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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	COUNCIL RECOMMENDATION endorsing the national medium-term fiscal-structural plan of France

COUNCIL RECOMMENDATION

endorsing the national medium-term fiscal-structural plan of France

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121 thereof,

Having regard to Regulation (EU) 2024/1263, and in particular Article 17 thereof,

Having regard to the recommendation from the Commission, Whereas:

GENERAL CONSIDERATIONS

(1) A reformed EU economic governance framework entered into force on 30 April 2024. Regulation (EU) 2024/1263 of the European Parliament and of the Council on the effective coordination of economic policies and on multilateral budgetary surveillance[1], together with the amended Regulation (EC) No 1467/97 on the implementation of the excessive deficit procedure[2], and the amended Council Directive 2011/85/EU on the budgetary frameworks of Member States[3] are the core elements of the reformed EU economic governance framework. The framework aims at promoting sound and sustainable public finances, and sustainable and inclusive growth and resilience through reforms and investments, and preventing excessive government deficits. It also promotes national ownership and has a greater medium-term focus, combined with more effective and coherent enforcement of the rules.

1 Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).

2 Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1264/oj).

3 Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024, ELI: http://data.europa.eu/eli/dir/2024/1265/oj).

(2) The national medium-term fiscal-structural plans that Member States submit to the Council and to the Commission, are at the centre of the new economic governance framework. The plans are to deliver on two objectives: i) ensuring that, inter alia by the end of the adjustment period, general government debt is on a plausibly downward trajectory, or stays at prudent levels, and that the government deficit is brought and maintained below the reference value of 3% of GDP over the medium term, and ii) ensuring the delivery of reforms and investments responding to the main challenges identified in the context of the European Semester and addressing the common priorities of the EU. To that end, each plan is to present a medium-term commitment to a net expenditure[4] path, which effectively establishes a budgetary constraint for the duration of the plan, covering four or five years (depending on the regular term of legislature in a Member State). In addition, the plan is to explain how the Member State will ensure the delivery of reforms and investments responding to the main challenges identified in the context of the European Semester, in particular in the country-specific recommendations (including those pertaining to the macroeconomic imbalances procedure (MIP), if applicable), and how the Member State will address the common priorities of the Union. The period for fiscal adjustment covers a period of four years, which may be extended by up to three years if the Member State commits to delivering a set of relevant reforms and investments that satisfies the criteria set out in Article 14 of Regulation (EU) 2024/1263.

(3) Following the submission of the plan, the Commission is to assess whether it complies with the requirements of Regulation (EU) 2024/1263.

(4) Upon a recommendation from the Commission, the Council is to then adopt a recommendation to set the net expenditure path of the Member State concerned and, where applicable, endorse the set of reform and investment commitments underpinning an extension of the fiscal adjustment period.

[4] Net expenditure as defined in Article 2 of Regulation (EU) 2024/1263, namely government expenditure net of (i) interest expenditure, (ii) discretionary revenue measures, (iii) expenditure on Union programmes fully matched by revenue from Union funds, (iv) national expenditure on co-financing of programmes funded by the Union, (v) cyclical elements of unemployment benefit expenditure and (vi) one-offs and other temporary measures.

CONSIDERATIONS CONCERNING THE NATIONAL MEDIUM-TERM FISCAL-STRUCTURAL PLAN OF FRANCE

(5) On 31 October 2024, France submitted its national medium-term fiscal-structural plan to the Council and to the Commission. The submission took place following an extension of the deadline set out in Article 36 of Regulation (EU) 2024/1263, as agreed with the Commission to give France the possibility to present a plan based on a solid political commitment of the newly appointed government. However, following a no-confidence vote by the Parliament on 5 December, a new government was appointed on 23 December 2024. On 14 January 2025, the Prime Minister announced to the National Assembly a new deficit target of 5.4% of GDP for 2025, higher than the previous target of 5.0% of GDP, and reiterated the committment to bring the deficit below 3% of GDP by 2029.
On 16 January 2025, France requested, through a letter of the Director General of the Treasury, an adaptation to the net expenditure path underlying the recommendation endorsing the French medium-term plan and the recommendation under Article 126(7) TFEU, to reflect the new deficit target. The letter does not include updated values for other fiscal variables.

Process prior to the submission of the plan

(6) To frame the dialogue leading to the submission of national medium-term fiscal-structural plans, on 21 June 2024 the Commission sent, according to Article 9 of Regulation (EU) 2024/1263, the reference trajectory[5] to France. The Commission published the reference trajectory on 31 October 2024[6]. The reference trajectory is risk-based and ensures that, by the end of the fiscal adjustment period and in the absence of further budgetary measures beyond the adjustment period, general government debt is on a plausibly downward trajectory or stays at prudent levels over the medium term, and the general government deficit is brought below 3% of GDP over the adjustment period and maintained below that reference value over the medium term. The medium term is defined as the tenyear period after the end of the adjustment period. In accordance with Articles 6, point (d), 7 and 8 of Regulation (EU) 2024/1263, the reference trajectory is also consistent with the deficit benchmark, the debt sustainability safeguard and the deficit resilience safeguard.

5 Prior guidance transmitted to the Member States and Economic and Financial Committee includes trajectories without and with an extension of the adjustment period (covering 4 and 7 years, respectively). It also includes the main initial conditions and underlying assumptions used in the European Commission's medium-term government debt projection framework. The reference trajectory was calculated on the basis of the methodology described in the European Commission's Debt Sustainability Monitor 2023 (https://economy-finance.ec.europa.eu/publications/debt-sustainability-monitor-2023_en). It is based on the European Commission 2024 spring forecast and its medium-term extension up to 2033, and long-term GDP growth and ageing costs are in line with the joint European Commission-Council 2024 Ageing Report (https://economy-finance.ec.europa.eu/publications/2024-ageing-report-economic-and-budgetary-projections-eu-member-states-2022-2070_en).

6 https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/national-medium-term-fiscal-structural-plans_en#france.

The reference trajectory of France sets out that, based on the Commission's assumptions underpinning the prior guidance transmitted in June 2024 and assuming a 7-year adjustment period, net expenditure should not grow by more than the values provided in Table 1. This corresponds to average net expenditure growth of 1.6% over both the adjustment period (2025–2031) and the period covered by the plan (2025–2029).

Table 1: Reference trajectory provided by the Commission to France on 21 June 2024

	2025	2026	2027	2028	2029	2030	2031	Average 2025–2029	Average 2025–2031
Maximum net expenditure growth (annual, %)	2.0	1.7	1.6	1.4	1.5	1.6	1.7	1.6	1.6

Source: Commission's calculations.

(7) In line with Article 12 of Regulation (EU) 2024/1263, France and the Commission engaged in a technical dialogue in October 2024. The dialogue centred on the net expenditure path envisaged by France and its underlying assumptions (in particular the envisaged trajectory for potential growth, real GDP and GDP deflator, and the fiscal multiplier), the envisaged set of reform and investment commitments to underpin an extension of the adjustment period including reforms and investments such as commitments to complement recent labour market reforms towards the objective of full employment, to reinforce reindustrialisation and competitiveness via support to research and innovation and a simplified business environment, to speed up the green transition and to strengthen public finances' management), which also aim to respond to the main challenges identified in the context of the European Semester and the common priorities of the Union in fair green and digital transition, social and economic resilience, energy security and the build-up of defence capabilities.

