Haut Conseil des Finances Publiques

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Opinion No HCFP - 2025 - 6

On the end-of-year budget bill for the year 2025

31 October 2025

Executive summary

The draft end-of-year budget bill[1] (PLFG) for 2025 is based on the same economic scenario and shows the same fiscal balance forecast (in GDP points) as the draft budget bill for 2026, on which the High Council issued its opinion on 9 October. On that occasion, the High Council considered that, for 2025, the updated economic scenario was realistic and that the projections for revenue, expenditure and therefore the public balance were credible.

The High Council considers that, overall, the economic scenario remains realistic. In particular, the GDP growth projection for 2025 (+0.7%) is realistic and may even be exceeded. According to the first estimate of the national accounts published by INSEE after the referral to the High Council, GDP growth in the third quarter was higher than expected, resulting in a carry-over growth rate of 0.8% in 2025.

The inflation forecast (+1.1% for the annual average of the consumer price index) remains broadly plausible, although the final value could be slightly lower, given the recent decline in oil prices and the October flash estimate of inflation, published after the matter was formally referred to the High Council. The growth projection for the total wage bill in the nonfarm market sector (+1.8%) is achievable but still seems slightly high in light of the latest information, particularly from the French social security and employment contributions collection agency (Urssaf).

The High Council considers that the PLFG's projection for tax revenue, which has been revised downwards slightly compared with the draft budget bill for 2026 (−€0.6 billion), is credible. It is subject to uncertainties of the usual magnitude at this stage of the year. According to this projection, taxes and social contributions are expected to increase by 4.0% in 2025, due to a spontaneous growth (2.1%) slightly lower than nominal GDP growth (2.3%), and to new tax measures for nearly €25 billion.

The High Council considers that the public expenditure projection, which has been adjusted slightly upwards compared to the draft budget bill for 2026 (+€1.0 billion), is plausible, with upside risks particularly to social spending and downside risks to local spending. According to this projection, public spending is expected to increase by 2.7% in nominal term in 2025 and by around 1.2% in real term. The expected growth of public expenditure in 2025 is higher in the social sector than in other sub-sectors.

Overall, the High Council considers that the PLFG's fiscal balance projection for 2025, unchanged at −5.4 points of GDP, remains credible, notwithstanding the uncertainties mentioned above regarding revenue and spending. This does not mean that a fiscal deficit

[1]The French draft end-of-year budget bill (PLFG, *Projet de Loi de Finances de Fin de Gestion*) is a relatively recent type of finance bill, introduced by Organic Law No. 2021-1836 of 28 December 2021 on the modernisation of public finance management, which amended the Organic Law Finance Acts (LOLF) of 1 August 2001. Typically presented in late October or early November, the bill enables the Government to adjust budget appropriations and expenditure ceilings for end-of-year budget management. Its scope, however, is more limited than that of a supplementary finance bill.

of 5.4 points of GDP is certain, but that this projection is central, with risks broadly balanced between potential upside and downside outcomes, based on the information available to date. Strict control of discretionary spending's targets at the end of the financial year enhances the probability of achieving the balance target.

The structural adjustment, i.e. the reduction in the structural deficit, is expected to be significant in 2025, at +0.6 percentage points of GDP. However, this adjustment in 2025 is expected to be insufficient to return to the trajectory set out in the public finance programming law, to which the High Council remains bound. In practice, the commitments outlined in the medium-term budgetary and structural plan under the European rules revised in 2024 replace those of the programming law. Net primary expenditure growth, the aggregate monitored according to the new EU rules, is expected to be within the agreed tolerance threshold but is expected to exceed the recommended growth for 2025 by 0.2 percentage points.

The structural effort, which is the most common estimate of the contribution of budgetary measures to the evolution of the fiscal deficit, is also expected be significant in 2025, at +0.8 percentage points of GDP. This structural effort in 2025 is projected to come entirely from new increases in compulsory levies, while the expenditure effort will be null. The measures implemented regarding expenditure are expected to effectively limit expenditure growth to a level broadly in line with potential growth.

The High Council emphasises that the reduction in the fiscal deficit in 2025 is ultimately limited (0.4 percentage points of GDP), especially as it follows a sharp public finance deterioration in 2023 and 2024. The 2025 fiscal deficit is projected to remain 0.7 percentage points of GDP higher than in 2022 and significantly higher than the deficit stabilising the public debt ratio.

Due to persistently high deficit levels, public debt continues to grow at a worrying pace. The debt-to-GDP ratio is expected to increase by nearly 3 additional points in 2025 and will exceed, at 116 points of GDP, its peak reached in 2020 during the health crisis. The upward trend in debt sets France apart from its main partners in the eurozone.

In addition, France's public borrowing conditions have deteriorated, both in absolute terms and relatively to its partners, particularly in southern Europe. Overall, due to rising long-term interest rates and the level of debt, interest charges continue to rise sharply. According to the draft end-of-year budget bill, they are expected to reach 2.2 percentage points of GDP in 2025, up 0.9 percentage points of GDP in five years from their low point in 2020.

The 2025 expected deficit reduction can therefore only be a first step in the necessary adjustment path of public finances. Beyond the achievement of the 2025 targets, the High Council stresses that it is essential to continue these adjustment efforts over the long term in order to stabilise the debt ratio and meet France's commitments, in particular bringing the fiscal deficit back below 3% of GDP by 2029.

Introductory remarks

1. Pursuant to Article 61-V of the amended Organic Law n°2001-692 of 1 August 2001 on budget laws, the Government referred to the High Council of Public Finance on 24 October 2025 the matter of issuing an opinion on the realism of the macroeconomic forecasts associated with the 2025 draft end-of-year budget bill (PLFG), on the realism of revenue and expenditure forecasts and on the consistency of this bill with the multiannual structural balance guidelines set out in the public finance programming law (PFPL).

2. In order to assess the forecasts presented in the Government's referral and in the answers to the questionnaire submitted to the administrations, the High Council compared them with short-term economic indicators, with forecasts produced by various national and international organisations, and with the forecasting tools developed by its Permanent Secretariat.

3. The High Council held a hearing with representatives of the French Treasury and of the Budget Department.

4. The High Council presents its assessment of the macroeconomic forecasts underlying the 2025 PLFG (I), followed by its assessment of the public finance forecasts (II), and finally its assessment of the consistency of the introductory article of the 2025 PLFG with the multiannual structural balance and expenditure guidelines set out in the PFPL (III).

I- Assessment of the macroeconomic forecast

5. The economic scenario underlying the 2025 PLFG remains unchanged from the draft budget bill (PLF) for 2026. According to the Government, the short-term economic information published since the finalization of the 2026 PLF is consistent with its economic scenario and therefore does not warrant any revision.

1- Economic growth and its components

6. According to the projections set out in the PLFG, real GDP is expected to grow by 0.7% in 2025, after 1.1% in 2024. Economic activity in 2025 is projected to have been broadly slowed by US trade measures and by a prolonged climate of uncertainty, which may have encouraged wait-and-see behaviour.

7. This growth projection and those of its components are identical to those set out in the 2026 PLF, which the High Council described as realistic. Compared to the amended draft budget bill of January 2025, whose growth forecast the High Council had deemed achievable but a little optimistic, the forecast has been revised downwards (−0.2 percentage points) and its composition has been adjusted (see **table 1**)[2].

8. The growth projection in the 2025 PLFG is close to other available projections, including the most recent ones. Both the OFCE and the IMF expect growth of 0.7% in 2025, and so does the October *Consensus Forecasts* (see **figure 1**).

9. Business surveys published in October indicate an overall rather sluggish business climate (see **figure 2a**). The INSEE's business climate rose slightly in October, but with varying developments across sectors, while companies anticipate only modest changes in their activity in October according to the Banque de France survey, and the October flash PMI declined.

[2] Exports were affected by tariff measures and delays in aircraft deliveries, resulting in a sharp increase in inventories. Forecasts for household consumption and corporate investment have also been revised downwards, while those for household investment and public consumption have been revised upwards.

Overall, these surveys point to moderate growth, slightly below its potential pace. The PLFG growth projection for 2025, produced before the first release of the third-quarter accounts by INSEE, is consistent with growth of this magnitude in the second half of 2025.

10. The publication by INSEE on 30 October, after the referral, of the first estimate of third-quarter accounts reinforces the credibility of the PLFG growth projection. GDP growth was 0.5% for the third quarter, bringing the annual growth carry-over to 0.8%. Even when taking into account the possibility of subsequent revisions to these estimates by INSEE and a potential slowdown in activity in the fourth quarter, the assumption of 0.7% is therefore credible and may even be exceeded.

11. The third-quarter accounts also allow for a refinement of the expected composition of growth. In particular, the household consumption projection (0.5% in 2025), which had been close to other available projections prior to this release, now appears slightly high, as growth observed in the third quarter remains weak, in line with the unfavourable signals from household surveys (see **figure 2b**). Conversely, business investment, notably in digital services, accelerated in the third quarter, and its evolution could therefore be more favourable over the year than anticipated in the PLFG projection.

