage Company label created by the French State to recognize firms with exceptional artisanal savoir-faire (i.e., specialized craft "know-how"), state support for apprenticeships in traditional luxury crafts,

and the Comité Stratégique de Filière Mode & Luxe (“The Strategic Committee for the Fashion and Luxury Industry”), a government-piloted body designed to maintain the competitiveness of the fashion and luxury goods sector.<sup>60</sup> More broadly, these initiatives show that the state contributes to the preservation of artisanal skills, the training of new workers, and the coordination of sectoral strategy in the face of international competition. This official framing also appears in public rhetoric: in 2022, President Emmanuel Macron described fashion as France’s leading export sector and emphasized the economic importance of luxury crafts and related employment.<sup>61</sup> In this sense, French luxury is supported not through a single centralized export plan, but through a selective institutional framework that helps preserve reputation, transmission of skills, and global competitiveness.

On the other hand, much of French luxury’s global strength appears to stem from firm-level organization and strategy rather than from direct state planning alone. For example, the Fondation Chanel and LVMH Métiers d’Arts (a specialized division within the LVMH Group) both support projects to preserve luxury arts and crafts and to ensure the passing down of skills and expertise.<sup>62</sup> As noted in the previous subsection, Crozet, Head, and Mayer show that higher quality goods are associated with stronger export performance.<sup>63</sup> To show this particular link, Deloitte’s Global Powers of Luxury Goods 2018 report (which ranks companies based on luxury goods sales) highlighted that top luxury brands such as LVMH,

---

<sup>60</sup> Ibid.

<sup>61</sup> Mimosa Spencer, “Macron touts French fashion industry as economic motor ahead of election,” *Reuters*, (January 24, 2022).

<sup>62</sup> Atout France, “France – the Undisputed Benchmark for Fashion, Luxury Goods, Perfume and Cosmetics,” (January 23, 2025).

<sup>63</sup> Matthieu Crozet, Keith Head, and Thierry Mayer, “Quality Sorting and Trade: Firm-Level Evidence for French Wine,” *The Review of Economic Studies* 79, no. 2 (April 2012): 622.

L'Oréal, Kering, and Hermès accounted for one-quarter of the total sales of the fashion industry, with LVMH ranking first in revenue.<sup>64</sup> This contribution highlights these luxury houses' influence through control over distribution, branding, and the commercialization of their reputation. Additionally, these results indicate that France's global luxury position depends not only on government support, but also on the capacity of firms to transform historical prestige into durable commercial performance.

Taken together, this evidence suggests that the global prominence of French luxury is best understood not as the product of a singular, coherent state-led export strategy, but as the result of selective state reinforcement layered onto firm-level competitiveness and historically accumulated prestige. The state helps sustain the institutional, educational, and cultural conditions under which luxury can flourish, while firms remain central actors in transforming those advantages into global market power. French luxury, therefore, reflects an interaction between public support and private strategy rather than a straightforward state decision to privilege luxury over manufacturing.

### 3.3. **France and Italy: A Comparative Perspective**

To evaluate the relative importance of luxury within national export structures, this subsection compares key indicators across France and Italy, including sectoral export composition and the weight of high-end industries relative to manufacturing. This comparison highlights differences in the relative weight of luxury-related sectors and manufacturing within each country's export structure. Rather than treating luxury as an isolated category, this approach allows

---

<sup>64</sup> Frans and Aryani, "The Influences of Fashion as a Soft Power Towards France's Economic Growth," 36.

for a more structured assessment of economic significance relative to other sectors, helping to distinguish between symbolic prominence and measurable export weight.

<b>Sector/Indicator</b>	<b>France (2023)</b>	<b>Italy (2023)</b>
<b>Total exports</b> (US\$ billions)	640.2 billion	677.1 billion
<b>Manufacturing share of exports</b> (%)	80.41%	76.21%
<b>Champagne and sparkling wine exports</b> (US\$ billions)	5.0 billion	2.4 billion
<b>Textiles and clothing exports</b> (US\$ billions)	21.2 billion	40.8 billion
<b>Perfumery and cosmetics exports</b> (US\$ millions)	498.8 million	219.4 million
<b>Trade balance</b> (US\$ billions, exports – imports)	–136.9 billion (deficit)	37.2 billion (surplus)

Table 1. France and Italy: Comparative Export Indicators (2023)

Source: World Integrated Trade Solution (WITS), World Bank

The comparison suggests that France’s luxury prominence is concentrated rather than universal. France clearly leads in champagne and sparkling wine exports and retains a high manufacturing share of exports; however, Italy surpasses

France in total exports, textiles and clothing exports, and overall trade balance. These patterns imply that France's reputation as a luxury power is real, but sector-specific, and should not be interpreted as evidence of uniform export dominance. Italy's stronger overall trade position shows that a country can remain highly competitive across broader export categories while also sustaining strong premium industries. The comparative evidence, therefore, supports a more nuanced conclusion: French luxury goods' strength reflects particular areas of high-value specialization and symbolic visibility, not a simple national superiority across the entire export economy.