(8) The plan does not report on a consultation process with relevant national stakeholders (including social partners) prior to submission.

(9) The High Council of Public Finance (France's independent fiscal institution) delivered an opinion on the macroeconomic forecast and the macroeconomic assumptions underpinning the multi-annual net expenditure path. The High Council concluded that the information provided by the Government at the time of preparing the opinion was insufficient to enable an assessment of the realism of the multi-year trajectory set out in the medium-term plan, in particular, concerning the composition of growth beyond 2025, the path of public finances or the set of reforms and investments which would underpin an extension of the adjustment period from 4 to 7 years. However, based on the information available, the High Council considered that the potential GDP scenario and the output gap, although still somewhat optimistic, were reasonable compared to previous estimates, while the actual growth scenario remained optimistic. The High Council reiterated the importance for France to respect the trajectory of the medium-term plan, while continuing to finance priority investments and preserving growth potential.

(10) The plan was presented to the national parliament on 21 October 2024.

Other related processes

(11) On 26 July 2024, the Council established the existence of an excessive deficit in France due to non-compliance with the deficit criterion[7].

The present Recommendation coincides with the Council Recommendation under Article 126(7) TFEU with a view to bringing an end to the situation of an excessive government deficit in France. The simultaneous adoption of those recommendations, which is tailored to and justified by the transition to the new economic governance framework, ensures consistency between the recommended adjustment paths.

[7] OJ L, 1.8.2024, ELI: https://eur-lex.europa.eu/eli/dec/2024/2122/oj.

(12) On 23 October 2024, France submitted its Draft Budgetary Plan for the year 2025. The Commission adopted an opinion on this Draft Budgetary Plan on 26 November 2024[8]. Following the no-confidence vote by the Parliament, the adoption process of the draft budget for 2025 was put on hold. Until the adoption of a new budget for 2025, a special law adopted by the Parliament in December 2024 allows the State to collect taxes and the issuance of debt by the State and the social security entities in 2025. At the same time, a decree adopted by the government on 30 December 2024 allows the carry over of the 2024 budget into 2025.

(13) On 21 October 2024, the Council addressed to France a series of country-specific recommendations (CSRs) in the context of the European Semester[9].

SUMMARY OF THE PLAN AND THE COMMISSION'S ASSESSMENT THEREOF

(14) In line with Article 16 of Regulation (EU) 2024/1263, the Commission assessed the plan as follows:

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8 Commission Opinion on the Draft Budgetary Plan of France, 26.11.2024, C(2024) 9055 final.

9 Council Recommendation of 21 October 2024 on economic, budgetary, employment and structural policies of France.

Context: macroeconomic and fiscal situation and outlook

(15) Economic activity in France grew by 0.9% in 2023, driven by private consumption and a positive contribution of net exports. According to the European Commission Autumn 2024 Forecast, the economy is expected to grow by 1.1% in 2024, on the back of still buoyant net exports, supporting public consumption and investment. In 2025, real GDP is set to increase by 0.8%, as a contractionary fiscal stance is set to weigh on economic activity. Although supported by disinflation and increases in real wages, private consumption is expected to remain subdued, while the delayed effects of a more accommodative monetary policy, as well as economic and policy uncertainty are set to keep weighing on private investment.
In 2026, real GDP is expected to increase by 1.4%, as lower fiscal adjustment and further declining credit costs are forecast to drive private domestic demand and private investment. Over the forecast horizon (i.e., 2024-2026), potential GDP growth in France is expected to slightly decelerate, driven by a decelerating contribution from labour. The unemployment rate stood at 7.3% in 2023, and is projected by the Commission to amount to 7.4% in 2024, 7.5% in 2025 and 7.6% in 2026. Inflation (GDP deflator) is projected to decrease from 5.3% in 2023 to 2.2% in 2024, and to reach 1.6% in 2025 and 1.7% in 2026.

(16) Regarding fiscal developments, in 2023 France's general government deficit amounted to 5.5% of GDP. According to the European Commission Autumn 2024 Forecast, it is set to reach 6.2% of GDP in 2024 and to decline to 5.3% of GDP in 2025 and, on a no-policy change basis, to increase to 5.4% in 2026. The Commission forecast includes France's draft budget for 2025 that the government proposed to the national parliament in October. General government debt was 109.9% of GDP at end-2023. According to the European Commission Autumn 2024 Forecast, the debt ratio is expected to increase to 112.7% of GDP at end-2024. It is projected to increase further to 115.3% of GDP at end-2025 and 117.1% at end-2026. The fiscal forecast by the Commission does not consider the policy commitments in the medium-term plans as such until they are underpinned by credibly announced and sufficiently specified concrete policy measures.

Net expenditure path and main macroeconomic assumptions in the plan

(17) France's national medium-term fiscal-structural plan covers the period 2025-2029 and presents a fiscal adjustment over seven years.

(18) The plan contains the information required by Article 13 of Regulation (EU) 2024/1263, with the exception of the consultation of national parliaments and the consultation referred to in Article 11 required by Article 13(g) of Regulation (EU) 2024/1263.

(19) The plan, as complemented by the authorities' letter of 16 January 2025, commits to the net expenditure path indicated in Table 2, corresponding to average net expenditure growth of 1.1% over the years 2025–2029. The assessment below takes into account this adapted net expenditure path. In addition, France commits to a set of reforms and investments with the view to extending the adjustment period to 7 years (2025–2031), over which the average net expenditure growth is planned to be 1.1%.

The average net expenditure growth reported in the plan over the adjustment period (2025–2031) is lower than the reference trajectory transmitted by the Commission on 21 June 2024.

The plan assumes potential GDP growth to remain stable at 1.2% until 2028 (unchanged from 2024), before decreasing to 1.0% in 2029. In addition, the plan expects the growth rate of the GDP deflator to decrease to 1.7% in 2025 (from 2.3% in 2024) before decreasing further to 1.6% in 2026–2029.

Table 2: Net expenditure path and main assumptions in France's plan

						Extension of the adjustment period				
	2024	2025	2026	2027	2028	2029	2030	2031	Average over the period of validity of the plan 2025–2029	Average over the adjustment period 2025–2031
Net expenditure growth (annual, %)	3.8	0.8	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Net expenditure growth (cumulative, from base year 2023, %)	3.8	4.6	5.8	7.1	8.4	9.5	10.8	12.0	n.a.	n.a.
Potential GDP growth (%)	1.2	1.2	1.2	1.2	1.2	1.0	1.0	1.0	1.2	1.1
Inflation (GDP deflator growth) (%)	2.3	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6

Source: Medium-term fiscal-structural plan of France (as complemented by the authorities' letter of 16 January 2025) and Commission calculations.

Implications of the plan's net expenditure commitments for general government debt

Debt developments

(20) If the net expenditure path committed to in the plan and the underlying assumptions materialise, general government debt would, according to the plan, gradually increase from 112.9% of GDP in 2024 to 116.5% of GDP in 2027 and then gradually decrease to 113.5% of GDP at the end of the adjustment period (2031), as per the following table. Over the medium term, that is over the 10 years after the end of the adjustment period, the general government debt ratio would remain on a steady declining trend, reaching a level of 100.9% in 2041.

