BRIEFING

Economic Dialogue and Exchange of Views with France

ECON on 7 May 2015

This note presents selected information on the current status of the EU economic governance procedures and related relevant information in view of an Economic Dialogue with Michel Sapin, Minister of Finance and Public Accounts of France, in accordance with the EU legal framework, in particular Article 2a of Regulation 1467 as amended.

1. Recent developments

On 26 February 2015, the European Commission (COM) stepped up the procedure for France under the Macroeconomic Imbalance Procedure, indicating **a situation of excessive imbalance** requiring decisive policy action and specific monitoring. Based on France's National Reform Programme (NRP), COM will in May 2015 consider whether to trigger an Excessive Imbalance Procedure.

On 10 March 2015, based on the COM's proposal, the Council granted France an extension **to correct its excessive deficit by 2017** and called for an additional fiscal effort of 0.2% of GDP in 2015 to improve its structural balance by 0.5% of GDP. A deadline of 10 June 2015 has been set for France to take effective action.

On 15 April 2015, the French authorities published the **2015 NRP** and **Stability Programme** (SP) before submitting them to the COM in line with the SGP economic governance rules. The NRP outlines measures the French authorities have been already implementing or are planning to implement for each recommendation addressed to France by the Council during the 2014 Semester cycle, following the COM's assessment published on 26 February 2015. The SP lays out policy measures France plans to implement in order to achieve the EDP targets under the macroeconomic scenario envisaged by French authorities.

In its Spring 2015 forecast, COM expects the French economy to progressively gather momentum. Real GDP growth is now projected to accelerate from 0.4% in 2014 to 1.1% in 2015 and 1.7% in 2016 mainly due to an increase in private consumption on the back of lower energy prices.

Key macroeconomic developments in France in 2014

France's real GDP growth stood at 0.4% in 2014, remaining largely unchanged compared to 2013 (0.3%). This modest output expansion was mainly driven by internal demand and inventories (which contributed 0.4 and 0.3 percentage points to GDP growth respectively). Higher internal demand reflected mainly a large increase in public spending (+1.9%) and to a lesser extent higher private consumption (+0.6%) on the back of rising wages (+1.1%), a slightly increasing total employment (+0.2%) and low inflation (0.6% amid a drop in energy prices). However, total unemployment remained at historically a high level (10.3Investment continued to contract (-1.6% in 2014, after -0.8% in the previous year) as a sizeable drop in households' capital expenditures more than compensated for an increase in the investment of non-financial corporations (+0.7%). Export growth has accelerated to 2.9% in 2014 reflecting rising external demand and favourable terms of trade. At the same time, imports have strongly rebounded (+3.9%) so that net exports contributed negatively to GDP growth (-0.3 percentage points).
Source: Eurostat and INSEE.

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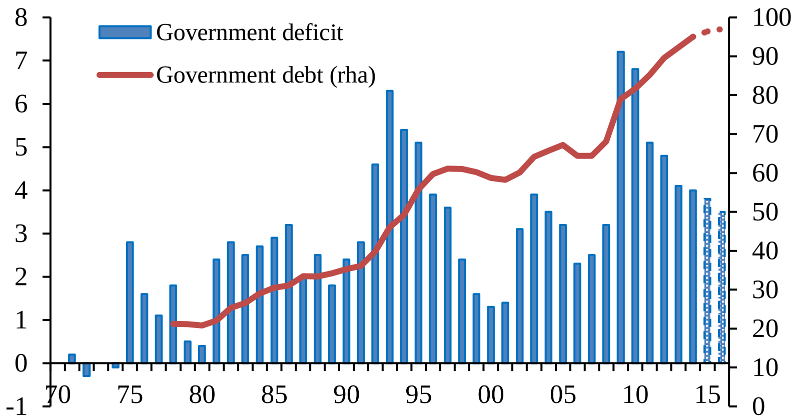
2. Public Finances

France has been in an **Excessive Deficit Procedure** (EDP) since 2009, with the deadline for correcting the excessive deficit repeatedly postponed (currently 2017) on the basis of "*effective action*" and "*unexpected adverse economic events*". The latest extension of the deadline was based on the following reasoning: "*The cumulated adjustment in the country's structural balance over 2013-2014 is estimated to have reached 1.9% of GDP. This falls short of the 2.1% of GDP recommended by the Council in June 2013. However, the Commission estimates that the fiscal effort made by France amounted to -0.1% in 2013 and 1.1% in 2014. The cumulated effort is thus in line with the "above 1.0% of GDP" indicated by the Council. The evidence did not lead the Council to conclude that no effective action had been taken.*"[1]