#### **4. Conclusion**

This paper has argued that France's luxury prominence is best understood as the product of historical cultural capital, firm-level strategy, and selective state support rather than a singular, coherent state-led export strategy. The literature review showed why this question has remained unresolved. Historical scholarship explains how luxury emerged in France as a moral, political, and social concern before becoming associated with prestige and national identity. Empirical trade scholarship demonstrates how French premium sectors compete internationally through quality differentiation, reputation, branding, and control over high-value nodes in global value chains. Research on industrial decline, by contrast, shows how structural pressures such as offshoring, fragmented industrial policy, and technological change weakened important parts of France's manufacturing base. Yet these bodies of scholarship rarely speak directly to one another, leaving the broader political significance of luxury within France's export structure insufficiently explained.

The empirical section helped clarify this gap. First, it showed that luxury-related sectors occupy a meaningful but not all-encompassing place within France's broader export economy. Their importance lies not only in aggregate value, but also in their ability to command price premiums, access distant markets, and reinforce France's reputation for high-end production. Second, the paper showed that French luxury benefits from selective forms of public support, including heritage labels, apprenticeship support, and state-backed sectoral coordination, while much of its global strength still depends on firm-level organization, branding, and the commercialization of historical prestige. Third, the comparison with Italy demonstrated that France's luxury prominence is concentrated rather than universal. France leads in champagne and sparkling wine exports and retains a high manufacturing share of exports, but Italy surpasses France in total exports, textiles and clothing exports, and overall trade balance. France's global image as a luxury power is therefore real, but sector-specific, and should not be mistaken for uniform superiority across the broader export economy.

Taken together, these findings suggest that French luxury functions less as a replacement for manufacturing than as a concentrated area of competitive strength within a more diversified and uneven export structure. Its prominence reflects not a simple state decision to privilege luxury over industry, but an interaction between long-standing reputational assets, selective institutional reinforcement, and firm-level capabilities. In this sense, luxury remains central to how France is represented in global markets, even as the broader political economy of French production continues to be shaped by industrial fragmentation and uneven competitiveness. Future research should also examine the social and political costs embedded within luxury's success. Further work could explore how modern luxury

industries intersect with class reproduction, exclusion, labour relations, and the colonial histories that underpin many forms of wealth, prestige, and cultural value. Expanding the analysis in this direction would help situate French luxury not only as an export strategy, but also as a site of inequality and historical power.

## References

Atout France. “France – the Undisputed Benchmark for Fashion, Luxury Goods, Perfume and Cosmetics.” (January 23, 2025).

<https://www.atout-france.fr/en/mice/us/fashion>

Bair, Jennifer. “Global Capitalism and Commodity Chains: Looking Back, Going Forward.” *Competition & Change* 9, no. 2 (2005): 153–180.

<https://doi.org/10.1179/102452905X4538>

Blair, Amanda. J., Christina Atanasova, Leyland Pitt, Anthony Chan, and Åsa Wallstrom. “Assessing Brand Equity in the Luxury Wine Market by Exploiting Tastemaker Scores.” *Journal of Product & Brand Management* 26, no. 5 (2017): 447–452. <https://doi.org/10.1108/JPBM-06-2016-1214>

Bouët, Antoine, Charlotte Emlinger, and Viola Lamani. “What Determines Exports of Luxury Products? The Case of Cognac.” *Journal of Wine Economics* 12, no. 1 (2017): 37–58. <https://doi.org/10.1017/jwe.2017.2>

Candau, Fabien, and Serge Rey. “The Effect of the Euro on Aeronautic Trade: A French Regional Analysis.” *Economic Modelling* 41 (2014): 345–355.