Table 3: General government debt and balance developments in France's plan

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2041
Government debt (% of GDP)	109.9	112.9	114.7	115.9	116.5	116.1	115.8	114.9	113.5	100.9
Government balance (% of GDP)	-5.5	-6.1	-5.0	-4.6	-4.0	-3.3	-2.8	-2.2	-1.7	-1.6

Source: Medium-term fiscal-structural plan of France.

Thus, according to the plan, the general government debt ratio would be put on a downward path by the end of the adjustment period (2031). This is plausible as, based on the plan's assumptions, debt is projected to decline over the ten years following the adjustment period under all deterministic stress tests of the Commission's Debt Sustainability Analysis, and the stochastic projections indicate that debt would decline with a sufficiently high probability.

Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is consistent with the requirement for debt as set out in Articles 6, point (a), and 16(2) of Regulation (EU) 2024/1263. According to the French authorities and the Commission's own calculations, medium-term debt developments on the basis of the adapted net expenditure path will not be significantly different from those included in the initial plan.

Implications of the plan's net expenditure commitments for the general government balance

(21) Based on the plan's net expenditure path and assumptions, the general government deficit would progressively decline from 6.1% of GDP in 2024 to 2.8% of GDP in 2029 and to 1.7% of GDP at the end of the adjustment period (2031). Thus, according to the plan, the general government balance would not exceed the 3% of GDP reference value at the end of the adjustment period (2031). In addition, in the ten years following the adjustment period (i.e. until 2041), the government deficit would not exceed 3% of GDP. Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is consistent with the requirement for the deficit as set out in Articles 6, point (b), and 16(2) of Regulation (EU) 2024/1263. According to the French authorities and the Commission's own calculations, medium-term deficit developments on the basis of the adapted net expenditure path put forward in the authorities' letter will not be significantly different from those included in the initial plan.

Time profile of the fiscal adjustment

(22) The time profile of the fiscal adjustment, measured as the change in the structural primary balance, as described in the plan, is frontloaded, compared to the linear path referred to as a rule under Article 6, point (c), of Regulation (EU) 2024/1263. This reflects a large consolidation effort in 2025. In addition, the fiscal adjustment over the first four years of the plan is more than proportional to the total adjustment effort.

Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is consistent with the no-backloading safeguard clause set out in Article 6(c) of Regulation (EU) 2024/1263. According to the French authorities and the Commission's own calculations, the fiscal adjustment that results from the adapted net expenditure path is frontloaded.

Table 4: Structural primary balance developments in France's plan

	2023	2024	2025	2026	2027	2028	2029	2030	2031
Structural primary balance (% of GDP)	-3.2	-3.6	-2.3	-1.7	-1.0	-0.3	0.3	1.1	1.8
Change in structural primary balance (pps.)	n.a.	-0.4	1.4	0.6	0.7	0.7	0.7	0.7	0.7

Source: Medium-term fiscal-structural plan of France.

Consistency with the excessive deficit procedure

(23) The net expenditure path set out in the plan is in line with the requirements under the excessive deficit procedure (in particular with the minimum annual structural adjustment established in Article 3(4), third subparagraph of Council Regulation (EC) 1467/97). According to the French authorities and the Commission's own calculations, the fiscal adjustment that results from the adapted net expenditure path is still in line with the minimum annual structural adjustment under the excessive deficit procedure.

Consistency of the plan with the deficit resilience safeguard

(24) The requirement of the preventive arm set out in Article 8 of Regulation (EU) 2024/1263 regarding the deficit resilience safeguard, which aims to provide a common margin relative to the deficit reference value of 3% of GDP, applies to France as of 2030, as the deficit is planned to be below 3% of GDP as of 2029. In 2030 and 2031, the annual adjustment in the structural primary balance should therefore not be less than 0.25% of GDP if the structural deficit remained above 1.5% of GDP in the years before, to achieve a common resilience margin in structural terms of 1.5% of GDP. The fiscal adjustment that results from the plan's policy commitments and macroeconomic assumptions exceeds 0.25% of GDP in both years. Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is consistent with the deficit resilience safeguard. According to the French authorities and the Commission's own calculations, the fiscal adjustment that results from the adapted net expenditure path still fulfills the deficit resilience safeguard.

Consistency of the plan with the debt sustainability safeguard

(25) In accordance with Article 7 of Regulation (EU) 2024/1263, as general government debt will be above 90% of GDP over the adjustment period according to the plan, the debt ratio is required to decline by at least 1 percentage point on average per year until it falls below 90%, after which it should decline by 0.5 percentage points on average. As the deficit is planned to be below 3% of GDP as of 2029 according to the plan, this decline is calculated for the year 2031 (compared to the level of 2030) and amounts to 1.4 percentage points (see Table 3). Therefore, based on the plan's policy commitments and macroeconomic assumptions, the net expenditure path put forward in the plan is consistent with the debt sustainability safeguard. According to the French authorities and the Commission's own calculations, the debt developments that result from the adapted net expenditure path still fulfill the debt sustainability safeguard.

Macroeconomic assumptions of the plan

(26) The plan is based on a set of assumptions which differs from the Commission's assumptions transmitted to France on 21 June 2024. In particular, the plan uses different assumptions for ten variables, namely the starting point (the structural primary balance in 2024), potential GDP growth, GDP deflator growth, actual GDP growth, the output gap, the nominal implicit interest rate, the fiscal multiplier, stock-flow adjustments, one-off and other temporary measures, and the budget balance semi-elasticity. Moreover, the adjustment is frontloaded, and France uses a different formula to compute net expenditure growth. An assessment of these differences in assumptions is provided below.

The differences in assumptions with the most significant impact on average net expenditure growth are listed below, together with an assessment of each difference considered in isolation.

The plan assumes a lower structural primary balance for 2024, namely a structural primary deficit of 3.6% of GDP, while the Commission expected a structural primary deficit of 3.0% of GDP in its prior guidance in spring 2024. This less favourable initial fiscal position is also reflected in the higher budget deficit (of 6.1% of GDP in the plan) for 2024, against a deficit of 5.3% of GDP in the Commission's assumptions in spring. This revision and the accompanying updated macroeconomic conditions for 2024 in the plan reflect more recent information available since spring. It is also in line with the European Commission 2024 Autumn forecast. Consequently, this difference in assumption is deemed to be duly justified. Taken in isolation, this difference in assumptions contributes to a lower average net expenditure growth over the adjustment period in the plan than according to the Commission's assumptions.

- The plan uses a smoother and higher potential output growth assumptions over the period 2025–2041. The possibility to use alternative potential growth assumptions is in line with Article 36(1)(f) of Regulation (EU) 2024/1263, provided that cumulative growth over the projection horizon (i.e. up to 2041) is broadly in line with the Commission's assumptions. This is not the case in the plan. Average potential GDP growth in the plan over the period 2025-2041 exceeds by 0.3 pp. the Commission's assumption shared on 21 June 2024. This difference drops to 0.1 pp. but still exists when the Commission's assumptions are updated to account for both the statistical revision issued by Eurostat in its mid-term review and the European Commission 2024 Autumn forecast. Therefore, the difference in assumptions for potential GDP growth estimates between the plan and the Commission's assumptions in its prior guidance cannot be entirely explained by updated data using the commonly agreed methodology. Hence, this assumption is not consistent with the common DSA framework. Taken in isolation, it raises the average net expenditure growth ceiling over the adjustment period compared with the reference trajectory.