EDP for France: Main steps

- April 2009: The on-going EDP is opened (correction by 2012).
- December 2009: The Council concludes (based on COM assessment) that "*effective action*" has been taken and extends the deadline (correction by 2013) on the grounds of "*unexpected adverse economic events*".
- June 2010: COM assesses that "*effective action*" has been taken.
- June 2013: The Council concludes (based on the "bottom-up analysis" of COM assessment) that effective action has been taken and extends the deadline (correction by 2015) on the grounds of "*unexpected adverse economic events*".
- November 2013: COM assesses that effective action has been taken.
- December 2013: COM assesses that the Economic Partnership Programme of France contains measures which will be insufficient to address fiscal and structural imbalances.
- March 2014: COM issues an autonomous recommendation. It warns the French authorities that – based on COM Winter Forecast - the deficit and the structural effort targets for 2013-15 will be missed and calls for additional efforts to comply with the recommended structural effort.
- November 2014: COM opinion on 2015 Draft Budgetary Plan: "*France is at risk of non-compliance*" with the provisions of the SGP.
- March 2015: The Council concludes (based on COM assessment) that "*the available evidence does not allow to conclude on no effective action*". The deadline is extended (correction by 2017) on the grounds of the "*current weak economic environment*" and the "*structural reform clause*".
- April 2015: Publication of French 2015 Stability Programme and National Reform Programme (NRP) 2015.
- 10 June 2015: Deadline for France to take effective action under latest recommendation.

Figure 1: Government deficit and debt, % of GDP



Source: INSEE (70-94; deficit and debt), Eurostat (95-2014) and COM Spring Economic Forecast (15-16). Forecast figures are calculated under a no-policy-change assumption.

According to the latest EDP recommendation (see Table 1), France is to bring its public deficit below a threshold of 3% of GDP by 2017 (the deficit targets are set at 4.0% of GDP in 2015, 3.4% in 2016 and 2.8% in 2017). The recommended consolidation path implies a structural effort which increases over the period 2015-2017 (i.e. the structural balance adjustment is back-loaded, with the largest consolidation effort required in 2017 when French presidential elections are

[1]The COM assessment covered the years 2013 and 2014 instead of the entire correction period (2013-2015) as specified in the Council recommendation of 21 June 2013. However, the new Council recommendation states – without providing specific information pertaining to a top-down or bottom-up analysis – that the non-respect of the headline deficit target for 2015 is due to the weaker overall position of the economy relative to the projections underlying the Council recommendation of 21 June 2013.

to take place). To meet these EDP targets, **additional measures** of 0.2% of GDP in 2015, 1.2% in 2016 and 1.3% in 2017 are requested by the Council on the basis of the COM 2015 winter forecast. Note that the recommended consolidation effort would come at a cost of lower GDP growth as compared to the COM 2015 winter forecast projections elaborated under the no-policy change assumption. However, the French SP and NRP envisage an **alternative scenario**, with structural effort limited to 0.5% of GDP per year over the period 2015-2017. They further assume that the resulting output dynamics (which is more robust compared to the GDP growth path under the EDP recommendation and close to, but below, the output path projected under the Spring 2015 COM forecast) would then help to even slightly overachieve the nominal public deficit targets over the period 2015-2017.

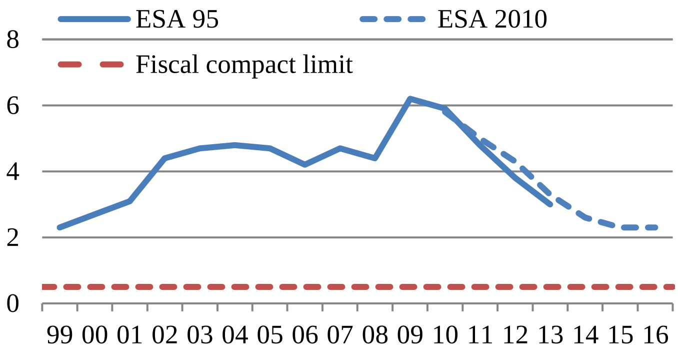
Table 1: Comparison of key macroeconomic variables