<https://doi.org/10.1016/j.econmod.2014.05.01>

Chiappini, Raphaël. “Offshoring and Export Performance in the European Automotive Industry.” *Competition & Change* 16, no. 4 (2012):

323-342. <https://doi.org/10.1179/1024529412Z.00000000020>

Crozet, Matthieu, Keith Head, and Thierry Mayer. “Quality Sorting and Trade: Firm-Level Evidence for French Wine.” *The Review of Economic Studies* 79, no. 2 (April 2012): 609–44. <https://doi.org/10.1093/restud/rdr030>.

Dachs, Bernhard, Bernd Ebersberger, Steffen Kinkel, and Bruno R. Waser. “Offshoring of production—a European perspective.” *Bulletin Number 2* (2006): 1-16.

Duchateau, Valérie, Jeannot Rasolofoarison, and Romain Sautard. “Do High-End Goods Represent a Comparative Advantage for Europe?” *Trésor-Economics*, no. 118 (September 2013). Ministère de l’Économie et des Finances.

<https://www.tresor.economie.gouv.fr/Articles/e7cd3474-471c-4983-a23d-88f5b7644097/files/0b492edd-2deb-49dd-a46d-4849c36d8929>

Eltis, Walter, and Shelagh M. Eltis. “The French Debate on the Morality and the Political Economy of Luxury: From Boisguilbert to Quesnay.” In *Economic Development and Social Change*, edited by Y. Stathakis and G. Vaggi, 218–249. London: Routledge, 2006. <https://doi.org/10.4324/9780203417225-21>

Emlinger, Charlotte, and Viola Lamani. “International Trade, Quality Sorting and Trade Costs: The Case of Cognac.” *Review of World Economics* 156, no. 3 (2020): 579–609. <https://doi.org/10.1007/s10290-019-00372-z>

Frans, Riris Parada Elisa, and Maria Indira Aryani. 2023. “The Influences of Fashion as a Soft Power Towards France’s Economic Growth”. *WIMAYA* 1 (02):31-39. <https://doi.org/10.33005/wimaya.v1i02.35>.

Hancké, Bob, and Jasper Kanitz. “The Role of Industrial Policy in the Transition of the French Automotive Industry.” In *Is Electromobility Made in Europe Still Possible?*, edited by Béla Galgóczi, 95–112. Brussels: ETUI, 2025.

Huysmans, Martijn. “Exporting Protection: EU Trade Agreements, Geographical Indications, and Gastronationalism.” *Review of International Political Economy* 29, no. 3 (2022): 979–1005. <https://doi.org/10.1080/09692290.2020.1844272>

Jennings, Jeremy. “The Debate about Luxury in Eighteenth- and Nineteenth-Century French Political Thought.” *Journal of the History of Ideas* 68, no. 1 (2007): 79–105. <https://dx.doi.org/10.1353/jhi.2007.0004>.

Klebaner, Samuel, and Anaïs Voy-Gillis. “The Political Economy of French Industrial Policymaking.” *Review of Evolutionary Political Economy* 4, no. 1 (2023): 49–74. <https://doi.org/10.1007/s43253-022-00089-0>

Ramos, Aida. “Luxury, Crisis, and Consumption: Sir James Steuart and the Eighteenth-Century Luxury Debate.” *History of Economics Review*, no. 53 (2011): 55–72.

Shovlin, John. “Commerce, Finance, and the Luxury Debate.” In *The Political Economy of Virtue: Luxury, Patriotism, and the Origins of the French*

*Revolution*, 13–48. Ithaca, NY: Cornell University Press, 2006.

<http://www.jstor.org/stable/10.7591/j.ctt7zg50>

Spencer, Mimosa. “Macron touts French fashion industry as economic motor ahead of election.” *Reuters*. (January 24, 2022).

<https://www.reuters.com/lifestyle/chanel-showcases-french-luxury-crafts-new-atelier-complex-2022-01-20/>

Tajaddini, Reza, and Hassan F. Gholipour. “Control of Corruption and Luxury Goods Consumption.” *Kyklos* 71 (2018): 613–641.

<https://doi.org/10.1111/kykl.12188>

de Warren, Grégoire. “The International Strategies of France’s Business Sector.” *Trésor-Economics*, no. 267 (September 24, 2020). Direction générale du Trésor, Ministère de l’Économie, des Finances et de la Relance.

<https://www.tresor.economie.gouv.fr/Articles/2020/09/24/the-international-strategies-of-france-s-business-sector>

World Bank. World Integrated Trade Solution (WITS). n.d.

<https://wits.worldbank.org>