- The plan projects a lower average GDP deflator growth over 2025–2031 than according to the Commission's assumptions, at 1.6% compared to 2.2%. Beyond the adjustment period, the plan assumes GDP deflator growth at 1.75% each year, which is lower than the convergence values of 2.6% in 2033 and 2.0% in the longer term in the Commission's assumptions. The assumption in the plan is more cautious and deemed to be duly justified. It contributes to lower average net expenditure growth over the adjustment period in the plan than according to the Commission's assumptions.

- Compared with the common DSA framework, the plan uses a different formula to translate the required change in the structural primary balance into net expenditure growth. This formula corrects for a non-discretionary component to account for temporarily lower revenue elasticity to nominal potential GDP compared to the conventional unit elasticity assumption. The application of this formula for the plan leads to lower net expenditure growth over the first years of the adjustment period. It is therefore more cautious and deemed to be duly justified.

On balance, the joint impact of more cautious assumptions and the differences in assumptions that are duly justified outweighs the impact of the assumption for potential GDP growth. Moreover, the remaining differences in assumptions, while not always consistent with the common DSA framework, do not have a significant impact on average net expenditure growth compared to the Commission's assumptions. Overall, all the differences in assumptions taken together lead to an average net expenditure growth in the plan that is lower than the reference trajectory.

The Commission will take into account the above assessment of the plan's assumptions in future assessments of compliance with the net expenditure path.

Fiscal strategy of the plan

(27) According to the indicative fiscal strategy in the plan, the commitments on net expenditure will be delivered through both expenditure restraint and discretionary revenue increases. The plan envisions a frontloaded consolidation, with about one-fourth of the reduction of the deficit-to-GDP ratio below the 3% reference value to be achieved in 2025 only. This would be mostly achieved via the containment of expenditure compared to a no-policy change scenario, mostly at the level of the central government but with the contribution of all subsectors of the public administration. Over the duration of the plan, efforts to contain expenditure, while improving its quality and effectiveness, would be supported by revamped commitments in terms of spending reviews and simplification of public action. Main complementary measures advanced on the revenue side aim at reaching greater social and fiscal justice and encouraging greater energy efficiency. They concern exceptional taxes on highest incomes and largest companies' profits, the reduction of certain tax expenditures and greening of taxation.

The specification of the policy measures to be adopted is to be confirmed or adjusted and quantified in the annual budgets. At the same time, there are risks to the implementation of the indicative fiscal strategy in the plan, which stem from the macroeconomic assumptions underpinning the plan, which imply an upbeat GDP growth under the adjustment scenario, and the possibility of lower-than-expected savings from spending reviews.

In addition, the budget that the government tabled in the national parliament in October 2024 for 2025 specifies most of the policy measures through which the net expenditure commitment for 2025 will be achieved[10].

[10] See Commission Opinion on the Draft Budgetary Plan of France, 26.11.2024, C(2024) 9055 final.

Set of reform and investment commitments in the plan to underpin an extension of the fiscal adjustment period

(28) In the plan, France commits to a set of reforms and investments, aiming to improve potential growth and fiscal sustainability, to underpin an extension of the fiscal adjustment period from 4 to 7 years.

The set of reforms and investments underpinning an extension of the adjustment period is composed of three existing commitments from the recovery and resilience plan (RRP); two commitments from the RRP with additional specifications as well as six new reforms and investments (see also Annex II):

Reform of the unemployment insurance, included in the RRP (Component 8, Job protection, youth, disability, vocational training,), aimed at strengthening incentives to return to stable employment and to limit the alternation of short contracts and periods of unemployment. The reform is an existing RRP commitment. It consisted of a legislative package adopted in 2019 that entered into force in 2021 under the RRP. It included measures concerning the calculation of the compensation and a "bonus-malus" measure determining employers' contributions to the scheme.

Reforms under the Research programming law. This measure is an existing commitment under the RRP (Component 6, Technological sovereignty and resilience), namely via measure 'Structural aspects of the Research Programming Law', which calls for the demonstration by Q3-2025 of the increase of public research spending compared to 2020. The various provisions relate to research and higher education and aim at strengthening the funding and organisation of research, promoting scientific excellence, improving the attractiveness of scientific jobs and careers, and better diffuse the results of public research into the private sector, by enhancing links between public research and private innovation, the economy and society. The implementation of the Research programming law spreads over the period 2021-2030, beyond the duration of the RRP.

Reforms under the Law on the acceleration of renewable energy production. The measures stemming from the implementation of the law, adopted and entered into force in Q1-2023, is an existing commitment under the RRP (Component 10, REPowerEU), namely via measure 'Law on the acceleration of renewable energy production'. Several actions are foreseen for implementation over the period 2023–2030, following the adoption of past and future implementing decrees, and aim overall to speed-up the uptake of renewable energies in France, to achieve France's energy transition objectives and ensure its energy security of supply. The measure involves multiple channels of intervention, namely procedural simplification and territorial planning acceleration, focus on solar (thermal, photovoltaic and agrivoltaics) and offshore renewable energy sources as well as across-the-board financing.

Investments under the multiannual plan France 2030. The investment plan includes the programme PIA4 (*Programme d'Investissements d'Avenir*), and this commitment adds to existing measures in the RRP (notably under Component 6, Technological sovereignty and resilience), namely 'Innovating for the resilience of our business models', supporting investment for the development of key digital technologies, and 'Supporting innovative businesses', financing R&D investment for innovative companies. Both measures are expected to be finalised by Q4-2024. The plan France 2030 supports the transformation over the long term of production processes in strategic sectors such as health, energy, and aeronautics, along the whole value chain, from basic research to innovation and to industrialisation and covers a broader scope than the RRP. The plan also contributes to catching up the investment gap in R&D spending in specific areas, accelerating the greening and digitalisation of the economy. It covers the period 2022–2026.

Reforms stemming from the evaluation of the quality of public spending via reinforced spending reviews compared to RRP commitments. The plan commits to the reinforcement of annual spending reviews across all general government sub-sectors. The commitment thus adds to measures included in the RRP (Component 7, Digitalisation of State, territories, enterprises, Culture) via the measure 'Assessment of the quality of public expenditure'. A quantitative cumulative target for permanent public spending savings and tax and social expenditure reductions (on top of the measure "reform of the general reductions of social contributions relative to the minimum wage (SMIC)") inspired by spending reviews is put forward for the period 2025–2027. Implementation is expected to spread over the whole adjustment period and imply the effective and regular integration of results of spending reviews in the annual draft budgets, accompanied by the publication of annual monitoring reports, showing both the annual and cumulative savings identified and implemented.

Reform of the unemployment insurance following negotiations between social partners. This measure, new compared to the RRP, aims to further reform the rules for unemployment insurance over the next three years, in particular concerning senior workers, while preserving the achievements of the 2019, 2021 and 2023 reforms and contributing to reinforce their positive budgetary impact. The plan foresees the implementation of the new rules resulting from the negotiation between social partners as of mid-2025, and an assessment report on the cumulated effects of all the unemployment insurance reforms by end-2027.