Commission Winter 2015 Forecast	2014	2015	2016	2017
Public deficit (% of GDP)	4.3	4.1	4.1	4.1
Structural balance adjustment (% of GDP)	0.4	0.3	-0.4	-0.3
Gross government debt (% of GDP)	95.3	97.1	98.2	n.a.
GDP growth (%)	0.4	1.0	1.8	1.8
EDP Recommendation (03/2015) - based on Winter 2015 Forecast	2014	2015	2016	2017
Public deficit (% of GDP)	4.3	4.0	3.4	2.8
Structural balance adjustment (% of GDP)	0.4	0.5	0.8	0.9
Gross government debt (% of GDP)	95.3	97.2	98.8	99.3
GDP growth (%)	0.4	0.8	0.7	0.8
National Reform Programme (04/2015)	2014	2015	2016	2017
Public deficit (% of GDP)	4.0	3.8	3.3	2.7
Structural balance adjustment (% of GDP)	0.4	0.5	0.5	0.5
Gross government debt (% of GDP)	95.0	96.3	97.0	96.9
GDP growth (%)	0.4	1.0	1.5	1.5
Commission Spring 2015 Forecast (05/2015)	2014	2015	2016	2017
Public deficit (% of GDP)	4.0	3.8	3.5	n.a.
Structural balance adjustment (% of GDP)	0.6	0.3	0.0	n.a.
Gross government debt (% of GDP)	95.0	96.4	97.0	n.a.
GDP growth (%)	0.4	1.1	1.7	n.a.

Sources: COM 2015 Winter and Spring Forecasts, Recommendation 6704/15, SWD (2015) 19 and French NRP.

As depicted in Figure 1, public finances in France constitute both **a long-term and a short-term policy challenge**: (1) French public debt (in % of GDP) has been on a rising path since the end of the 1970s, including in the recent years; (2) the French public deficit (in % of GDP) has been above 3% since 2008. However, after peaking at 7.2% of GDP in 2009, the public deficit has been on a downward path since then. It is worth to point out that the French public deficit grew rapidly during recession periods (1993, 2008) and it was not fully corrected when the economy was booming (e.g. first years of the euro area).

Figure 2: Structural deficit, % of potential GDP



Source: Eyraud and Wu (ESA95 data) and Ameco (ESA2010 data).

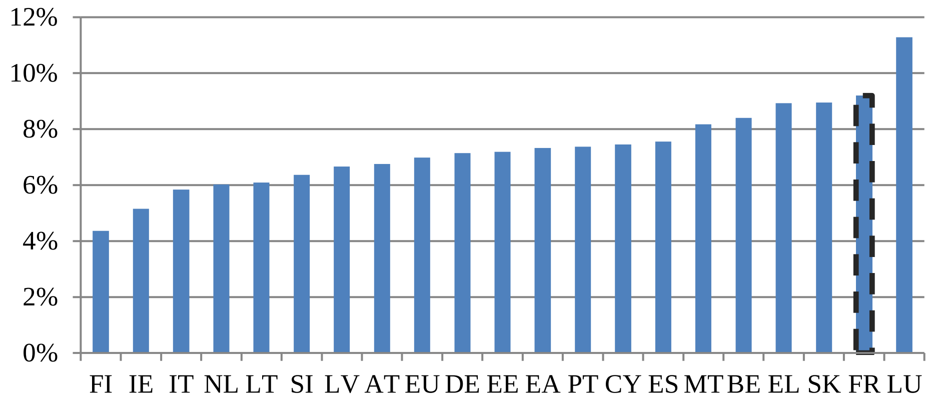
Figure 2 shows that France's structural deficit has remained above 2% of GDP since the creation of the common currency in 1999 (well above the minimum limit of 0.5% of GDP defined in the Treaty on Stability, Coordination and Governance - if the latter had applied since the start of the EMU).

According to the COM 2015 Country report, based on a no-policy-change scenario, **general government debt** is expected to continue to increase to above 100 % of GDP by 2025. According to the same report, if the primary deficit were to revert to historical trends, general government debt would expand rapidly to above 110 % of GDP in 2025. Conversely, if France were to meet the structural targets set in the SGP, its debt would start decreasing already in 2017.

