

**OPINION OF THE HAUT CONSEIL DES FINANCES PUBLIQUES
RELATED TO THE BUDGET BILL AND THE BILL FINANCING SOCIAL
SECURITY FOR 2014**

On Friday, September 20th, 2013, the Haut Conseil des finances publiques (HCFP) adopted its third notice concerning the budget bill and the bill financing social security for 2014. It deals with the macroeconomic forecasts on which the budget law is based as well as the consistency of annual structural improvement targets vis-à-vis the multi-year structural balance trajectory.

Main conclusions of the HCFP's opinion

- The HCFP considers that growth forecasts for 2013 (0,1%) and for 2014 (0,9 %) are plausible. However, the macroeconomic scenario presented by the Government suffers from some weaknesses, especially regarding employment forecasts.
- The HCFP emphasizes that the structural deficit forecast for the years 2013 (-2,6 %) and 2014 (-1,7 %) is significantly higher than what was expected in the multi-annual programming budget law (respectively -1,6 % and -1,1 %).
- Moreover, the HCFP reckons that the structural deficit forecast for 2014 is optimistic given the risks of overestimating revenues and understating public expenditures.
- The HCFP notes that in any case, should the programming budget law not be altered and the calendar to reach public finances equilibrium not be modified, the correction mechanism would be triggered no later than mid-2014. This would require additional efforts in 2015 and 2016 with respect to the programming budget law, in order to reach structural balance in 2016 as scheduled.

The HCFP's opinion is now available on its website: www.hcfp.fr

The Haut Conseil des finances publiques (HCFP) is required to assess the realism of macroeconomic forecasts presented by the Government and to check the consistency of the structural balance trajectory with French commitments to reach structural balance in the mid-term. The HCFP is an independent body from the Government and Parliament. It is attached to the French supreme audit institution (Cour des comptes) and chaired by the Head of the Court.