Reform of the contribution rate to the Caisse Nationale de Retraites des Agents des Collectivités Locales (CNRACL). The reform, which is new compared to the RRP, consists in the permanent increase of the rate of employers' social contributions to the special retirement scheme responsible for the insurance of local governments and hospitals' officials. By producing a positive budgetary impact, it aims at contributing to the financial equilibrium of the scheme and, to this end, the plan includes a commitment to possibly implement further permanent increases over the adjustment period. The reform is thus also presented as contributing to the overall sustainability of the pension system jointly with the major 2023 pension reform, whose main features were the increase of the legal retirement age and the anticipation of the increase of the minimum contribution period for receiving a full pension and of which the plan commits to preserve the impacts in terms of sustainability. The plan foresees the adoption of the increase of the contributions to the CNRCAL by 5 percentage points in the social security budget laws for 2025 and 2026, and subsequent implementation in addition to the increase already enacted in 2024.

Reform of the general reductions in social security contributions on low wages relative to the minimum wage (SMIC). The reform, which is new compared to the RRP, aims at simplifying and rationalising the existing schemes of reduction of the labour cost, with the objective of incentivising wage mobility and reducing the risks of low-wage traps, mainly at the level of the minimum wage. In particular, the reform consists in smoothening the curve of the general reductions, to make it more degressive, and reducing specific exemptions from health and family contributions. The plan foresees the adoption of the reform in the social security budget law for 2025, to be approved by December 2024, and a progressive implementation in two phases, to be completed by end-2025 and end-2026, respectively.

Reforms under the new Law on simplification of the business environment. The reform, which is new compared to the RRP, has three main objectives: reduce radically the burden of administrative procedures for businesses, for example by transforming certain authorisation procedures to be converted into simple declaration or improving companies' access to public procurement; review the relationship between the administration and businesses, in particular for very small enterprises, by aligning their rights to those of self-employed; and streamline existing standards via derogatory measures to support the establishment of industrial and energy transition projects. The new law, expected to be adopted by end-2025, will be implemented progressively with the adoption and monitoring of the implementing decrees over the period until 2028.

Reforms under the Law on green industry. New commitments under the law, adopted in Q4-2023, which are new compared to the RRP, foresee implementation and regular monitoring of outcomes spread over the period until 2030. The main objectives pursued concern the acceleration of the development of green technologies and the accompanying of industry towards decarbonisation. More specific, yet broad axes for intervention refer to the facilitation of the installation of new industrial sites, the improvement of the financing conditions of green industrial project, the greening of public procurement, and the strengthening of the conditionality of public support to green transition objectives.

Reform of tax and social expenditures. The reform, which is new compared to the RRP, aims at rationalising tax and social expenditures by reducing and removing the least efficient ones. A quantitative cumulative target for permanent reduction in tax and social expenditures and public spending savings (on top of the measure "reform of the general reductions in social contributions relative to the minimum wage (SMIC)") is put forward for the period 2025-2027. Implementation is expected to spread over the whole adjustment period and imply the effective and regular integration of tax and social expenditure reductions in the draft budgets, accompanied by the publication of annual monitoring reports, showing both the annual and cumulative savings identified and implemented.

(29) In line with Article 14 (3) of Regulation (EU) 2024/1263, each reform and investment underpinning an extension of the adjustment period is sufficiently detailed, front-loaded, time-bound and verifiable.

(30) The RRP commitments underpinning the extension contain significant reforms and investments aimed at improving fiscal sustainability and enhancing the growth potential of the economy. In addition, France commits to continuing the reform effort over the period covered by the medium-term fiscal-structural plan and maintaining the nationally financed investment levels realised over the period covered by the RRP (see below, Table 5). The commitments will be monitored throughout the implementation of the plan. Accordingly, commitments under the RRP can be taken into account for the extension of the adjustment period as provided by Article 36 (d) of Regulation (EU) 2024/1263.

(31) The set of reforms and investments underpinning the extension is expected to improve the growth and resilience potential of France's economy in a sustainable manner as required by Article 14(2), point (a), of Regulation (EU) 2024/1263. France's plan does not provide an estimation of the overall expected impact of the set of reforms and investments put forward. Such impact is however reported for some of the reforms, based on past analyses and available literature. In this regard, according to the plan, the accumulated impact on GDP of some of these reforms would exceed 0.7 percentage points by 2030, being somewhat larger in the long term. In particular, the unemployment insurance reform is estimated to increase GDP by 0.5 percentage points and create more than 40 000 jobs in the long term. Moreover, based on the simulations of the macroeconomic model QUEST-III R&D developed by the Commission, the implementation of the research programming law would add 0.2 percentage points of GDP in 15 years and 0.3 percentage points in the long term. For other reforms an ad hoc assessment is either indicated to be already ongoing or will be conducted throughout the implementation of the plan, thus will be supporting the accompanying set of indicators. These reforms are also set to entail a positive impact on activity that is not quantified at this stage. Overall, based on the information provided, the economic strategy behind the set of reforms and investments, including RRP commitments, appears well articulated and is assumed to effectively address previously identified weaknesses in France's growth and resilience potential (e.g. in Country reports). Key areas of intervention indeed concern the labour market and progress towards full employment; the need to support reindustrialisation and the strengthening of competitiveness; the challenges of a fair green and energy transition and the governance of public finances.

(32) The set of reforms and investments underpinning the extension is expected to support fiscal sustainability as required by Article 14(2), point (b), of Regulation (EU) 2024/1263. According to the estimates in the plan, the set of reforms and investments underpinning the extension would entail a direct deficit-reducing impact of about EUR 20 billion a year (0.6% of GDP) as of 2027, mainly due to the budgetary impact of reforms of the unemployment insurance scheme of 2021 and the complementary reform adopted in 2023 modulating the duration of unemployment benefits, depending on the labour market situation, to provide more incentives to return to work in favourable times and more protection in adverse phases (0.1% of GDP) and the recasting of the reductions of social contributions relative to the minimum wage (0.2% of GDP) and the permanent savings from spending reviews and the reduction in tax and social expenditures (0.3% of GDP). In turn, the reforms and investments aimed at implementing the investment plan France 2030, the reforms and investments under the Research programming, simplification and Green Industry laws are also expected to imply an indirect positive effect on public finances via increased tax revenues, as those reforms are set to involve a positive impact on employment, investment and growth. Overall, the set of reforms and investments underpinning the extension imply a direct modest contribution to improvement of the sustainability of public finances, although this contribution might be somewhat higher after adding up the potential contribution of the envisaged spending reviews, the rationalisation of tax expenditures and indirect effects derived from higher GDP and employment in the long term.

(33) The set of reforms and investments underpinning the extension addresses the common priorities of the EU as required by Article 14(2), point (c), of Regulation (EU) 2024/1263. In particular, social and economic resilience, including the European Pillar of Social Rights, would be addressed by the reforms of the unemployment insurance scheme, increased contributions to the retirement scheme of local and hospital officials, coupled with the preservation of the 2023 pension reform, the reform of the general reductions in social contributions on low wages relative to the minimum wage and the law on simplification of the business environment. The priorities linked to a fair green and digital transition and to ensuring energy security would be addressed by reforms and investments under the investment plan France 2030, the research programming law, the law on green industry, the law on the acceleration of renewable energy production.