France has one of the highest **public spending ratios** in the euro area. At 57.2% of GDP (according to Eurostat in 2014) it was the second highest after Finland (58.7% of GDP). An OECD analysis from March 2015 outlines some **explaining factors**:

- The government's share in total employment remains one of the OECD's largest.
- Local governments represent more than 20% of public spending (12% of GDP) and 34% of government jobs. If resolutely pursued, the current efforts to simplify the multiple layers of sub-central government could serve to make spending more efficient and realise substantial savings.
- Ageing-related spending, notably pensions, represents 14% of GDP. They have been on a steady upward trend, while Germany, Netherlands and Sweden have managed to moderate their spending over the past 20 years. The effective retirement age (around 61 in 2013 according to the Pension Advisory Board) is among the lowest in the OECD and well below the legal age (65). The result is that on average French people spend 25 years in retirement, the longest in the OECD (the EU21 average is 21 years).
- Healthcare and pension expenditures as shares of GDP are comparatively large and rising.

Figure 3: Employees in Public Administration, Defence, and Social Security, % of Total Number of Employees



Source: Eurostat

According to the 2015 COM Country Report, the fiscal framework has been strengthened through the creation of the **High Council for Public Finances**, whose task is to assess the consistency of draft budgets with the structural deficit reduction path set in the multiannual programming law for public finances and the plausibility of the underlying macroeconomic scenario. Notably as a result of the High Council's work, the government revised its potential growth estimate and the medium term growth scenario. Potential growth was revised downward in the 2014-19. The High Council considers that the 2015-2018 macroeconomic scenario included in the Stability Programme of April 2015 is prudent (inter alia thanks to a more favourable environment resulting from strong falls in both the oil price and the euro). Also, in May last year it triggered the correction mechanism since it identified risks of serious deviation from the structural adjustment path of the 2012-17 programming law. The government responded to this by lowering its structural deficit targets for 2014 and 2015 in the new programming law.

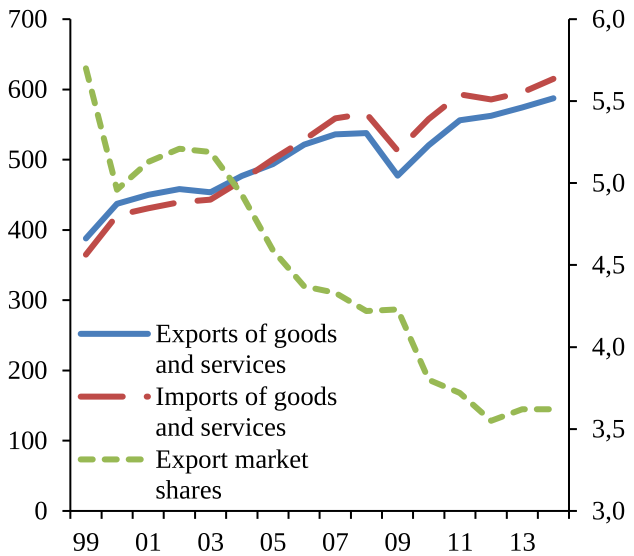
3. Macroeconomic Imbalances

In February 2015, the COM stated that France is in a situation of **excessive imbalance** requiring **decisive policy action and specific monitoring**. This represents a stepping-up of its status under the MIP, as risks of imbalances have significantly increased compared to 2014. In late May, the

COM will consider whether to recommend to the Council to open an **Excessive Imbalance Procedure**, requiring France to take corrective action[2]. The COM stated that the decision will be made "*taking into account the level of ambition of the French 2015 NRP and other commitments presented by that date*".

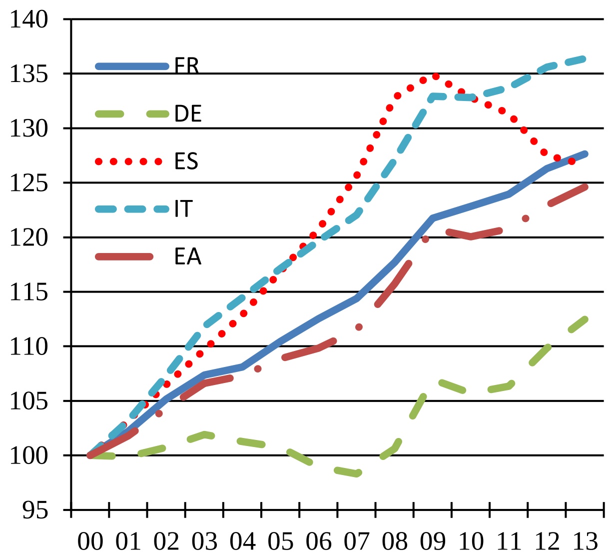
The existence of excessive imbalances is essentially due to the deterioration of competitiveness and public debt developments. As shown in the MIP scoreboard (Annex 2), the **current account balance**, which was still at a surplus of 2.8% of GDP in 1998, turned negative in 2007 and has been slightly improving since 2013, reaching -1% of GDP in 2014. The deterioration in the current account is mirrored by sharp decreases in the Net International Investment Position that was still positive in 2006, but stood at a deficit of 16.4% of GDP in 2014. Figure 4 shows that despite some improvement since 2013, France has lost 14.6% of its **exports market share** in the past 5 years. Loss of competitiveness is linked to losses in both **cost and non-cost competitiveness**.

