

# France: Hung parliament raises uncertainty

*Coface*

Following the snap legislative elections called by President Emmanuel Macron on June 9th and held on July 7th, no party was able to secure an absolute majority in the National Assembly (289 seats), ushering a period of uncertainty and instability for France's governance.

## Political forces have rebalanced compared to 2022 results

The lower chamber of the French Parliament is now divided between **four families**:

- **The left** (Nouveau Front Populaire - NFP) with 178 seats
- **The centrist pro-Macron coalition** (Ensemble) with 159 seats
- **The radical right** (Rassemblement national - RN and allies) with 143 seats
- **The classic right** (Les Républicains - LR) with 39 seats

## No political families can win an absolute majority

While the left is ahead in terms of seats, a coalition between the pro-Macron political parties (Renaissance, Modem, Horizons), and the right would put them on an **equal footing**.

La France Insoumise (LFI), the most left-wing faction, has 74 elected members, the Socialist Party (centre-left) 59, the Ecologists 28 and the Communists 9. On the morning of 8 July, they announced that they would propose a single candidate for Prime Minister to the President of the Republic this week.

In third position, the radical right made significant gains by increasing their seats in the National Assembly from 89 in 2022 to 143. In terms of votes, the **National Rally and its allies are even the leading political force in the country**, obtaining more than 10 million votes in the second round.

## Uncertainty and instability: the two main risks

### Uncertainty about the future government

A few days after the elections, it is impossible to determine the political color of the future French government. The most likely outcome is that the President will appoint a **candidate proposed by the left-wing coalition** who could be a political leader or a figure from civil society.

### Instability of the future government

The future government does not need to be invested by the Assembly, but can be censured at any time. A government supported by only a third of

the deputies would inevitably run this risk, opening a **period of political instability** with possible successive government censures in the coming weeks and months.

Forming a broad coalition, including the moderate branch of the left and part of the pro-Macron MPs would reduce this risk but initial reactions from political leaders, ideological differences and the electoral system **do not facilitate such a coalition**.

However, a period of high instability could lead political leaders to consider forming coalitions in the future to avoid a major regime crisis with repeated and frequent censures, especially as it is **not possible to dissolve parliament before July 2025**.

## **Policy uncertainty**

The future government will run the public administration and will have full statutory powers. In budgetary matters, for example, decrees (i.e. texts that do not require parliamentary approval) can easily be issued by the Minister of Finance. Nonetheless, it won't have complete freedom in deciding France's policy. **It will have to work with the President in certain areas** (foreign relations or defense) and, above all, it will have **to deal with a parliament whose majority could easily alter its plans**.

## **Prime Minister Attal's short-term reprieve**

The current Prime Minister, Gabriel Attal, has announced his resignation, but has agreed to remain in office until a successor is appointed. He will therefore remain Prime minister with full capacity including regulatory powers, but the scope for action will be limited by the new Assembly. His government could also be subject to a vote of no confidence from July 20th, forcing him to resign.

In any case, variable coalitions may emerge when legislation is examined, even on a project-by-project basis. A future left-wing government will not be able to implement its entire program. This may explain the **moderate reaction of the financial markets in the aftermath of the second round**. However, the hung parliament resulting from the elections will undoubtedly **break a period of relative continuity** in French economics since the election of Emmanuel Macron in 2017.

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