(34) The set of reforms and investments underpinning the extension addresses the relevant[11] CSRs issued as part of European Semester as required by Article 14(2), point (d), of Regulation (EU) 2024/1263. In particular, reforms and measures in the area of budgetary framework and fiscal governance, pension systems and active ageing relate to the fiscal structural CSRs in 2019, 2021, 2022 and 2024 requesting France to better target tax expenditures, continue efforts to enhance the quality of budgetary measures, including by setting up quantitative targets for expenditure savings, achieve expenditure savings and efficiency gains across all sub-sectors of the government, reform the pension system while underpinning its sustainability and further improve framework conditions to facilitate investment and innovation. Other reforms and measures in the areas of green transition, smart, sustainable and inclusive growth and social and territorial cohesion relate to relevant CSRs in 2019, 2020, 2021, 2022, 2023 and 2024, requesting to improve the business environment, foster business R&D intensity, accelerate the deployment of renewable energies and reduce overall reliance on fossil fuels.

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[11] CSRs considered 'relevant' are recommendations: i) adopted by the Council from 2019 onwards, ii) for which the Member State has not yet made 'full' or 'substantial' progress in addressing them and are not outdated (assessed as 'Not Assessed / No Input to Add '), as assessed in the latest European Semester surveillance exercise (available in CeSaR (europa.eu)), iii) not linked to purely fiscal SGP-related and iv) not covering the same challenge but in a rephrased manner.

(35) The plan ensures that the planned overall level of nationally financed public investment realised on average over the period covered by the RRP is maintained, as required by Article 14(4) of Regulation (EU) 2024/1263.

Table 5: Nationally financed public investment in the plan (% of GDP)

Average level over the period covered by the RRP (2021 to 2026)[12]	2025	2026	2027	2028	2029	Average over the duration of the plan
3.9	3.9	4.0	3.9	3.8	3.7	3.9

Source: Medium-term fiscal-structural plan of France.

(36) Finally, the set of reform and investment commitments underpinning an extension can be regarded as consistent with the commitments in the RRP and the Partnership Agreement agreed under the Multiannual Financial Framework as required by Article 14(4), point (d), of Regulation (EU) 2024/1263. Namely, in accordance with the requirements, each commitment is expected to operate in continuity and complementarity with the RRP or the Partnership Agreement of France, and to respond to the Country Specific Recommendations and to one or more common EU priorities.

(37) In conclusion, the set of reforms and investments underpinning the extension of the adjustment period is assessed as fulfilling, taken altogether, the criteria in Article 14 of Regulation (EU) 2024/1263. As a result, the adjustment period can be extended from 4 to 7 years, as put forward in the plan.

12 It is assumed and accepted that the two periods will overlap. The requirement to maintain the level of investment is intended to apply to the years after the end of the lifetime of the RRF.

Other reforms and investment intentions in the plan responding to the main challenges identified in the context of the European Semester and addressing the common priorities of the Union

(38) Besides the set of reforms and investments underpinning an extension of the adjustment period, the plan describes policy intentions concerning other reforms and investments to respond to the main challenges identified in the context of the European Semester, especially the CSRs, and to address the common priorities of the EU. The plan includes 28 reforms and investments, of which seven are financially supported by the Recovery and Resilience Facility.

(39) Concerning the common priority of a fair green and digital transition, including the climate objectives set out in Regulation (EU) 2021/1119, the plan includes several measures. These concern the transport sector, also tackling pollution prevention, with the development of public transport (under the RRP), the greening of French harbours (under the RRP), the walking and cycling plan, and support to purchase and lease low-emitting light vehicles. The plan also focuses on innovation projects for the green transition (under the RRP) in the context of the fourth future-oriented investments programme ('Programme d'Investissements d'Avenir', PIA4). Related to CSRs in 2022 and 2023 covering energy efficiency, the plan includes measures such as the alignment of the VAT rate on gas boilers and the renovation and modernisation of hospital buildings. The measures in the plan related to the priority of digital transition build on the objectives set under the Digital Decade policy programme for connectivity infrastructure and digitalisation of public services. Examples of measures in the plan concern the high-speed broadband plan, expected to benefit digitization of French economy as well as measures on space, digital health and on the modernisation and digitization of professional training.

(40) Concerning the common priority of social and economic resilience, including the European Pillar of Social Rights, the plan includes a number of reforms and investments. Related to CSRs in 2019, 2022 and 2023 on skills, vocational education and training and adult learning, and to CSRs in 2019 and 2020 on active labour market policies, incentives to work & labour market participation, relevant measures concern: the creation of a public Early Childhood Service at local level, to support parents, in particular women, and low-income households to enter and stay in the labour market, the reform of public employment services and enhanced support for recipients of the Active Solidarity Income (RSA) and businesses, the support to young people without employment or training towards lasting professional integration, the deployment of the training component of France 2030, the Skills Investment Plan (PIC) aimed to enhance the employability of individuals furthest from the labour market, the apprenticeship support program, and the reform of vocational high schools. Related to CSRs in 2022, 2023 and 2024 on education, further measures aim to improve basic skills in secondary school and to promote and enhance the teaching profession notably by strengthening initial and continuous training. In addition, the plan includes other policy measures to improve access to and the efficiency of healthcare supply, the renovation and adaptation of care facilities for dependent elderly people, as well as measures aimed at strengthening prevention and mobilising artificial intelligence to improve medical diagnosis and prescription in healthcare services.

(41) Concerning the common priority of energy security, the plan includes several measures, such as the development of small nuclear reactors (SMRs) and the renovation of existing nuclear facilities. Related to CSRs in 2019, 2020, 2022 and 2023 covering renewable energy, energy infrastructure & networks, the plan includes measures such as the second electric interconnection between Savoie (France) and Piemonte (Italy), and the implementation of the plan for the sobriety of energy consumption.

(42) Concerning the common priority of defence capabilities, the plan includes the Military Programming Law which sets out the objectives of defence policy and its financial programming for the years 2024-2030, to strengthen the defence capabilities in a geopolitical context of rising tensions, including the war in Ukraine. The measure envisages investment in the defence industry and disruptive innovation in defence.

(43) The plan provides information on the consistency and, where appropriate, complementarity, with the cohesion policy funds and France's RRP. The plan underlines that, to avoid any risk of double funding and under-utilisation of funds, the close coordination is required for implementation of those funds in France. According to the plan, the non-RRP reforms and investments included in the plan are nationally financed measures that do not involve European co-financing. Some of the measures included in the plan were adopted as a continuation of measures included in the RRP. Moreover, the plan explains for several of them in which way they continue and extend the actions adopted in the RRP (for the reforms of unemployment insurance, public employment services and green industry).

(44) The plan aims to contribute to meet the public investment needs of France related to the common priorities of the EU.

Concerning a fair digital transition, the plan mentions the need for the French economy to continue its digitalisation and to increase its investment in R&D, looking at international comparisons. For example, despite encouraging improvements over the recent past, efforts are needed to further support the adoption of new information and communication technologies and basic digital tools by French companies, in particular SMEs, strengthening their productivity. Amongst other priorities, companies need to be incentivised to invest more to become more competitive, especially in key sectors for the green and digital transitions.

On a fair green transition and on ensuring energy security, the plan refers to the yearly estimated investment needs to meet the national decarbonisation targets by 2030 and to the economic policy levers to encourage and support this additional effort from both public and private actors as set out in the multiannual financing strategy for the green transition and energy policy of France (SPAFTE), published in October 2024.

In relation to social and economic resilience, including the European Pillar of Social Rights, the plan refers to the key objective of achieving full employment and to the investments planned to this end in favour of active labour market policies and towards increasing labour market participation, while supporting youth and women's employment and the inclusion of all workers. Another area of intervention indicated concerns the strengthening of skills and education, including at the local level, to anticipate the future needs of the French economy and to support the green and digital transitions, as well as innovation in strategic sectors.