Figure 4: French exports, imports (EUR bn), and export market share, % of world total



Source: Ameco and Eurostat

Figure 5: Nominal unit labour costs, index (2000 = 100)



Source Eurostat

In its 2015 Country Report the COM identifies weaknesses in the low profitability of firms, limiting their capacity to invest and innovate, and hence to improve their non-cost competitiveness. Low profitability is in part due to the **high cost of labour**, but also to the **high taxes** (on both labour and corporates), **service market rigidities** and the **high administrative burden**.

According to OECD, France still has one of the **highest tax wedges** (the difference between the amount paid by the employer and the actual salary received by the employee) in the OECD area, except for the very lowest wages; heavy taxation and a high minimum wage tend to depress employment, particularly among young and low-skilled workers.

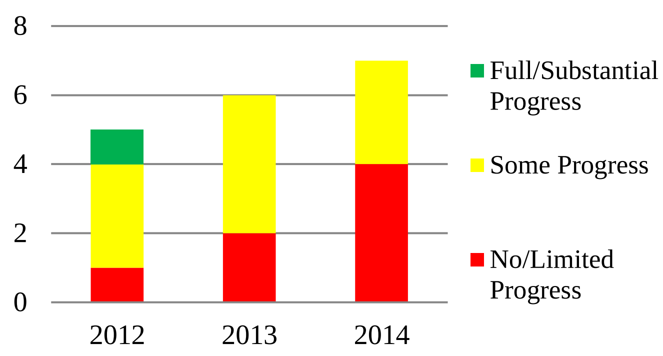
According to the COM, the high and rising **overall indebtedness** of the French economy, in the context of low growth and low inflation, increases the country's vulnerability to potential adverse economic events. The level of private debt (i.e. households and enterprises) has continuously increased until 2012, when it reached 138.2% of GDP. Although this figure is historically high, it remains slightly below the euro area average, for both the components. For **enterprises**, the reduction in profits has affected the abilities of companies to invest and innovate, but may also

[2] Pursuant to Art. 7(2) of Regulation 1176/2011 (see separate EGOV document on the MIP).

make it more difficult to service their debt, as reflected in the rising number of bankruptcies in 2013 and 2014.

Any negative developments in France would have a **significant impact on the euro area** because of its strong trade and financial linkages with other Member States. France is a major export market for several Member States (especially Belgium and Luxembourg), and trade linkages with Germany, Spain and Italy are likewise strong. Total exports of goods and services represent about 28% of French GDP. Foreign banks' exposure to France is large. Conversely, higher growth in France would be particularly beneficial for some of the vulnerable euro area economies.

Figure 6: Implementation of CSRs



Source: European Commission and EGOV calculations

Figure 6 shows the number of **Country Specific Recommendations** (CSRs) the Council addressed to France over the period 2012-2014 and the progress made as regards their implementation based on the Commission's assessment. As such, the number of CSRs which France received has increased since 2012[3]. At the same time, France's implementation track record has been deteriorating: the proportion of CSRs on which no/limited progress was made rose from 20% in 2012 (one recommendation out of five) to more than 50% in 2014 (four recommendations out of seven). The analysis of the implementation of the CSRs at a sub-CSR level also confirms the above-mentioned deterioration in implementation effort between 2013 and 2014[4].

