

**OPINION OF THE HIGH COUNCIL OF PUBLIC FINANCE ON THE AMENDING
BUDGET BILL FOR 2015**

6 November 2015

On Friday, 6 November 2015, the High Council of Public Finance (Haut Conseil des finances publiques, HCFP) adopted an opinion concerning the Amending Budget Bill for 2015. It deals with the macroeconomic forecasts on which the amending budget bill is based as well as the consistency of annual structural balance forecasts vis-à-vis the multi-year structural balance targets.

Main conclusions of the HCFP's opinion:

The High Council considers that the growth forecast of 1.0% for 2015 is prudent and the inflation forecast of 0.1% is realistic.

As for the public finance forecast, some elements remain traditionally uncertain at this time of the year, especially with respect to the corporate tax revenue and investments by local authorities.

Moreover, the State capacity to reach its target of public expenditure limitation (without taking into account the debt burden and pension expenditure) is undermined by the various new outlays decided over the course of the year, that add up to the recurrent over-drawdowns of various credit lines. It will be subject to the continuation of a tight public expenditure control until the very end of the year.

Given the information available, the High Council nevertheless reckons that the public deficit forecast of 3.8% of GDP for 2015 – a moderate curtailment compared to the 2014's public deficit of 3.9% – is likely to be realised.

The High Council notes that the structural deficit (-1.7% of GDP) is believed to be lower by 0.3 point to the programming law's deficit objective as a consequence of the carrying over of the deviation that was already assessed in 2014.

The High Council observes that the structural adjustment in 2015 should be limited to 0.3 percentage point of GDP, a sharp slowdown in comparison to previous years (improvement of 1 percentage point of GDP per year on average between 2011 and 2013, and of 0.6 percentage point of GDP in 2014), while compliance with the structural balance objective remains a long way off.

The full version of HCFP's opinion is available in French on its website: www.hcfp.fr

The High Council of public finance (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.