On the build-up of defence capabilities, the plan refers to the need to strengthen France's sovereignty in a geopolitical context of rising tensions and to support the objectives set out in the Strategic Agenda 2024–2029, adopted by the Council on 27 June 2024, namely, to strengthen preparedness and capacity for the EU on defence, including through increased defence spending.

Conclusion of the Commission's assessment

(45) Overall, the Commission is of the view that France's plan, as complemented by the authorities' letter of 16 January 2025, fulfils the requirements of Regulation (EU) 2024/1263.

OVERALL CONCLUSION OF THE COUNCIL

(46) The Council welcomes the medium-term fiscal-structural plan of France and considers that its full implementation would be conducive to ensuring sound public finances and supporting public debt sustainability as well as sustainable and inclusive growth.

(47) The Council takes note the Commission's assessment of the plan. However, the Council invites the Commission to present its assessment of future plans in a separate document from the Commission recommendations for Council recommendations.

(48) The Council takes note of the Commission assessment of the net-expenditure path and the main macroeconomic assumptions in the plan, including in relation to the prior guidance by the Commission, as well as the implications of the plan's net expenditure path for government deficit and debt. The Council takes note of the Commission assessment that the macroeconomic and fiscal assumptions, while differing in some instances from the Commission's assumptions, including to cater for updated macroeconomic and fiscal data, are overall duly justified and underpinned by sound economic arguments. The Council takes note of the broad fiscal strategy of the plan and the risks to the outlook, which could affect the materialisation of the macroeconomic scenario and the underlying assumptions and the delivery of the plan's net expenditure path. In particular, the Council also welcomes that relevant stakeholders were consulted prior to the submission of the plan though this was not reported in the plan. The Council also notes that geopolitical risks may put pressure on defence expenditures.

(49) The Council expects France to stand ready to adjust its fiscal strategy as needed to ensure delivery of its net expenditure path. The Council resolves to monitor closely economic and fiscal developments, including those underlying the scenario of the plan.

(50) The Council considers that further discussions to find a common understanding on the annual surveillance implications of the cumulative net-expenditure growth rates is warranted in time for the next round of fiscal surveillance.

(51) The Council endorses the set of reform and investment commitments presented by France in its medium-term plan underpinning the extension of the adjustment period and welcomes efforts to quantify the impact on growth and fiscal sustainability. The Council agrees with the Commission that the set of reform and investments commitments presented by France justify an extension of the adjustment period from 4 to 7 years. The Council takes note of the Commission's assessment pointing to the fulfilment, taken altogether, of the criteria in Article 14, also taking into account the transitional provision of Article 36 (1d), of Regulation (EU) 2024/1263 by the set of reforms and investments underpinning the extension. The Council takes note of the Commission's assessment indicating that the reform and investment commitments are expected to improve the growth potential and the resilience of the economy in a sustainable manner and support fiscal sustainability.
The Council recommends France to fully implement the set of reforms and investments commitments to preserve the extension of the adjustment period.

(52) The Council takes note of the Commission description of the reforms and investment needs and intentions, besides the assessment of the set of reforms and investment commitments underpinning an extension of the adjustment period, responding to the main challenges identified in the context of the European Semester, and stresses the importance of ensuring the delivery of such reforms and investments. The Council will, on the basis of reports submitted by the Commission, assess such reforms and investments and monitor their implementation within the framework of the European Semester.

(53) The Council looks forward to the annual progress reports from France that shall contain, in particular, information about the progress in the implementation of the net expenditure path as set by the Council, and the implementation of broader reforms and investments in the context of the European Semester, as well as the implementation of the set of reforms and investments underpinning an extension of the adjustment period.

(54) In accordance with Article 17 of Regulation (EU) 2024/1263, the net expenditure path as set in the plan should be recommended by the Council to France, and the set of reforms and investments underpinning the extension of the adjustment period to 7 years should be endorsed.

HEREBY RECOMMENDS that France:

1. Ensure that net expenditure growth does not exceed the maxima established in Annex I to this Recommendation.

2. Implement the set of reforms and investments that underpins the extension of the fiscal adjustment period to 7 years, as established in Annex II to this Recommendation, by the indicated deadlines.

Done at Brussels,

For the Council
The President

Maximum growth rates of net expenditure

(annual and cumulative growth rates, in nominal terms)

France

Years		2025	2026	2027	2028	2029
Growth rates (%)	Annual	0.8	1.2	1.2	1.2	1.1
	Cumulative*	4.6	5.8	7.1	8.4	9.5

* The cumulative growth rates are calculated by reference to the base year of 2023. The cumulative growth rates are used in the annual monitoring of ex-post compliance in the control account.

Set of reforms and investments that underpins an extension of the adjustment period to 7 years

France

	Main objective	Description and timing of key steps[13]	Monitoring indicator(s)
Reform of the unemployment insurance to strengthen the incentives for stable employment (Existing RRP reform C8.R4)	The reform aims to strengthen the incentives for stable employment, limit the alternation of short contracts with unemployment periods and reduce unemployment-related expenditure.	Step 1: Entry into force of new unemployment insurance provisions. Step 2: Evaluation of past and complementary reforms by end-2027, reflecting the impact on job, economic activity and budgetary savings on unemployment-related expenditure.	Step 1: Satisfactory fulfilment of the relevant RRP milestones, with the entry into force of new unemployment insurance provisions Step 2: Publication of the evaluation report
Research programming law (Existing RRP measure C6.R1)	Foster public and private R&D as well as enhance business applications of results over the implementation period 2021–2030.	By Q3 2025: Increase of R&D endowments by EUR 1.8 billion compared to 2020.	Satisfactory fulfilment of the relevant RRP target 6-3.

[13] The timing of RRP measures is indicative and corresponds to commitments in the relevant Council Implementing Decisions.

Implementation of the law on acceleration of the production of renewable energies (Existing RRP measure C10.R1)	Reduce CO2 emissions, preserve competitiveness and support national energy security and independence	Step 1: By Q1 2023, adoption of the law on 10 March 2023 Step 2: July 2024: First Assembly of stakeholders and compilation of existing reports. Step 3: Autumn 2024, publication of the decision on the maritime planning and offshore wind in the continuation of the public debate organised in accordance with the law. Step 4: January 2025, launch of internet site and systematic review of the impacts of renewable energies on the biodiversity. Step 5: July 2025, second Assembly of stakeholders, publication of the first assessment reports.	Satisfactory fulfilment of the relevant RRP milestone and following commitments.
Investment plan France 2030 (Adding to RRP reform, C6.I2 C6.I3)	Investment plan, including investments under investment programme PIA4; The overall plan aims at fostering R&I and state-of-the-art business investment in healthcare, energy and aeronautics by mobilising EUR 54 bn between 2022–2026. EUR 30 bn already committed by May 2024.	Step 1: By Q4 2024 for financing decisions linked to projects financed under RRP. Step 2: By Q4 2025: Ex ante assessment report of macroeconomic impacts of overall plan by end-2025. Step 3: By Q4 2026, commitment of the whole envelope of the plan.	Step 1: Awards of contracts via financing decisions of the Prime Minister. Step 2: Publication of the ex-ante assessment report. Step 3: Publication of report on Investment plan France 2030 and its impact on R&I and state-of-the-art business investment in healthcare, energy and aeronautics.

