

Opinion No HCFP - 2025 - 6

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

31 October 2025

**Executive summary**

*The draft end-of-year budget bill<sup>1</sup> (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 High Council was formally referred the matter. The growth projection for the total wage bill in the nonfarm market sector (+1.8%) is attainable 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 authorities' 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 services 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*

<sup>1</sup>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 well-anchored, 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 in line with 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 to be significant in 2025, at +0.8 percentage points of GDP. This structural effort in 2025 is projected to come entirely from new measures in revenue hikes, while the effort on the expenditure saving will be zero: the measures implemented on the expenditure saving is expected to effectively limit spending 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 concerning rate. The debt-to-GDP ratio is expected to increase by nearly 3 additional points in 2025 and, at 116 points of GDP. It will exceed 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.*

The complete English version of this opinion will be released in the coming days.