Over the course of the 2014 Semester cycle, the three areas where France has made some progress were the following: 1) reducing the cost of labour (CSR2) - with, notably, substantial progress on the implementation of the Tax credit for competitiveness and employment and the responsibility and solidarity pact; 2) promoting competition in services (CSR4); and 3) modernising vocational education (CSR7). On the other hand, the four areas with no/limited progress were as follows: 1) reinforcement of the budgetary strategy (CSR 1) - with, notably, no progress on the pension system reform; 2) simplification of administrative, fiscal and accounting rules for enterprises (CSR 3); 3) simplification of the tax system and reduction of labour market taxes (CSR 5); and 4) reduction of labour market rigidities (CSR 6). CSR1 was issued under both SGP and MIP procedure, CSRs 2-6 under MIP procedure and CSR7 under the Broad Economic Policy Guidelines. The recently published National Reform Programme details an array of undergoing or upcoming reforms[5].

4. Progress on EU2020 targets

Since 2011, both employment and unemployment rates increased in France. The overall employment rate steadily grew from 69.3% in 2011 to 69.8% in 2014, which is, according to the Commission's 2015 Country Report, a positive consequence of the 2010 pension reform that made an increased number of older workers stay in employment. Despite these figures, overall unemployment remained high at 10.2% in 2014 compared to 7.5% in 2008, affecting particularly young people and low-skilled workers. In the 2015 Country Report, it is stated that the measures the

[3] However, the Commission did not propose more than eight recommendations per Member State during the 2014 European Semester.

[4] The Commission has issued its assessment for France at sub-CSR level since 2013. Based on these metrics, France made substantial progress on 5% of 2013 sub-recommendations, some progress on 59%, limited progress on 27% and no progress on 9%. For 2014 sub-recommendations, the figures stand as follows: substantial progress on 3%, some progress on 50%, limited progress on 33% and no progress on 13%.

[5] See also 2015 Country Report (p. 55) for a summary of the recent draft Law on Growth and Economic Activity.

French government introduced in 2013 to bring some flexibility to the labour market had limited impact. In addition, no real progress has been made in terms of reducing labour-market segmentation.

Concerning the social situation, France is better-off than the EU average, with 18.1% of the population at risk of poverty in 2013 compared to 24.5% of the EU's population. France's poverty and social exclusion indicators have been falling in the past years. However, based on the Country Report, inequalities remain a challenge for the country. The implementation of the multi-annual anti-poverty plan, adopted in the beginning of 2013, is in progress.

Concerning early school leaving, France achieved its target in 2014 by reducing the drop-out rate to 8.5%. However, the number of people attaining tertiary education stagnated in the past two years at 44.1%, 5.9 percentage points below the ambitious national target. According to the COM's Country Report, in France, inequality linked to socioeconomic background is one of the highest among OECD countries.

5. Financial stability

The French banking sector is the second largest in the eurozone. The rating agency Moody's on 25 September 2014 assessed **the outlook for the French banking system to be negative**, a position unchanged since 2011. That view was based on the weak domestic macroeconomic outlook, constrained by high unemployment, weak competitiveness and deteriorated public finances. However, **the stress test results** published shortly thereafter, on 26 October**, showed overall a good stress resistance of the sector**. All thirteen French banks that were subject to the ECB's Comprehensive Assessment exercise in 2014 fared well; only the mortgage financier *Caisse de Refinancement de l'Habitat* was said to have a minor capital shortfall which was already covered at the time of the publication of the results.

As regards financing of the real economy, although the ECB's Banking Structures Report of November 2014 shows that **loans** only constitute 52 % of total bank assets in 2013, representing the lower end of the spectrum in the eurozone, **business sector loan demand still seems to be largely met** according to the OECD. However, risk premiums on bank finance have increased.

The same OECD report points out that part of the household savings, **EUR 250 billion or 12 % of GDP, are in the form of regulated bank deposits**, which benefit from interest rates higher than comparable market rates and from a privileged tax status. That situation generates inefficiencies and puts additional strain on the banks' balance sheets, which already face more stringent solvency and liquidity requirements. A reform of the regulated home ownership saving scheme (*Plan Epargne Logement*) implemented already last February aimed to mitigate that problem, reducing the interest rate floor from 2.5 to 2.0% to take into account the current low interest rate environment.