Evaluation of the quality of public expenditure via reinforced spending reviews (Adding to RRP reform, C7.R5)	Reinforcement of annual spending reviews across all general government sub-sectors over the period 2025–2027.	By Q2 2025, Q2 2026, Q2 2027, Q2 2028, Q2 2029: Conduct annual spending reviews. By Q3 2025, Q3 2026, Q3 2027, Q3 2028, and Q3 2029, respectively: Effective integration of results of spending reviews in the annual draft budget. By Q3 2025, Q3 2026, Q3 2027, Q3 2028, and Q3 2029, respectively: Publication of an annual monitoring report, reporting permanent annual expenditure savings. This report for each year T contains 3 elements: 1. Identified potential expenditure savings to be included in the preparation of the draft budget for year T+1. 2. Actual measures taken in the budget for year T stemming from the spending reviews conducted in previous years. 3. An assessment of the outcome of measures taken in the T-1 budget stemming from spending reviews. The first report, to be delivered by Q3-2025, could only contain elements 1 and 2. The second and subsequent reports, to be delivered by Q3 as of 2026, should contain elements 1, 2 and 3, jointly with the assessment of the cumulative savings attained since 2025.	Publication of annual monitoring reports showing the achievement of the cumulative target of EUR 8 bn of permanent savings (based on both public spending savings and reduction in tax and social expenditures and on top of the measure "reform of the general reductions in social contributions relative to the minimum wage (SMIC)") over the period 2025–2027

Reform of the rules of the unemployment benefit scheme over the next three years, in particular concerning senior workers, while reinforcing positive budgetary impact of the 2019 and 2023 reforms (new measure)	Redefine the rules of the unemployment benefit scheme for the next 3 years to complement the 2019 and 2023 reforms, while achieving budgetary savings. This would stem from the negotiations that the government proposed to social partners and would focus on senior employment and the overall benefit scheme.	Step 1: By Q2 2025: Entry into force of the new rules stemming from the negotiation among social partners. Step 2: By Q4 2027, publication of an evaluation report of past and complementary reforms, also showing the additional permanent EUR 400 million savings stemming from the new reform committed by the government.	Step 1: Entry into force of the legislative act Step 2: Publication of evaluation report

Strengthen the financial sustainability of the pension system by increasing employers' contributions to the National Pension Fund of local authorities' staff (CNRACL) whilst preserving the impact of the 2023 pension reform on the financial sustainability of the pension system, thereby ensuring that gross pension expenditure over the period 2026–2040, net of revenue measures adopted since 1 January 2024 has decreased with respect to the gross pension expenditure as in the 2024 Ageing Report (new measure).	In addition to the 1 pp increase already enacted in 2024, increase by 5 points the employers' contributions to CNRACL (special social security scheme for local and hospital civil servants) to contribute to the financial equilibrium of this special scheme, whilst preserving the impact of the 2023 pension reform on the sustainability of the pension system.	Step 1: By Q4 2025: Implementation of the increase by at least 3 percentage points (including the increase of 1 pp already enacted in 2024) in employers' contributions of the CNRACL, entered into force. Step 2: By Q4 2026: Implementation of the increase in employers' contributions of the CNRACL to reach the overall target of 6 percentage points, entered into force, including the increase of 1 pp already enacted in 2024. Step 3: By Q4 2027, publication of an evaluation report demonstrating that (i) the increase in employers' contributions to CNRACL has contributed to the financial equilibrium of the special scheme, and (ii) confirming that the financial sustainability of the pension system has been strengthened by this measure and that the impact of the 2023 pension reform on the financial sustainability of the pension system has been preserved. The evaluation report will provide an update of the pension expenditure projections from the 2024 Ageing Report, using the same macroeconomic assumptions. The report should show that gross pension expenditure over the period 2026–2040, net of revenue measures, including social security contributions, adopted since 1 January 2024 has decreased with respect to the gross pension expenditure as in the 2024 Ageing Report.	Step 1: Entry-into-force of the provisions increasing the employers' contributions in the 2025 social security budget law. Step 2: Entry-into-force of the provisions increasing the employers' contributions in the 2026 social security budget law. Step 3: Publication of the evaluation report

Reform of the general reductions in social contributions relative to the minimum wage (SMIC) (new measure).	The reform aims to avoid a low wage trap, by simplifying and rationalising the incentives reducing labour costs around the minimum wage (SMIC). This would be attained by reducing specific exemptions from health and family contributions.	Step 1: By Q1 2025, implementation of the first phase consisting in the reduction of the exemptions from health and family contributions yielding at least EUR 2.5 bn savings. Step 2: By Q1 2026, implementation of the second phase consisting in the pursuit of reduction of the exemptions from health and family contributions, yielding at least EUR 2.5 bn additional savings.	Step 1 and 2: Entry into force of the legislative acts
Reforms under the new Law on simplification of the business environment (New measure)	Improve business conditions, competition, investment and innovation, especially for SMEs and micro enterprises by reducing red tape, simplifying access to public procurement and by supporting new industrial and energy transition projects.	Step 1: By Q4 2025: Entry into force of the law on simplification of the business environment. Step 2: By Q4 2025-2028, respectively, annual adoption of implementing decrees. Step 3: By Q4 2026, annual report on impact Step 4: By Q4 2028, annual report on impact	Step 1: Entry into force of the legislative act. Step 2: Annual publication of implementation decrees. Step 3: Publication of report showing the impact in terms of improvement of business conditions, competition, investment and innovation. Step 4: Publication of report showing the impact in terms of improvement of business conditions, competition, investment and innovation.
Reforms and investments under the Law on green industry (New measure)	Acceleration of the development of green technologies and decarbonisation of the industry.	By Q3 2025, Q3 2026, Q3 2027, Q3 2028, and Q3 2029, respectively: publication of an annual report on adoption of legal and administrative acts regarding the creation of new industrial sites, financing decisions of new projects and of financial public support.	Publication of annual reports showing the impact in terms of creation of new industrial sites, improvement in the financing of new projects and the deployed financial public support.

Rationalisation and reduction of tax and social expenditures (new measure)	Rationalisation of tax and social expenditures by reducing and removing the least efficient ones over the period 2025–2027.	By Q3 2025, Q3 2026, Q3 2027, Q3 2028, and Q3 2029, respectively: Publication of an annual report on revenue increases derived from the reduction and permanent withdrawal of tax and social expenditures. This report for each year T contains 3 elements: 1. Identified potential tax and social expenditure reductions to be included in the preparation of the draft budget for year T+1. 2. Actual measures taken in the budget for year T to reduce tax and social expenditures stemming from the spending reviews conducted in previous years. 3. An assessment of the outcome of tax and social expenditure reductions adopted in the T-1 budget. The first report, to be delivered by Q3-2025, could only contain elements 1 and 2. The second and subsequent reports, to be delivered by Q3 as of 2026, should contain elements 1, 2 and 3, jointly with the assessment of the cumulative savings attained since 2025.	Publication of Annual Monitoring Reports, showing the achievement of the cumulative target of EUR 8 bn of permanent savings (based on both public spending savings and reduction in tax and social expenditures and on top of the measure "reform of the general reductions in social contributions relative to the minimum wage (SMIC)") over the period 2025–2027.