



# FRANCE

## State of Play – Winter 2018



### MACROECONOMIC SITUATION

- Economic activity has accelerated sharply and is to remain strong in 2018-2019, driven by strong private investment growth
- Potential growth has started to increase
- Export performance has stabilised
- Unemployment continues to fall, but the labour market remains segmented

#### Imbalances (in-depth review)

- Competitiveness is slowly improving, although France has not fully regained previous losses
- Public indebtedness remains high



### PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

#### Some progress

- in consolidating and maximising the efficiency of measures reducing the cost of labour
- in broadening the overall tax base and in decreasing the corporate income tax rate
- in improving access to the labour market for jobseekers
- in ensuring minimum wage developments consistent with job creation and competitiveness
- in further reducing the regulatory burden for firms

#### Limited progress

- in ensuring the sustainability of public finances
- in reviewing expenditure items
- in revising the system of vocational education and training
- in simplifying and improving the efficiency of public support schemes for innovation

#### No progress

- in continuing to lift barriers to competition in the services sector



### FISCAL SITUATION

- Deficit expected to decline below the threshold value of 3% of GDP in 2017
- Public debt, at 96.9% in 2017, stands well above the 60% of GDP reference value
- Draft Budgetary Plan 2018 at risk of non-compliance with the provisions of the Stability and Growth Pact



### SOCIAL SITUATION

- Wide range of reforms are being implemented or announced: labour law, unemployment benefit systems, pensions, and vocational education and training
- People born outside the EU, as well as second generations, face challenges in terms of labour market and education outcomes
- The unemployment benefit system de facto encourages the use of short-term contracts



### POLICY HIGHLIGHT

- The introduction of a single environmental permit per project, without reducing the level of environmental protection
- Shared responsibility (among all actors) in waste management until the final treatment of the waste
- The 2017 Climate Plan sets the framework for France's climate change policies for the next five years, both domestically and internationally, with the aim of carbon neutrality by 2050