

## Macro Roundup Article

**Headline:** [The Many Channels Of Firms' Adjustments To Energy Shocks: Evidence From France](#)

**Article Link:** <https://cepr.org/voxeu/columns/many-channels-firms-adjustments-energy-shocks-evidence-france>

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**Tweet:** Between 1996-2019 French firms responded to energy shocks by initially reducing exports and employment but over time they increased their energy efficiency and the negative effects faded. @martinph01

**Summary:** The energy price shock also generates a fall in production and employment: a 10% increase in electricity price translates into a 1.6% fall in production and a 1.5% fall in employment. Energy efficiency increases at the firm level. Profits fall but modestly or only for the most gas-intensive firms. However, these negative impacts wane over time. Our interpretation is that during 1995–2019, firms adapted their technology and production processes to higher energy prices and a selection process eliminated those not able to adjust. All in all, these results suggest that firms are able to adjust and adapt strongly to energy shocks but that the competitiveness impact is significant.

**Primary Topic:** Investment

**Topics:** Energy, Investment, Op-Ed/Blog Post, Productivity

**Permalink:** <https://www.edwardconard.com/macro-roundup/between-1996-2019-french-firms-responded-to-energy-shocks-by-initially-reducing-exports-and-employment-but-over-time-they-increased-their-energy-efficiency-and-the-negative-effects-faded-martinph01?view=detail>

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