12. **In view of the latest short-term economic indicators, and in particular of the third-quarter accounts published after the referral, the High Council considers that the growth projection for 2025 remains realistic and could even be exceeded.**

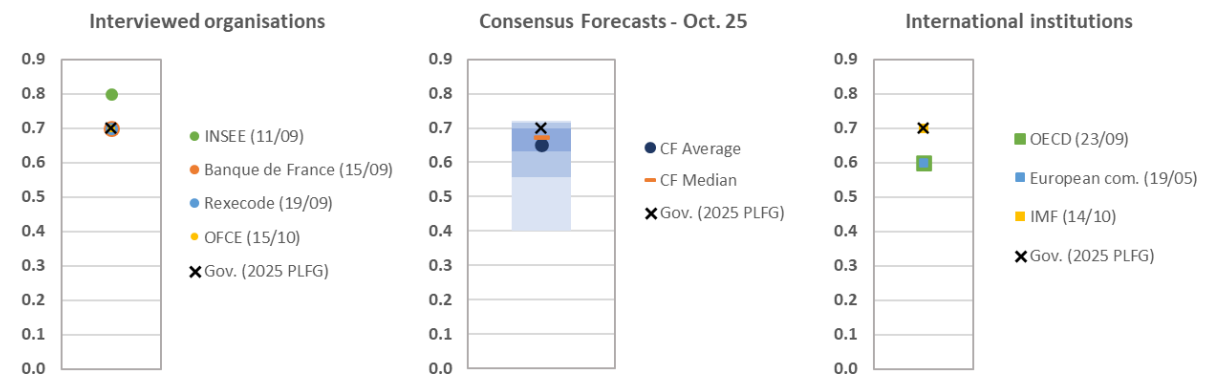
Table 1: GDP growth and its components in the 2025 PLFG, compared to the amended 2025 PLF of January 2025

	Jan. 2025 PLF for 2025		2025 PLFG		
GDP and its components (growth in %)	**2024**	**2025**	**2024**	**2025**	**Carry-over 2025 Q3**
GDP	**1.1**	**0.9**	**1.1**	**0.7**	**0.8**
Imports	-1.0	2.2	-1.3	2.7	2.0
Household consumption	0.8	1.1	1.0	0.5	0.3
Public consumption	2.1	0.1	1.4	1.9	1.4
Gross fixed capital formation	-1.6	0.2	-1.3	-0.4	-0.2
of which: non-financial corporations	*-1.7*	*0.0*	*-2.4*	*-0.9*	*-0.1*
of which: households	*-6.1*	*0.0*	*-5.6*	*0.8*	*-0.2*
of which: general government	*2.6*	*0.8*	*4.7*	*-0.5*	*-1.2*
Exports	1.6	2.6	2.4	0.5	0.6
Contributions in percentage points					
Final domestic demand (excluding changes in stocks)	*0.6*	*0.6*	*0.6*	*0.6*	*0.4*
Private domestic demand (excluding changes in stocks)	*0.0*	*0.6*	*0.1*	*0.2*	*0.3*
Public demand	*0.6*	*0.0*	*0.5*	*0.4*	*0.2*
Changes in stocks	*-0.5*	*0.1*	*-0.8*	*0.9*	*0.9*
Foreign trade	*0.9*	*0.1*	*1.3*	*-0.8*	*-0.8*

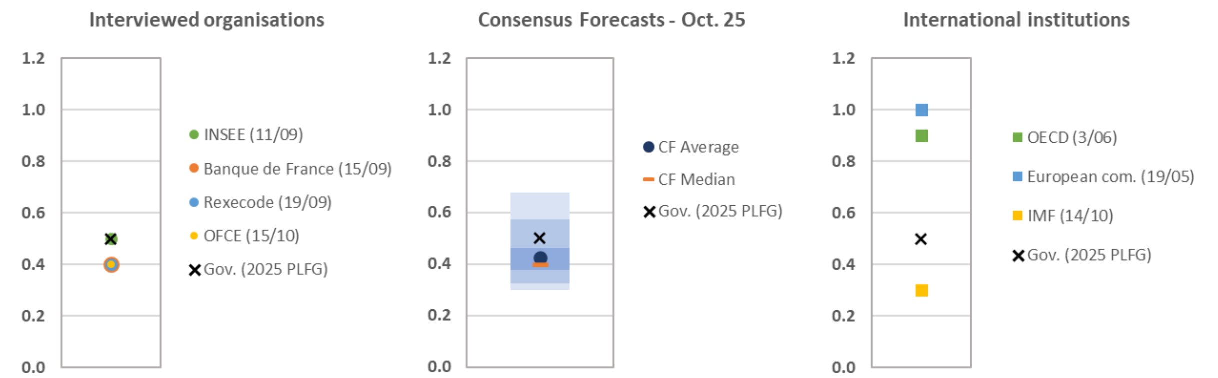
Source: 2025 PLF of January 2025 and 2025 PLFG referrals, INSEE.

Figure 1: GDP and household consumption growth projections for 2025

GDP



Household consumption



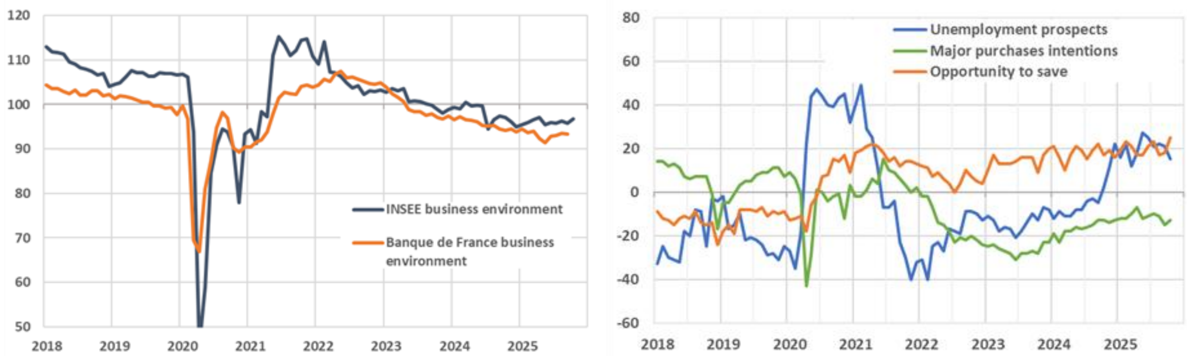
Note: about the *Consensus Forecasts* (CF), the dark blue zone corresponds to the 50% of forecasts around the median, the medium blue zone to the following 30% and the light blue zone to the leftover 20%. The European Commission forecast relies on a no-policy change scenario.

Source: Submitted 2025 PLFG, forecasts provided by the economic institutes and organisations.

Figure 2: Indicators from…

a)… business surveys (business environment)

b)… household surveys (zero-centred balances of opinions, in points)



Latest data point: October 2025 for INSEE's business survey (publication date: 23 October), September 2025 for the Banque de France survey (publication date: 9 October).

Note: The business environment indicator from the Banque de France is comprised of the business environment indicator for services (weight of 80%) and of the business environment indicator for industry (20%). Business environment results from INSEE and from the Banque de France are by definition standardised with an average of 100 and a standard deviation of 10. Balances of opinion from consumer confidence surveys have been zero-centred (null average).

Source: Banque de France, INSEE.

2- Trends in consumer prices

13. The PLFG scenario anticipates a 1.1% rise in the consumer price index (CPI) in 2025 on an annual average basis. This projection is based on the assumptions of a Brent crude oil price of USD 67.5 per barrel as of September 2025, and an exchange rate of 1.16 USD/EUR.

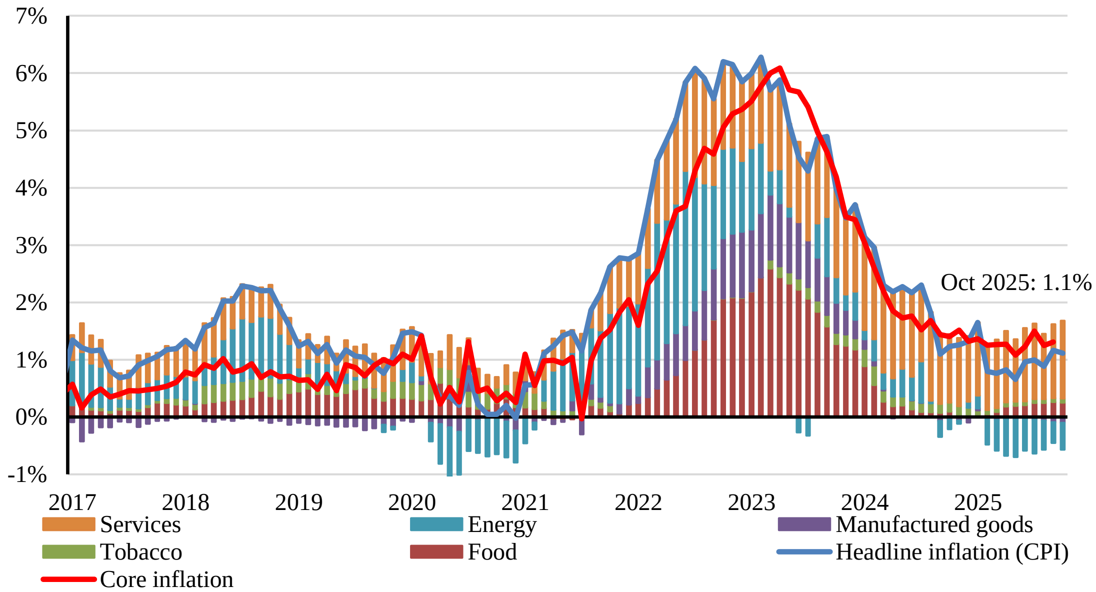
14. The PLFG inflation forecast is identical to that of the 2026 PLF, which the High Council had deemed plausible, while noting a slight downside risk. By contrast, the forecast has been revised downwards by 0.3 percentage points compared to that of the amended 2025 PLF of January 2025 (+1.4%), which the High Council had deemed slightly high.

