



PRESS RELEASE

Palais Cambon, 2 July 2025

Finance and public accounts

PUBLIC FINANCES: SITUATION AND OUTLOOK

As it does every year at the beginning of the summer, the *Cour des comptes* publishes its annual report on the situation and outlook for public finances, intended to inform the public debate ahead of the preparation of the financial texts to be presented to Parliament in the autumn. France has just gone through two dark years in terms of public finances. After an unexpected deterioration in the public deficit of 0.6 points of GDP in 2023, it has risen again by 0.4 points in 2024 to 5.8%, or €168.6bn. This drift owes nothing to external circumstances: it is the consequence of overly favourable assumptions about growth and revenues, but above all of an inability to control spending dynamics and to commit to long-term savings. These two years of drift have led to a doubling of the adjustment efforts needed to bring the deficit back below 3 points of gross domestic product (GDP) by the end of the decade: these now amount to almost €105bn by 2029, compared with pre-crisis trends, versus around €50bn two years ago. Demanding and difficult, this return to control of our public finances from 2026 is imperative for debt sustainability, to which the *Cour des comptes* is devoting a specific chapter this year.

An inability to contain public spending in 2024, leading to the highest deficit in the euro zone

The public deficit is set to reach 5.8 points of GDP in 2024, up 0.4 points on 2023 and 1.4 points on the initial autumn 2023 programme. This new drift, after an already very bad year in 2023, is even more worrying because it is primarily due to a sharp increase in "core" public spending (i.e. public spending excluding the cost of debt and exceptional measures), which is rising by 2.7% in volume terms, i.e. more than twice as fast as economic growth. This loss of control, which contributes 0.8 points of GDP to the deficit, is essentially attributable to the spending dynamics of local authorities and even more so by social security authorities. This cancelled out the positive impact on the public balance (+0.7 points) of the virtual elimination of exceptional expenditure.

At the same time, taxes and social security contributions rose again in 2024, at a much slower rate than growth, albeit to a lesser extent than in 2023. This sluggishness contributed 0.4 points of GDP to the deterioration in the deficit. This is due in particular to a fall in VAT, corporation tax and income tax receipts on a like-for-like basis, as well as the continuing fall in transfer duties. It was partly mitigated by tax increases, breaking with the cuts implemented since 2018, amounting to 0.2 points of GDP. France now has the highest deficit in the eurozone. Its public debt ratio has risen for the first time since 2020, reaching 113.2 points of GDP, while all the other most heavily indebted European countries (Greece, Italy, Spain and Portugal) have managed to reduce their debt ratios over the last two years.

A credible target for bringing the deficit back below 3% of GDP

The modest 0.4 point reduction in the deficit forecast for 2025 is based exclusively on major tax increases, almost half of which have been announced as temporary, and, beyond that, on revenue

forecasts with no margin for prudence in a context of great uncertainty about growth. At the same time, the targets for public spending, which are already insufficient overall to reduce the deficit on their own, are uncertain for local authorities in the absence of any real incentive or constraining mechanism, as they are for health spending. Controlling government spending, which is the mainstay of spending efforts, will require measures to manage appropriations in the absence of genuine long-term reforms.

Structural savings efforts have therefore once again been postponed, and are not specified at all in the multi-year trajectory published by the Government in April 2025.

The *Cour des comptes*'s simulations, based on macroeconomic and spending assumptions that are more in line with past trends and the identified risks, all point to a continued increase in the public debt ratio over the second half of the decade. The forecasts for 2025 and 2026 must therefore be made credible as a matter of urgency, given that no breakdown of efforts between taxes and spending on the one hand, and between the State, local authorities and social protection on the other, has yet been sketched out beyond 2025.

A sustainable return to a primary surplus, a necessary condition for the sustainability of public debt

In order to shed light on the challenges facing French public finances and to assess the risk associated with a further failure to reduce the public deficit in the long term, the *Cour des comptes* has included a chapter in this report devoted to the imperative of public debt sustainability.

For more than two decades, and unlike Germany and Italy in particular, the debt dynamic in France has been fuelled mainly by the accumulation of primary deficits, while growth has gradually eroded. Interest rates and market phenomena played a secondary role in this dynamic. What's more, the main counterpart to these growing deficits and debt has not been investment or forward-looking spending to boost future growth, but rather the financing of rising current expenditure, particularly linked to the national social model.

This trend is unsustainable. The public finance strategy must regain control of the dynamics of the debt, in a context where it can no longer count on a return to the growth of the past decades or on very low interest rates. The *Cour des comptes*'s projections show that, given the burden of the debt and the increase in its cost, returning the public deficit to below 3 points of GDP in 2029, as France has undertaken to do, will not in itself be enough to guarantee the sustainability of the debt. To achieve this, it will be necessary to extend this effort until a sustainable primary surplus of around 1.1 points of GDP is reached, something the country has not managed to achieve for almost 25 years.

Very demanding budgetary adjustments are therefore necessary now, to be made from 2026 onwards, as set out in the multi-annual trajectory published by the Government in April. These adjustments will be all the more difficult because they must be socially acceptable and not undermine future growth potential, but they are essential if we are to ensure that our collective choices are consistent with the imperative of public debt sustainability.

[Read the report](#)

The Cour des comptes ensures that public money is used properly and informs citizens accordingly.

Press contacts

Julie Poissier - Communications Director - +33 (0)6 87 36 52 21 - julie.poissier@ccomptes.fr

Mendrika Lozat-Rabenjamina – Press Relations Manager - +33 (0)6 99 08 54 99 – mendrika.lozat-rabenjamina@ccomptes.fr