

GOVERNMENT

What would a Le Pen presidency mean for French luxury?

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Marine Le Pen's anti-Eu sentiments could have big effects on France's luxury industry

By DANNY PARISI

This Sunday, April 23 French voters will head to the polls for a fateful decision between presidential candidates from across the political spectrum including the virulently anti-European Union Marine Le Pen. But what could her possible presidency mean for the luxury industry?

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Between the four candidates, one has many voters and citizens around the world nervous. Ms. Le Pen's feelings towards the EU could lead the country toward something similar to the United Kingdom's Brexit, which could have serious consequences for the luxury world.

"In the short-run, luxury goods would be cheaper in France, with a devaluated currency, but that's not all," said Jonathan Siboni, CEO of **Luxuryinsight**, Paris. "First, there's a risk of decrease in tourism, due more generally to Marine Le Pen's fearful policy and image that would impact tourism negatively.

"Then, there is a risk of tariff barriers soon imposed by other countries impacting French luxury companies whose business is done mainly internationally," he said.

Tipping point

Brexit was a shocking decision last year and enough has already been written about the potential consequences of the move for the luxury industry, but now concerns about the erosion of the EU have turned to France, where a pivotal presidential election is unfolding this weekend.

After the double-surprise of Brexit and the United States election of Donald Trump as president, another far-right candidate is on the rise in France. Ms. Le Pen's National Front party has received much backlash for its anti-immigrant stances and ties to extreme right groups.

Ms. Le Pen shares with Mr. Trump and British prime minister Theresa May a distrust of the EU and an expressed desire to leave it. This would seriously impact the country's ability to import and export materials vital for luxury goods, as well as the free movement of people, such as models and photographer, around Europe to market those products.



French campaign posters for the presidential candidates

France is central to the global luxury market, making up almost 25 percent of all luxury sales and houses the number one luxury company in the world: LVMH which counts brands such as Louis Vuitton, Christian Dior, Guerlain and countless other French houses within its stable.

Countries around the world get a large portion of their luxury goods from France and in turn, France relies on their sales and the talent that comes from other countries.

A hard anti-immigrant stance and shutting down the free movement associated with EU membership could negatively affect both as will unrest given recent attacks in the country ([see story](#)).

"It will be more costly for French brands that source their goods in Asia or Europe, and make it more expensive for the company to buy raw materials and pay for manufacturing outside of France," Luxurysight's Mr. Siboni said.

"In the long term, French companies could increase prices to compensate costs and maintain global pricing parity but this might lead to consumer confidence erosion and would benefit American or Italian players in terms of market shares," he said.

Frexit?

If Ms. Le Pen were to win and trigger some sort of move away from the EU, Brexit already acts as a good example of what that might look like and in the short-term, the consequences could be immediately negative.

While the U.K. is just beginning its negotiations to leave the EU, a report from Walpole found that about half of the luxury organization's members are already experiencing some negative effects from the split ([see story](#)).

Not only would trade laws be impacted, but the lucrative tourism market would also be affected, as Brexit can show too.



The UK's House of Commons

Growth in mature markets such as the U.K. is increasingly dependent on spending by tourists, with Europe the top destination for Chinese consumers of luxury goods last year ([see story](#)).

A Le Pen presidency, aside from her potential anti-EU moves, would also affect tourism, partially due to her strong anti-immigrant and border security stances as well as the unsavory reputation of the National Front as a party hostile to foreigners.

"The impact on tourism could be a negative image of France among foreigners, uncertainty about visa acquisitions or uncertainty about currency exchange," Luxurysight's Mr. Siboni said.

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