15. With the decline in oil prices and the depreciation of the US dollar, inflation has stabilised in recent months around 1%, while core inflation has remained slightly below 1.5% (see **figure 3**).

16. The most recent information suggests that inflation could be slightly lower than the Government's forecast for 2025 (for the CPI on an annual average basis). Indeed, with Brent crude prices averaging around USD 64/bbl in October, oil prices are now below the forecast's assumption, although a rebound cannot be ruled out given the tensions between the United States and Venezuela and the new sanctions against Russia. Moreover, the preliminary estimate of inflation in October, published after the PLFG forecast, remains contained (1.0%) and implies that a marked acceleration would be required by the end of the year to reach an annual average of 1.1%.

Figure 3: Trend in consumer prices (CPI) and contributions

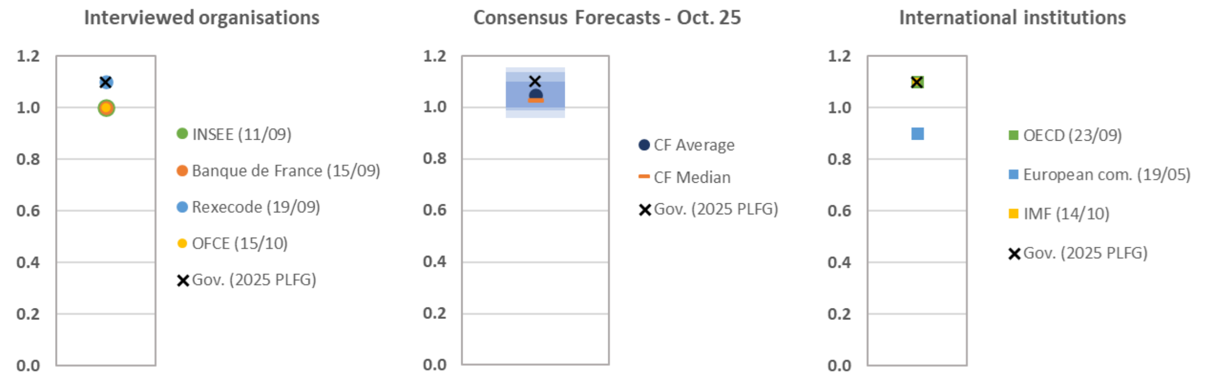
Inflation year-on-year in %, contributions in percentage points



Source: INSEE.

17. Other recent inflation forecasts for 2025 range between 1.0% and 1.1%, and are therefore all close to the projection from the PLFG (see **figure 4**).

Figure 4: Inflation (CPI) forecasts in 2025
(in %, annual average)



Note: about the *Consensus Forecasts* (CF), the dark blue zone corresponds to the 50% of forecasts around the median, the medium blue zone to the following 30% and the light blue zone to the leftover 20%. The European Commission forecast relies on a no-policy change scenario.

Source: Submitted 2025 PLFG, forecasts provided by the economic institutes and organisations.

18. The projection for GDP deflator growth set out in the PLFG remains at 1.5%, as in the 2026 PLF, i.e. 0.1 percentage points higher than in the amended PLF for 2025. This projection is consistent with the CPI projection, as the favourable evolution of the terms of trade in 2025 justifies stronger growth in GDP prices than in the consumer price index. As with the CPI, GDP deflator growth could be marginally lower than forecast.

19. **The inflation forecast (consumer price index and GDP deflator) remains broadly plausible. CPI growth on an annual average basis could, however, turn out slightly lower, taking into account the recent movement in oil prices and the flash estimate for October, which was published after the forecast had been set.**

3- Employment and wage bill

20. The scenario submitted to the High Council anticipates + 1.8% growth in the wage bill for nonfarm market sectors in 2025, combining a 2.2% increase in the average wage with a 0.4% decline in employment. This wage-bill projection has been revised down by 0.7 percentage points compared to that of the amended 2025 PLF (+2.5%), which the High Council had then described as "somewhat optimistic". It remains unchanged from the projection in the 2026 PLF, which the High Council considered "slightly high", noting in particular that it is higher than the INSEE projection by 0.2 percentage points.

21. Carry-over growth for the wage-bill (nonfarm market sectors) stands at +1.3% after the second quarter. The PLFG projection assumes an acceleration in wage-bill growth in the second half of the year, which remains possible. However, the latest available data suggests that this assumption may be somewhat favourable as the most recent monthly data from Urssaf indicates a slowdown in wage-bill growth in the third quarter (see figure 5)[3]. Moreover, employment dynamics are unlikely to be positive in the second half of the year, as the reduction in support for apprenticeships could weigh on hiring, particularly in September.

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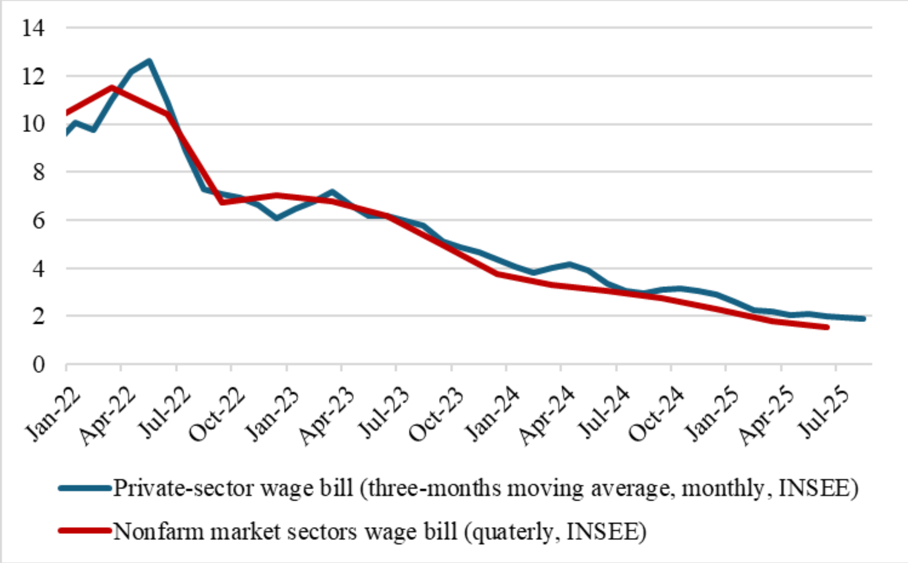
[3] The scope of Urssaf data on private-sector wage bill is slightly different than that of nonfarm market sectors wage bill, which explains why its growth has been slightly higher in recent quarters. Nonetheless, Urssaf wage bill growth help to predict wage bill growth for nonfarm market sectors.

Figure 5: Private-sector wage bill and nonfarm market sectors wage bill (in %, year-on-year)



Source: Urssaf, INSEE

22. **The wage-bill projection (+1.8% for nonfarm market sectors) is achievable but still appears somewhat high.**

II- Assessment of the public finance forecasts

1- Public revenue

23. According to the PLFG projection, compulsory levies[4] are expected to increase by 4.0% in 2025, reaching €1,301.4 billion. The spontaneous growth of compulsory levies is projected to be 2.1%, slightly below the growth of nominal GDP (+2.3%), following two years of very disappointing revenues. New measures are expected to contribute by two percentage points (or €24.7 billion) to the growth in compulsory levies (see **table 2**), raising the tax to GDP ratio from 42.8% in 2024 to 43.6% in 2025 (see **figure 6**).

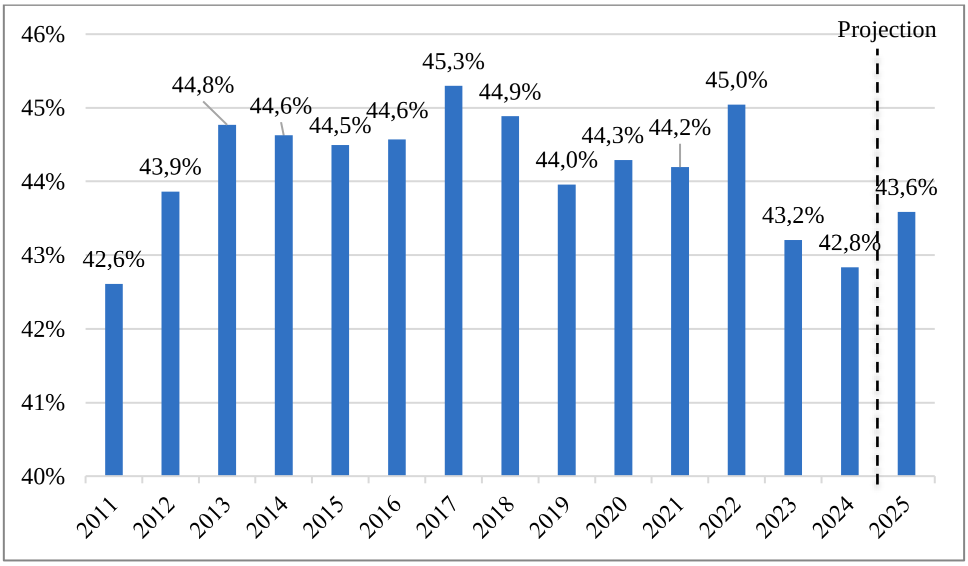
[4] Compulsory levies (or mandatory levies) include taxes, fees for services rendered, custom duties and social security contributions. For a more in-depth explanation see French tax law.