ANNEX 1: Key Macroeconomic Indicators - France

	2010	2011	2012	2013	2014	2015(f)	2016(f)
GDP	*% change*						
France	2,0	2,1	0,3	0,3	0,4	1,1	1,7
Euro Area	2,0	1,6	-0,8	-0,4	0,9	1,5	1,9
Government balance	*% of GDP*						
France	-6,8	-5,1	-4,8	-4,1	-4,0	-3,8	-3,5
Euro Area	-6,1	-4,1	-3,6	-2,9	-2,4	-2,0	-1,7
Structural balance	*% of GDP*						
France	-5,8	-5,0	-4,2	-3,2	-2,6	-2,3	-2,3
Euro Area	-4,3	-3,5	-2,0	-1,1	-0,8	-0,9	-1,1
Government debt	*% of GDP*						
France	81,5	85,2	89,6	92,3	95,0	96,4	97,0
Euro Area	83,8	86,5	91,1	93,2	94,2	94,0	92,5
Inflation	*% change*						
France	1,7	2,3	2,2	1,0	0,6	0,0	1,0
Euro Area	1,6	2,7	2,5	1,4	0,4	0,1	1,5
Unemployment	*% of labour force*						
France	9,3	9,2	9,8	10,3	10,3	10,3	10,0
Euro Area	10,1	10,1	11,3	12	11,6	11,0	10,5
Long term unemployment *	*% of labour force (Long term unemployed = unemployed for at least 12 month)*						
France	3,7	3,8	4,0	4,2	4,4	n.a.	n.a.
Euro Area	4,3	4,6	5,3	6,0	6,1	n.a.	n.a.
Youth unemployment *	*% of youth labour (Youth defined as persons under age of 25)*						
France	22,9	22,1	23,9	23,9	23,2	n.a.	n.a.
Euro Area	20,9	21,0	23,3	24,0	23,3	n.a.	n.a.
Inequality (Gini Coefficient) *	*Scale from 0 to 100: 0 = total income equality; 100 = total income inequality*						
France	29,8	30,8	30,5	30,1	n.a.	n.a.	n.a.
Euro Area	30,2	30,5	30,3	30,6	n.a.	n.a.	n.a.
Current account balance	*% of GDP*						
France	-1,7	-2,2	-2,5	-2,0	-1,7	-0,9	-1,2
Euro Area (adjusted)	0,4	0,6	1,9	2,5	3,0	3,5	3,4
Exports	*% change*						
France	9,0	6,9	1,1	2,2	2,7	4,7	5,9
Euro Area	11,1	6,6	2,5	2,1	3,8	4,4	5,4
Imports	*% change*						
France	8,9	6,3	-1,3	1,7	3,6	3,8	5,8
Euro Area	9,8	4,4	-1,0	1,3	3,9	4,6	5,9
Domestic demand	*% change*						
France	2,0	2,0	-0,3	0,2	0,7	0,9	1,7
Euro Area	1,5	0,8	-2,3	-0,9	0,8	1,5	1,9
Total investments	*% change*						
France	2,1	2,1	0,3	-1,0	-1,5	-0,6	3,0
Euro Area	-0,5	1,7	-3,7	-2,5	1,1	1,7	4,0
Unit labour cost	*% change (Nominal values)*						
France	0,9	0,9	1,8	1,1	1,0	-0,1	0,3
Euro Area	-0,6	0,5	1,8	1,3	1,0	0,7	0,6
Labour productivity	*% change*						
France	2,2	1,6	0,5	0,5	0,1	0,6	0,7
Euro Area	2,8	1,6	0,0	0,4	0,3	0,6	0,8

Source: COM's Spring Economic Forecast, February 2015 and Eurostat for indicators with *. Extraction date 20/04/2015.
Note: a = actual value for 2014.

