

Opinion n° HCFP-2018-4
on the amending budget bill for the year 2018

31 October 2018

Under article 15 of the constitutional bylaw n°2012-1403 of 17 December 2012, the Government referred to the High Council of public finance (HCFP), on 25 October 2018, its macroeconomic forecasts and the introductory article of its amending budget bill for the year 2018. After its deliberations on 31 October 2018, the High Council delivered the following opinion.

Main conclusions

The High Council notes that the macroeconomic and public finance forecasts for 2018 are unchanged in the Government's scenario compared to those presented at the end of September in the budget bill for 2019.

In view of the most recent information and in particular the national accounts for the third quarter published by INSEE after the Government's referral, the High Council considers that the GDP growth assumption of 1.7% is a bit high and that a GDP growth of 1.6% is more likely to be achieved.

In terms of public finances, the risks appear to be balanced: VAT revenues could be slightly lower than expected and local authorities' operating expenditure slightly less dynamic than expected. Uncertainties remain, as they do every year, particularly regarding the last corporate tax advance payment and the investment of local authorities.

Overall, the High Council considers that the public balance forecast of -2.6 percentage points of GDP for 2018 is plausible in view of the information available.

The High Council notes that the estimated structural deficit for 2018 is close to the path of the programming law (-2.2 percentage points of GDP against -2.1). It notes that after having been negative in 2017, the structural effort will be almost zero in 2018, even though the path to bring the structural balance back to the medium-term objective remains significant.