Table 2: New measures on compulsory levies (in € billions)

Main new measures (all general government, in € billions)	2025
Net corporate tax surcharge and maritime freight tax	+8.5
Social security contributions (general reductions, CNRACL[5], exceptional purchasing power bonus, net of corporate tax refunds)	+5.2
Energy taxation	+4.9
High-income taxation (CDHR)	+1.4
Local taxation	+1.0
Air passenger tax	+0.7
Financial transactions tax	+0.5
Increase in the levy on free shares allocations	+0.4
Others	+2.1
Total	**+24.7**

Source: 2025 PLFG referral.

Figure 6: Tax to GDP ratio
(compulsory levies to GDP ratio, in %)



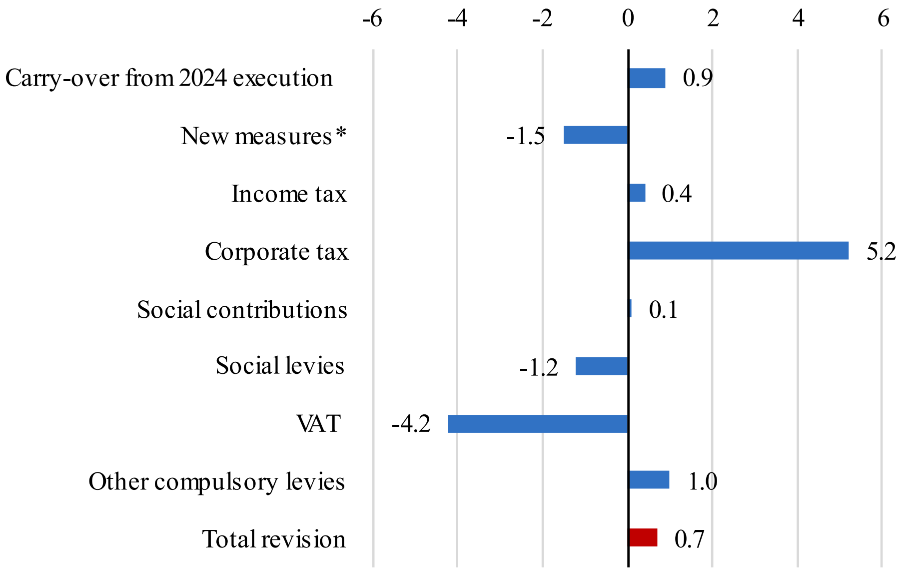
Source: 2025 PLFG referral, INSEE.

24. This overall projection for compulsory levies has been revised downwards by €0.6 billion compared to the 2026 PLF. It has changed little over the course of the year. The amended PLF of January had anticipated a total close to €1,300.7 billion, with growth in compulsory levies of 4.1%, spontaneous growth of 2.0%, and €26.2 billion of new measures. In detail, compared to the amended PLF (see **figure 7**), VAT revenues and, to a lesser extent, social levies have been revised downwards, notably due to adjustments in macroeconomic assumptions. The yield from new measures has also been reduced[6]. Conversely, the corporate tax projection has

[5] National pension fund for local government employees.
[6] Due in particular to the cancellation of the second "solidarity day", whose yield had been estimated at €1.8 billion, during the parliamentary examination of the amended PLF.

been significantly increased (+€5.2 billion), with other levies, such as transfer duties, also revised upwards. The social contributions projection has remained stable.

Figure 7: Main compulsory levies revisions (in € billions)



Source: Amended 2025 PLF and 2025 PLFG referrals, calculations by the HCFP.
** : New measures, including the cancellation of the second "solidarity day" during the parliamentary review of the 2025 PLF.*

25. The latest accounting data confirm the analyses presented in the opinion on the 2026 PLF:

- The VAT projection has been slightly revised downwards since the 2026 PLF (–€0.6 billion). The September accounting data were again disappointing, raising questions about the strength of VAT growth by the end of the year. VAT revenues are expected to remain below their tax base growth in 2025.

- Revenues from "pay as you earn" tax were strong in September following tax rates updates, and the sharp fall in refunds of overpayment in July suggests that income tax relating to 2024 income will increase markedly at the end of the year.

- Revenues from duties on real estate transactions remained strong in September, and the projection of 16.4% growth this year remains realistic.

- Mid-year, the growth in social contributions is stronger than that of the wage bill. The PLFG revised projection for 2025 (3.3%) appears achievable.

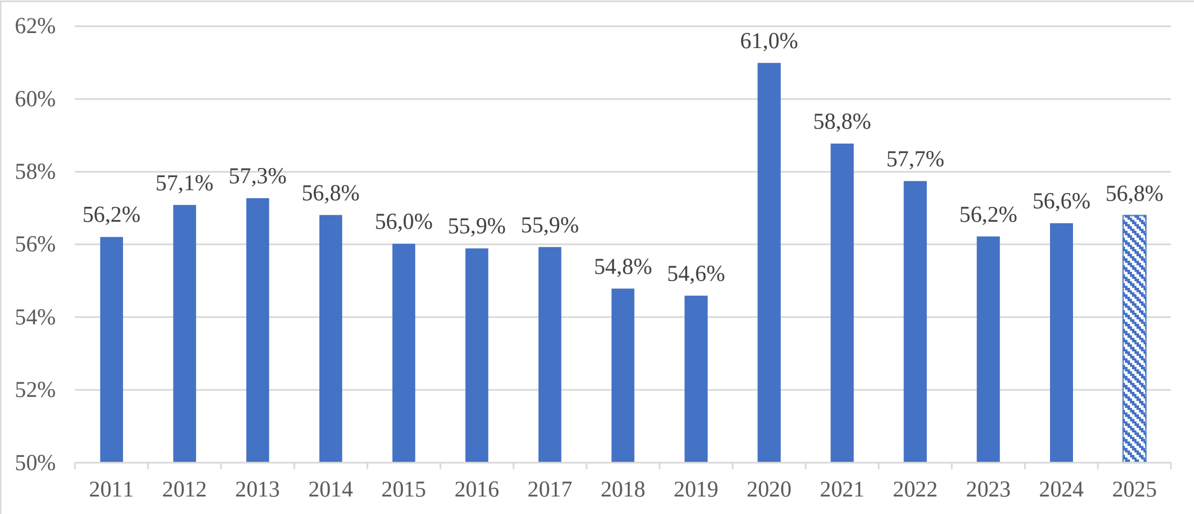
26. Uncertainties nevertheless remain significant. In particular, the latest data do not resolve the uncertainty regarding the fifth corporate tax instalment, which will be paid in December, or the yield of certain new measures, such as the corporate tax surcharge and the differential contribution on high incomes, both due at the end of the year.

27. **As in the opinion on the 2026 PLF, the High Council considers that the updated projection for compulsory levies in 2025 is credible but remains subject to the usual uncertainties at this stage of the year.**

2- Public expenditure

28. Public expenditure excluding tax credits is expected to reach €1,697.4 billion in 2025, an increase of 2.7% in nominal terms and 1.2% in real terms (deflated by the GDP price). The ratio of public-expenditure-excluding-tax-credits-to-GDP is expected to reach 56.8%, up by 0.2 percentage points compared to 2024 (see **figure 8**).

Figure 8: **Public-expenditure-to-GDP ratio (excluding tax credits, in %)**



Source: 2025 PLFG referral, INSEE.

29. Compared to the amended 2025 PLF, the forecast for public expenditure excluding tax credits has been revised upwards by €3.6 billion. Overall, expenditure is more dynamic than anticipated in the amended PLF for central government and social security administrations, but less so for local government (see **table 3**). The main gaps identified by the administration concern budgetary expenditure added between the amended PLF and the initial finance law[7], as well as unemployment and social benefits, and expenditure by public hospitals[8]. Conversely, local investment is significantly less dynamic than expected.

30. Compared to the 2026 PLF, the forecast for public expenditure in 2025 has been revised upwards by €1.0 billion. The amount of budgetary expenditure within the scope of government spending remains unchanged, but the assumptions retained for the year-end management scenario lead, in national accounting terms, to this deterioration. Social expenditure has been revised downwards by €0.1 billion due to the absence of any revaluation of Agirc-Arrco benefits.

31. By sub-sector, central government expenditure is expected to rise by 2.3% in nominal terms and by 0.8% in real terms. It would therefore be more dynamic than in 2024 (see **table 4**). The main risks bear upon expenditure items linked to the broader economic environment, such as energy public service charges and debt servicing costs, as well as demand-driven spending items such as the disability allowance. Overall, this projection for central government expenditure appears achievable, provided that year-end management of the State budget remains well controlled.

[7] Budgetary expenditure within the scope of government spending increased from €484 billion in the amended PLF to €488 billion in the initial finance law. Other movements have impacted central government expenditure, including an increase in energy public service charges and a decrease in "France 2030" expenditure.

[8] Public hospitals expenditure is expected to be more dynamic in 2025 than anticipated in January (by €0.6 billion) and, above all, to have been significantly higher in 2024 (+€1.6 billion).

32. Local government expenditure is expected to increase by 2.0% in nominal terms and by 0.5% in real terms. This would represent a distinct slowdown compared to 2024. Local operating expenditure is projected to rise by 2.3%, while investment is expected to increase by 1.9% (in nominal terms). These projections are consistent with the accounting data available to date, which cover the period up to September. At this stage, these data suggest slightly weaker investment growth, pointing to a modest downside risk to the expenditure forecast. However, execution data is highly volatile during the year and it displayed an atypical pattern in 2024, warranting caution in its extrapolation.

33. Social security expenditure is expected to grow by 3.4% in nominal terms and by 1.9% in real terms compared to 2024. The projections in the PLFG assume compliance with the 2025 Ondam voted in the social security financing law (€265.9 billion, i.e. +3.6% in nominal terms compared to 2024[9]), in light of the measures adopted following the opinion issued by the Ondam Alert Committee in June 2025, which deemed the risk of overspending to be "serious". Nevertheless, a slight overshoot of the overall projection for social security expenditure appears quite plausible. Several risks point in that direction, particularly those relating to spending on daily sickness benefits and unemployment benefits, as well as the possibility of a continued deterioration in the deficit of public hospitals, which remains difficult to assess due to delayed reporting.

34. **Overall, the projection for public expenditure excluding tax credits for 2025, revised upwards by €1.0 billion compared to the projection in the 2026 PLF, appears plausible. However, risks remain, on the upside for social security expenditure and on the downside for local government expenditure.**

Table 3: **Public expenditure growth (in value terms) broken down by sub-sector**

	2024	2025 (amended PLF proj.)	2025 (PLFG proj.)
Central government	1.2%	1.9%	2.3%
Local government	4.8%	2.6%	2.0%
Social security	5.7%	2.9%	3.4%
Total	4.0%	2.5%	2.7%

Source: 2025 PLFG referral, INSEE. Expenditure per sub-sector does not include internal transfers.

Table 4: **Public expenditure growth (in volume terms) broken down by sub-sector**

	2024	2025 (amended PLF proj.)	2025 (PLFG proj.)
Central government	-0.9%	0.4%	0.8%
Local government	2.6%	1.1%	0.5%
Social security	3.5%	1.4%	1.9%
Total	1.9%	1.0%	1.2%

[9] The Ondam voted in the social security financing law is expressed in € billion, and it is this level that must be adhered to. At the time of the vote on the 2025 social security financing law, the level of €265.9 billion corresponded to a 3.4% increase compared to the 2024 level and on a constant scope basis. Subsequently, the Ondam estimate for 2024 was revised downwards, and the level voted for 2025 now corresponds to a 3.6% increase compared to 2024.

Source: 2025 PLFG referral, INSEE. Expenditure per sub-sector does not include internal transfers. Growth in volume terms is adjusted using the GDP deflator.

3- General government balance, structural adjustment and its composition

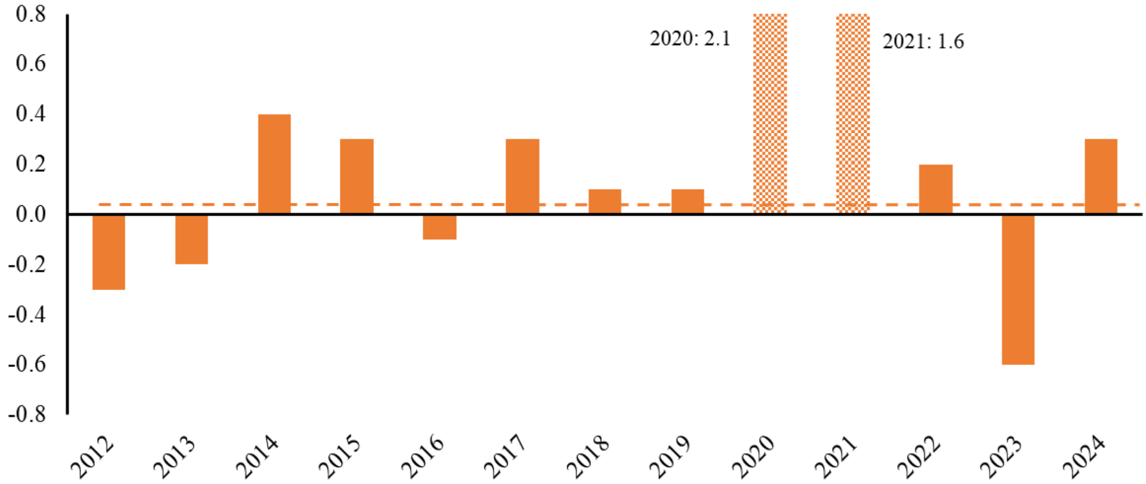
35. According to the PLFG projections, the general government balance is expected to reach –€161.4 billion in 2025, equivalent to –5.4% of GDP. This outcome would represent a 0.4 percentage points reduction in the deficit in 2025, following the sharp deterioration observed in 2023 and 2024.

36. The PLFG projection for the general government balance is close to that projected in the 2026 PLF (–€159.8 billion) and identical in GDP terms (–5.4% of GDP). Similarly, it is close to the projection in the amended PLF of January 2025 (–€160.7 billion) and identical to it as a share of GDP.

37. In light of the previous assessment of the realism of the revenue and expenditure forecasts, the High Council considers the PLFG's projection for the 2025 general government balance to be credible. It is consistent with the available accounting and budgetary information, as well as with the economic scenario.

38. This projection remains subject to uncertainties of a usual magnitude at this stage of the budget year. Past data (see **figure 9**) shows that the outcome for the general government balance, as first reported by INSEE in March of the following year, typically differs from the PLFG projection by about 0.1 to 0.3 percentage points of GDP[10]. This uncertainty can go in either direction. The fact that the PLFG projection of –5.4% of GDP is deemed credible therefore does not mean that this figure is assured to be achieved. Rather, it indicates that the projection appears central in light of the information currently available and that the associated risks are broadly balanced. Strict control of the targets for controllable expenditure during the end of the budget year increase the likelihood of meeting the deficit target or slightly outperforming it.

Figure 9: Deviation between the public balance outturn (March publication) and the PLFG projection (in GDP percentage points)



[10] The deviation was much larger in 2020-21, but these two years were exceptional due to the health crisis. Excluding those years, the largest deviation occurred in 2023, at −0.6 GDP percentage points, of which nearly −0.15 reflect the change in the national accounts base. In 2014, the deviation stood at +0.4 GDP percentage points. Over the period 2012-2024, excluding 2020-21, the average deviation stands at +0.05 GDP percentage points.

Source: projections from the PLFG, first notification of the national accounts by INSEE in March of the following year. A positive deviation indicates a better-than-expected outcome when compared to the PLFG. The dotted line shows the average deviation, excluding the years 2020 and 2021.

39. The structural adjustment, meaning the reduction of the structural deficit, is expected to be significant in 2025. According to the estimates presented in the referral (see **table 5**), structural adjustment is projected to reach 0.6 GDP points in 2025. Given the sharp structural deterioration in previous years, this significant adjustment in 2025 nevertheless remains far from sufficient to return to the path set out in the PFPL (see below).

40. The structural effort is the most commonly used estimate of how budgetary measures contribute to changes in the public deficit[11]. Its breakdown makes it possible to identify the share attributable to the revenue effort and to the expenditure effort. The former corresponds to the assessment of new measures on compulsory levies, which therefore tend to raise or lower the compulsory tax ratio. The latter reflects the gap between the increase in expenditure and the economy's potential growth: when the expenditure effort is positive, this tends to reduce the expenditure-to-GDP ratio, and vice versa.

41. In 2025, the structural effort is also expected to be significant, reaching 0.8 percentage points of GDP according to the PLFG. This structural effort in 2025 is projected to stem entirely from increases in compulsory levies, which amount to nearly €25 billion, while the expenditure effort would be null, as real expenditure growth is roughly in line with potential growth. The structural effort is expected to exceed the structural adjustment by 0.2 percentage points, because the non-discretionary component of the structural adjustment would contribute negatively in 2025, owing to an overall elasticity of compulsory levies slightly below one and a decline, as a share of GDP, in non-tax revenue.

Table 5: Breakdown of general government balance change according to the PLFG projections

In % of GDP, unless otherwise specified	**2024**	**2025**
General government balance (1)	**-5.8**	**-5.4**
Cyclical balance (2)	0.0	-0.2
"One-off" and temporary measures (% of potential GDP) (3)	-0.1	0.0
Structural balance (% of potential GDP) = (1)-(2)-(3)	**-5.8**	**-5.1**
Change in the structural balance (% of potential GDP)	-0.4	0.6
of which: structural effort	-0.2	0.8
Effort in compulsory levies	*0.2*	*0.8*
Effort in expenditure	*-0.4*	*0.0*
of which: non-discretionary component	-0.2	-0.2
Revenue outside of compulsory levies	*0.2*	*-0.1*
Tax elasticities of compulsory levies	*-0.4*	*-0.1*

Source: 2025 PLFG referral.

[11] Compared to the structural adjustment, the structural effort has the advantage of removing the atypical movements in compulsory levies that have in particular affected the years 2021-24.

42. The estimated level of the structural effort and its composition have changed relatively little between the amended PLF of January 2025 and the PLFG (see **table 6**). In January, the planned structural effort was slightly higher, at 0.9 percentage points of GDP, and included a very small expenditure effort. The gap is larger when compared to the 2025 initial PLF, presented in October 2024. In that version, the total structural effort was higher (1.4 percentage points of GDP), particularly because the expenditure effort was more substantial (0.4 percentage point of GDP), leading to an effort breakdown of 70% from revenue and 30% from expenditure. Some expenditure-saving measures were indeed discarded between the initial and amended PLF. Overall, the fact that the 2025 adjustment effort is carried out entirely through revenue, as set out in the PLFG, is relatively close to what was already planned in the amended PLF of January but substantially different from the initial PLF of October 2024.

Table 6: Comparison of structural effort between the initial 2025 PLF, the amended PLF, the annual progress report (RAA) and the PLFG

	2025 PLF (Oct. 24)	2025 PLF (Jan. 25)	RAA (April 25)	2025 PLFG (Oct. 25)
New measures on compulsory levies (in € billion)	**30.2**	**26.2**	**23.5**	**24.7**
Public expenditure growth in value terms (excluding tax credits), in %	**2.1**	**2.5**	**2.6**	**2.7**
GDP deflator (growth in %)	1.7	1.4	1.4	1.5
Public expenditure growth in volume terms (excluding tax credits), in %	**0.4**	**1.1**	**1.3**	**1.2**
Potential growth (in %)	1.2	1.2	1.2	1.2
Structural effort (in potential GDP percentage points)	**1.4**	**0.9**	**0.8**	**0.8**
of which: in revenue	*1.0*	*0.9*	*0.8*	*0.8*
of which: in expenditure	*0.4*	*0.1*	*0.0*	*0.0*

Source: Referrals to the HCFP in regards to the 2025 PLF, the amended 2025 PLF, the annual progress report and the 2025 PLFG.

43. In both the initial 2025 PLF of October 2024 and the amended PLF of January 2025, the Government presented an estimate of the measures that differed from the usual structural effort methodology. As a result, a total effort of around 2 percentage points of GDP was presented in the initial PLF, with roughly two-thirds coming from expenditure (1.3 percentage points) and one-third from revenue (0.7 percentage points). Similarly, in the amended PLF of January 2025, the Government presented a total effort of around 1.7 percentage points of GDP, carried out mainly through expenditure (1.0 percentage point, compared to 0.7 percentage points from revenue).

44. This method for calculating the consolidation effort has been abandoned by the current Government. At the time, the High Council noted that under this alternative methodology, the effort to reduce expenditure was assessed relative to a particularly dynamic trend in expenditure, at +2.8% in volume terms compared to 1.2% for potential growth. Under this approach, an expenditure effort is required merely to prevent the deficit from increasing. As a result, both the overall adjustment presented and the share of the expenditure effort are

increased[12]. As the High Council pointed out, such an approach may be useful to show that certain expenditure items, such as those linked to population ageing, tend to grow spontaneously. However, the structural effort methodology remains the benchmark for assessing the actual contribution of budgetary measures to changes in the public deficit compared to the previous year, as well as the breakdown of that contribution between revenue and expenditure[13].

45. The High Council considers that the general government balance projection in the 2025 PLFG, which stands at 5.4 percentage points of GDP, as in the amended January 2025 PLF and the 2026 PLF, is credible. This projection remains subject to uncertainties, of a magnitude that is usual at this stage of the budget year. The structural effort would be significant in 2025, amounting to +0.8 percentage points of GDP. It would stem entirely from new increases in compulsory levies.

4- Public debt

46. The debt-to-GDP ratio is expected to keep on rising sharply. In 2024, it had resumed an upward trajectory (+3.5 points), exceeding 113 percentage points of GDP. In 2025, according to the PLFG scenario, the debt ratio is projected to increase by almost a further 3 points and would thus surpass, at 116 percentage points of GDP, the peak reached in 2020 during the health crisis.

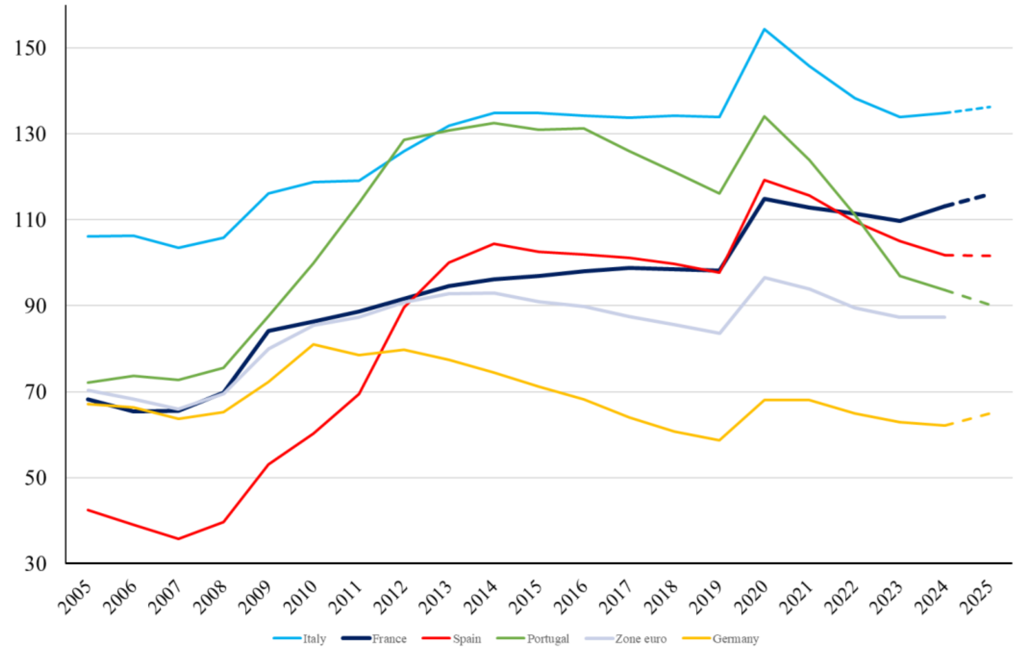
47. The continued significant rise in public debt is explained by the high level of deficit, even in primary terms. France is characterised by a very large primary deficit (i.e. excluding interest payments), amounting to more than 3 percentage points of GDP in 2025. Moreover, the gap between the interest rate on new government borrowing and the growth rate has been positive for the past year (for the 10-year rate). Under these conditions, despite the shift in fiscal policy from 2025 onwards, France remains far from being able to stabilise its debt ratio. The projected deficit for 2025 remains well above the level that would stabilise the public debt ratio.

48. For comparison, the gap between the debt-to-GDP ratios of France and Germany now exceeds 50 percentage points, whereas they were at the same level twenty years ago (see **figure 10**). Meanwhile, the debt trajectory is declining in Spain and Portugal, and is close to being stabilised in Italy, albeit at a higher level.

[12] The High Council also noted at the time that revenue measures prior to the 2025 PLF/PLFSS (such as the increase in the tax on electricity consumption) had been excluded from the calculation of the amount of increases in compulsory levies, and that the scaling-back of employer social-contribution exemptions, usually classified as an increase in compulsory levies, had been presented as a reduction in expenditure.

[13] See the opinions of the High Council on the 2025 PLF and on the amended 2025 PLF. For a more in-depth discussion of the merits and limitations of the various methodologies, see Carnot N., Morzadec A. and Simon O., *Public expenditure growth under "unchanged policy"*, Methodological note of the Permanent Secretariat of the HCFP, (2025).

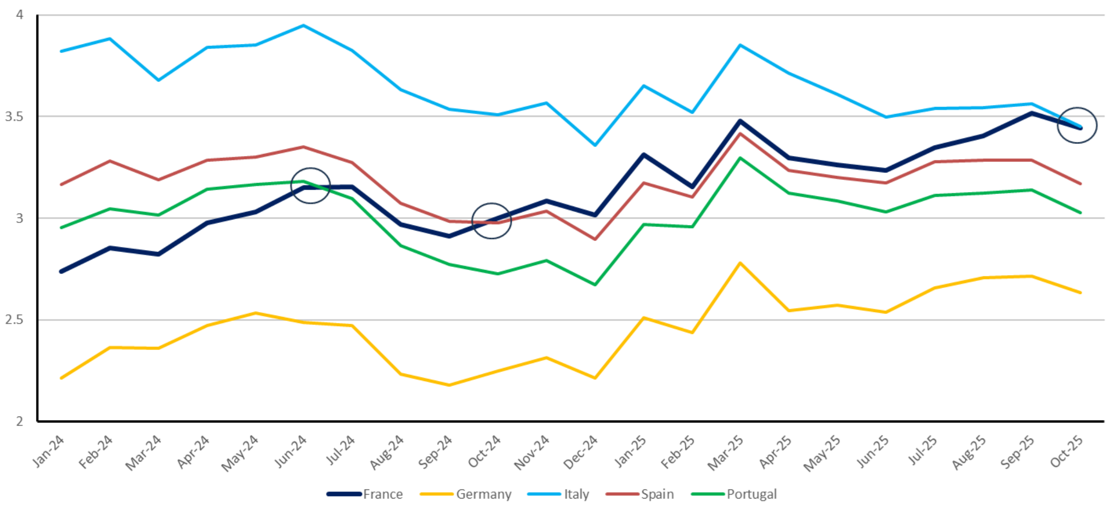
Figure 10: Public-debt-to-GDP ratio in the eurozone (in %)



Source: 2025 PLFG, draft national budgetary plans of Germany, Portugal and Italy (October 2025), Spanish annual progress report (April 2025), INSEE and Eurostat.

49. France's public borrowing conditions have deteriorated both in absolute terms and relative to its eurozone partners, particularly in southern Europe. Despite the decline in key interest rates in 2024-25, 10-year yields have risen more sharply in France than among its partners (see **figure 11**). Sovereign yields in Portugal and subsequently in Spain have fallen below French yields, which reached the Italian rate in October 2025. The PLFG assumes a realistic 10-year average yield for France in 2025 of 3.4%, compared to 3.0% in 2024.

Figure 11: 10-year sovereign rates in the Eurozone (in %)



Source: Banque de France, Investing for October 2025 (data from 01 to 30 October).

50. Due to the rise in long-term interest rates and the increase in debt levels, public administration debt service continues to grow sharply. It is projected to reach 2.2 percentage points of GDP (i.e. €65 billion in current terms) in 2025 in the forecast presented to the High Council, compared to 2.1 percentage points of GDP (€60 billion in current terms) in 2024.

51. **Due to persistently high deficit levels, public debt continues to grow at a worrying pace. The debt-to-GDP ratio is thus expected to increase by almost a further 3 percentage points in 2025, surpassing 116 percentage points of GDP, the peak reached in 2020 during the health crisis. The upward debt trajectory distinguishes France from its main eurozone partners.**

III- Assessment of the consistency of the introductory article of the 2025 PLFG with regard to the multiannual structural balance and general government expenditure guidelines

1- Consistency with the multiannual path set out in the PFPL

52. In its opinion n°2025- 2 of 14 April 2025 on the draft budget settlement bill for the year 2024, the High Council identified a "significant difference" between the multiannual structural balance targets set out in the PFPL and the outturn. Public expenditure had also grown more rapidly than projected in the programming. The High Council therefore triggered the correction mechanism provided for in Article 62 of the Organic Law. In accordance with the provisions of that law and of the PFPL, the Government presented, in a report annexed to the 2026 PLF, the corrective measures already adopted and those envisaged to bring the structural balance back in line with the multiannual targets defined in the PFPL.

53. The implementation of the corrective measures and of the measures included in the 2025 PLFG would result in a structural balance of −4.9% in 2025, unchanged from the 2026 PLF, and following −5.6% in 2024 under the potential framework set out in the PFPL[14] (see **table 7**).

[14] In accordance with the organic provisions, structural balances are calculated here, including for the PLFG scenario, within the potential framework of the PFPL. This differs from the potential framework used for the PLFG as the Government has in the meantime revised its series for potential GDP. The balance figures presented here for the PLFG therefore slightly differ from those presented above.

Table 7: Structural balance in the 2025 PLFG and in the PFPL (PFPL potential framework)

In GDP percentage points	**PLFG (Oct. 2025)**		*PFPL (Dec. 2023)*	
	2024	**2025**	***2024***	***2025***
General government balance (1)	**-5.8**	**-5.4**	***-4.4***	***-3.7***
Cyclical component (2)	-0.1	-0.5	*-0.6*	*-0.4*
Temporary and "one-off" measures (3)	-0.1	0.0	*-0.1*	*-0.1*
Structural balance (1-2-3)	**-5.6**	**-4.9**	*-3.7*	*-3.3*
Deviation from the PFPL	***-2.0***	***-1.6***	/	/

Note: as figures are rounded to the nearest tenth, there may be slight discrepancies in the results of operations.
Source: 2025 PLFG referral, public finance programming law of December 2023. Potential framework of the PFPL.

54. The structural adjustment projected for 2025 is indeed stronger than the pace anticipated in the programming law, but this faster adjustment starts from a much more deteriorated level of structural deficit. The structural balance projected for 2025 therefore remains deeply in deficit compared to that presented in the PFPL, since the expected gap of 1.6 GDP percentage points is well beyond the organic threshold for a "significant deviation" (0.5 GDP percentage points in a single year or 0.25 GDP percentage points over two consecutive years)[15].

55. The application of the correction mechanism must also take into account the evolution of public expenditure in volume relative to that set out in the PFPL. Public expenditure has deviated sharply from the PFPL path. According to the PLFG scenario for 2025, public expenditure excluding tax credits, deflated by the consumer price index excluding tobacco, is projected to increase by +1.7% in 2025, compared to a +0.8% increase projected in the PFPL. Cumulatively from 2022 to 2025, the volume growth of public expenditure excluding tax credits is expected to reach +2.7%, compared to the stabilisation planned in the PFPL. Considering the volume growth of public expenditure does not change the conclusion that the correction mechanism will continue to apply for the year 2025.

56. The structural adjustment expected in 2025 is therefore only a very first step in the necessary consolidation path, and is in any case insufficient to return to the guidelines set out in the public finance programming law.

57. In practice, compliance with the multiannual commitments made under the medium-term fiscal structural plan (MTP, see below), in terms of the deficit trajectory through 2029 and net primary expenditure, has effectively replaced the commitments set out in the public finance programming law. The High Council itself has already highlighted the outdated nature of the PFPL, even though it was enacted less than two years. Nevertheless, it is still required to refer to it in its opinions.

2 Assessment in regard to the MTP

58. Following the reform of the European fiscal governance framework in April 2024, the assessment of France's compliance with its European commitments is based on evaluating

[15] The shift to the 2020 base in the national accounts following the enactment of the PFPL only accounts for a minor share of this deviation.

adherence to the net primary expenditure trajectory, which is the main operational variable of the MTP and is monitored ex post over the plan's duration. The net primary expenditure trajectory is therefore the main effective criterion for recommendations under the new European rules. In the excessive deficit procedure opened against France by the Council in July 2024, it is complemented by the recommendation that the deficit be brought back below the 3% of GDP threshold by 2029 at the latest. The net primary expenditure, which is expressed in current euros, is equal to public expenditure net of interest charges and other specific expenditure[16], adjusted for the effect of new discretionary revenue measures.

59. According to the Council's recommendations of 21 January 2025, net expenditure growth must not exceed +0.8% in 2025. In 2025, the forecast submitted to the High Council does not provide for strict compliance with this commitment, as the projected growth is higher (+1.0%), i.e. an overrun of 0.1 GDP percentage points. The High Council regrets this deviation, as it has already stated in its opinion of April 2025 on the annual progress report. Even though this deviation is limited and European rules allow for a tolerance threshold (of 0.3 GDP points), the High Council considers that it is not good governance to erode this tolerance margin, which should be preserved in case of unforeseen developments.

60. In addition to the year-on-year net expenditure growth, the new European governance framework also considers its cumulative growth since 2023, which must remain below a ceiling. According to the forecast submitted to the High Council, France would comply with this criterion in 2025 (cumulative growth of 4.5% compared to a ceiling of 4.6%). This compliance is partly due to better-than-expected execution in 2024, linked to the fact that forecasts available when the European recommendations were drawn up had, at the time, indicated higher expenditure than was ultimately observed.

61. **The High Conseil considers that the structural adjustment expected in 2025 is only a first step in the necessary consolidation path, and is in any case insufficient to return to the guidelines set out in the public finance programming law. In practice, compliance with the multiannual commitments made under the MTP, in terms of the deficit trajectory through 2029 and net primary expenditure, has effectively replaced the commitments set out in the public finance programming law. While these commitments appear broadly met for 2025, the High Council stresses that it is essential to continue the consolidation effort over the medium term.**

*

* *

This opinion will be published in the *Official Journal* of the French Republic and attached to the end-of-year budget bill for 2025 when it is submitted to the French Parliament.

[16] Expenditure fully offset by revenue from EU funds, national spending in cofinancing EU funded programmes, as well as the cyclical components of unemployment-related spending.

Paris, on 31 October 2025.

For the High Council of Public Finance,
The First President of the Court of Audit,
Chairman of the High Council of Public Finance

Pierre MOSCOVICI

Appendix 1: macroeconomic scenario attached to the end-of-year budget bill for 2025

According to the Government's referral, *"the macroeconomic scenario underlying the 2025 PLFG remains unchanged from that underlying the 2025 PLF.*

New information since the finalisation of the 2026 PLF is consistent with the underlying macroeconomic scenario for 2025. In particular the change regarding public finances included in the PLFG are not likely to lead to a revision of the macroeconomic scenario

Business surveys published since the submission of the PLF suggest that activity is expected to keep growing in the third quarter. The INSEE climate index rose by 1 point in October, reaching 97, bringing it closer to its historical average. Similarly, although France's PMI fell to 46.8 points in October, this level remains generally associated with slightly positive growth in activity. Based on its survey published on 9 October, the Banque de France kept its growth forecast for the third quarter unchanged at +0.3% Household confidence rose by +2 points in October to 90 and the balance related to major purchase intentions, which is better correlated to consumption growth, followed the same trend, well above the low levels recorded from mid-2022 to the end of 2024.

The main data already published for the third quarter is relatively positive. Despite a decline in the industrial production index (IPI) in August (−0.7%), the carry-over growth of the manufacturing IPI for 2025 at the end of August remains positive at +0.4%. The carry-over growth for manufacture goods exports in value terms for their third quarter is fairly high (+3.5%), thanks to the rebound in aircraft deliveries. The carry-over growth for imports is also positive (+1.5% in value terms), but weaker. Only the carry over for goods consumptions in August for the third quarter is slightly negative (−0.2%), penalised in particular by food expenditure (carry over at −1.2%).

Thus, in the second half of 2025, activity is expected to continue to grow. After being driven mainly by changes in inventories in the first half of the year, growth is now expected to be supported more by exports and by the recovery in household consumption of services.

Inflation in September was slightly lower than expected. However, this deviation should be viewed in the context of the risk of higher oil prices give the additional sanctions linked to the prolongation of Russia's war in Ukraine and the first signs of an end to the price war in the telecommunications sector.

Finally, the wage bill forecast for nonfarm market sectors remains unchanged at +1.8% in 2025. On the one hand, the average wage per capita is expected to increase by +2.2%, supported by inflation and past productivity gains. The mid-year growth carryover (+1.8%) supports this. The average wag per capita forecast is close to that of other forecasters (+2.1% for INSEE and +2.2% for the Banque de France), although the scope may differ slightly (the Banque de France considers market sectors including the farm sector). On the other hand, employment in nonfarm market sectors is expected to decline slightly in 2025 (−0.2% year-on-year)."

Economic forecasts for France September 2025	2024	2025
Goods and services, real terms[1]		
Gross domestic product (wda)	**1.1**	**0.7**
Final household consumption	1	0.5
Final public consumption	1.4	1.9
Gross fixed capital formation	-1.3	-0.4
Of which: non-financial corporations	*-2.4*	*-0.9*
general government	*4.7*	*-0.5*
households (excluding sole proprietorship)	*-5.6*	*0.8*
Imports	-1.3	2.7
Exports	2.4	0.5
Contributions to real GDP growth		
Private domestic demand (excluding inventories)	0.1	0.2
Public demand	0.5	0.4
Change in inventories and valuables	-0.8	0.9
Foreign trade	1.3	-0.8
Prices and nominal aggregates		
Consumer price index	**2**	**1.1**
Core inflation index	1.8	1.4
Gross domestic product deflator	2.1	1.5
Nominal gross domestic product	3.2	2.3
Productivity, employment and wages		
Nonfarm market sectors:		
- Labour productivity (in full-time equivalent terms)	1.6	1
- Payroll employment (AA, in %)²	0.2	-0.4
- Payroll employment (AA, in thousands)²	31	-70
- Payroll employment (yoy, in thousands)²	-40	-35
- Average wage per capita	2.6	2.2
- Purchasing power of the average wage (deflated by the CPI)	0.6	1.2
- Wage bill	2.8	1.8
Total employment (AA)²	0.7	0.2
Total employment (yoy, in thousands)²	106	80
Non-financial corporations accounts		
Value added	2.2	0.8
Gross operating income	0.2	-1.8
Margin rate	**32.2**	**31.3**
Investment rate	21.7	21.6
Self-financing rate	93.2	89.9
Households accounts		
Total wage bill	3.3	1.6
Gross disposable income	4.8	1.4
Purchasing power of gross disposable income	**2.6**	**0.8**
Saving rate (savings/GDI)	18.2	18.4
Financial saving rate (financing capacity as % of GDI)	9.1	9.4
International context		
Global demand in goods for France	0.6	2.5
Euro-dollar exchange rate	1.08	1.13
Oil price (per Brent barrel in dollars)	81	70

[1] The data presented here are in the sense of INSEE's quarterly accounts
²Payroll employment as defined in INSEE emplyment estimates

Appendix 2: public finance scenario attached to the draft end-of-year budget bill for 2025

According to the Government's referral, *"the projection for the general government balance in 2025 that underlies the draft end-of-year budget bill for 2025 (PLFG) takes into account the latest information on revenue and expenditure since the submission of the draft budget bill for 2026 (PLF).*

The macroeconomic assumptions are unchanged from the 2026 PLF and growth of +0.7% in volume terms is still expected for 2025.

The general government balance projection for 2025 remains at −5.4% of GDP, as in the 2026 PLF and the 2025 initial budget bill. The Government has done everything possible throughout the year to honour the commitment made when parliamentarians voted on the budget bills for 2025.

The structural balance projection for 2025 remains unchanged from the 2026 PLF, at −5.1% of potential GDP. Compared to the 2026 PLF, projections for compulsory levies are broadly unchanged, with minor revisions resulting in a slight decrease (-€0.6 billion), due to the inclusion of the recent accounting data, in particular VAT accounting data of late September, which was slightly below the trajectory underlying the PLF.

The end-of-year management plan results in the execution of expenditure with the scope of government spending broadly in line with the level set in the initial budget bill for 2025, but it leads to a deterioration of €1.0 billion in the general government balance in the national accounts.

Regarding social security administrations, the decision by the Agirc-Arrco Board of Directors on 17 October 2025 not to increase benefits will improve the balance by €0.1 billion in 2025.

The rest of the forecast for social security administrations is unchanged from the draft social security financing bill (PLFSS).

Finally, the latest accounting data from local authorities do not undermine the projection for local government expenditure in 2025 laid out in the 2026 PLF."

Appendix 3: introductory article of the draft end-of-year budget bill for 2026
[as translated by the Permanent Secretariat of the HCFP]

Explanatory memorandum:

The projection for the general government balance in 2025 that underlies the draft end-of-year budget bill for 2025 (PLFG) takes into account the latest information on revenue and expenditure since the submission of the draft budget bill for 2026 (PLF).

The macroeconomic assumptions are unchanged from the 2026 PLF and growth of +0.7% in volume terms is still expected for 2025.

The general government balance projection for 2025 remains at −5.4% of GDP, as in the 2026 PLF and the 2025 initial budget bill. The Government has done everything possible throughout the year to honour the commitment made when parliamentarians voted on the budget bills for 2025.

The structural balance projection for 2025 remains unchanged from the 2026 PLF, at −5.1% of potential GDP. Compared to the 2026 PLF, projections for compulsory levies are broadly unchanged, with minor revisions resulting in a slight decrease (-€0.6 billion), due to the inclusion of the recent accounting data, in particular VAT accounting data of late September, which was slightly below the trajectory underlying the PLF.

The end-of-year management plan results in the execution of expenditure with the scope of government spending broadly in line with the level set in the initial budget bill for 2025, but it leads to a deterioration of €1.0 billion in the general government balance in the national accounts.

Regarding social security administrations, the decision by the Agirc-Arrco Board of Directors on 17 October 2025 not to increase benefits will improve the balance by €0.1 billion in 2025.

The rest of the forecast for social security administrations is unchanged from the draft social security financing bill (PLFSS).

Finally, the latest accounting data from local authorities do not undermine the projection for local government expenditure in 2025 laid out in the 2026 PLF.

Text of the article:

The forecasts for the structural balance and the headline balance of all general government, the balance projections broken down by sub-sector, the forecast, broken down by sub-sector of general government, of the target change in volume and the forecast in billions of current euros of general government expenditure, the forecasts for compulsory levies, expenditure and debt for the general government sector for the year 2025, the corresponding forecasts for 2025 from the public finance programming law for the years 2023 to 2027, as well as the outturn data for 2024 are set out below:

In % of GDP unless otherwise specified	2024	2025	2025
Draft end-of-year budget bill for 2025			PFPL 2023-2027*
General government			
Structural balance (1)	-5.8	-5.1	-3.3
Cyclical balance (2)	0.0	-0.2	-0.4
Temporary and “one-off” measures balance (3)	-0.1	0.0	-0.1
Headline balance (1+2+3)	-5.8	-5.4	-3.7
Maastricht debt	113.2	116.0	109.6
Compulsory tax ratio (including EU, net of tax credits)	42.8	43.6	44.4
Public expenditure (excluding tax credits)	56.6	56.8	55.0
Public expenditure (excluding tax credits, in €bn)	1652	1697	1668
Public expenditure (excluding tax credits) growth in volume terms (%)[1]	2.1	1.7	08
Main investment expenditures (in €bn)[2]	26	28	34
Central government			
Balance	-5.3	-4.6	-4.3
Public expenditure (excluding tax credits, in €bn)	651	664	658
Public expenditure growth in volume terms (%)[3]	-0.8	1.2	1.9
Local government			
Balance	-0.6	-0.5	-0.2
Public expenditure (excluding tax credits, in €bn)	330	337	329
Public expenditure growth in volume terms (%)[3]	3.2	1.2	0.2
Social security administrations			
Balance	0.0	-0.3	0.7
Public expenditure (excluding tax credits, in €bn)	778	805	779
Public expenditure growth in volume terms (%)[3]	3.8	2.3	0.3

The national accounting figures relating to the draft end-of-year budget bill for 2025 refer, for 2024, to the accounts published by INSEE in national accounting terms in 2020 base, and for 2025, to the Government’s forecasts in the same base. Forecasts relating to the public finance programming law for the years 2023 to 2027 in national accounting terms prior to the change in the base of the French national accounts, were based on the previous base of the national accounts, the 2014 base.
* Public finance programming law for the years 2023 to 2027.
[1]Constant perimeter
[2]Within the meaning of the public finance programming law for 2023-2027.
[3]Constant perimeter, excluding transfers between government departments.