ANNEX 2: Macroeconomic Imbalance Scoreboard - France

Indicators			Thresholds	2006	2007	2008	2009	2010	2011	2012	2013	2014
External imbalances and competitiveness	**Current account balance as % of GDP**	**3 year average**	-4/+6%	**0.2**	**-0.1**	**-0.4**	**-0.7**	**-0.9**	**-0.9**	**-1.1**	**-1.3**	**-1.3**
		Year value		*0.0*	*-0.3*	*-1.0*	*-0.8*	*-0.8*	*-1.0*	*-1.5*	*-1.4*	*-1.0*
	Net international investment position as % of GDP		-35%	**1**	**1.5**	**-13.3**	**-14.1**	**-8.5**	**-7.5**	**-11.3**	**-15.6**	**-16.4**
	Real effective exchange rate - 42 trading partners	**% change (3 years)**	± 5% €A	**-0.5**	**-1.5**	**1.5**	**2.6**	**-2.2**	**-4.4**	**-7.8**	**-2.3**	**-1.2**
		% change y-o-y		*-0.7*	*0.6*	*1.6*	*0.4*	*-4.1*	*-0.7*	*-3.2*	*1.6*	*0.4*
	Share of world exports	**% change (5 years)**	-6%	**-14.90**	**-16.83**	**-18.80**	**-14.19**	**-17.34**	**-14.95**	**-18.07**	**-14.25**	**-14.60**
		% change y-o-y		*-4.90*	*-0.84*	*-2.69*	*0.43*	*-10.31*	*-2.15*	*-4.47*	*1.84*	*0.03*
	Nominal unit labour cost	**% Change (3 years)**	9%€A	**4.8**	**5.7**	**6.5**	**8.2**	**7.5**	**5.4**	**3.7**	**3.9**	**n.a**
		% y-o-y change		*1.9*	*1.6*	*2.9*	*3.5*	*0.9*	*0.9*	*1.8*	*1.1*	*n.a.*
Internal imbalances	% y-o-y change deflated **House prices**		6%	**9.8**	**3.6**	**-1.80**	**-4.90**	**3.60**	**3.90**	**-1.90**	**-2.60**	**-2.0**(p)
	Private sector credit flow as % of GDP		14%	**9.2**	**11.2**	**9.8**	**3.3**	**4.6**	**6.4**	**4.4**	**1.8**	**n.a.**
	Private sector debt as % of GDP		133%	**112.6**	**115.6**	**122.2**	**130.5**	**131.8**	**135.3**	**138.2**	**137.3**	**n.a**
	General government gross debt (EDP) as % of GDP		60%	**64.4**	**64.4**	**68.1**	**79.0**	**81.7**	**85.2**	**89.6**	**92.3**	**95.0**
	Unemployment rate	**3 year average**	10%	**8.9**	**8.6**	**8.1**	**8.2**	**8.6**	**9.2**	**9.4**	**9.8**	**10.1**
		Year value		*8.8*	*8.0*	*7.4*	*9.1*	*9.3*	*9.2*	*9.8*	*10.3*	*10.3*
	% y-o-y change in **Total Financial Sector Liabilities,** non-consolidated		16.5%	**15.1**	**12.6**	**1.9**	**0.1**	**3.3**	**6.7**	**1.2**	**-0.6**	**n.a.**

Source: Eurostat MIP indicators, data updated on 28 April 2015

ANNEX 3: Progress towards EU2020 targets for France

Indicator	France			EU28	
Employment rate (% of population aged 20-64)	75		Target 2020	75	
	69.8		2014	69.2	
	69.6		2013	68.4	
	69.4		2012	68.4	
	69.3		2011	68.6	
Expenditure on R&D (% of GDP)	**3**		**2020 target**	**3**	
	n.a		2014	n.a	
	2.23		2013	2.01*	
	2.23		2012	2.01	
	2.19		2011	1.97	
Greenhouse gas emission (For EU28 index 1990 = 100 For Member States index 2005=100)	**86**		**2020 target**	**80**	
	n.a		2014	n.a	
	n.a		2013	n.a	
	90.35		2012	82.14	
	89.90		2011	83.21	
Share of renewable energy (%)	**23**		**2020 target**	**20**	
	n.a		2014	n.a	
	14.2		2013	15.0	
	13.6		2012	14.3	
	11.2		2011	12.9	
Primary energy consumption (million tonnes of oil equivalent-TOE)	**n.a.**		**2002 target**	**1 483**	
	n.a		2014	n.a	
	245.8		2013	1566.5	
	244.0		2012	1583.9	
	243.7		2011	1593.0	
Early school leaving (% of population aged 18-24)	**9.5**		**2020 target**	**10**	
	8.5		2014	11.1	
	9.7		2013	11.9	
	11.5		2012	12.6	
	11.9		2011	13.4	
Tertiary educational attainment (% of population aged 30-34)	**50**		**2020 target**	**40**	
	44.1		2014	37.9	
	44.1		2013	37.1	
	43.5		2012	36.0	
	43.3		2011	34.8	
Population at risk of poverty or social exclusion (thousand, *% of total population*)	**Reduce by 1.9 million**	**ncst**	**2020 target**	**Reduce by 20 million**	**ncst**
	n.a	*n.a*	2014	n.a	*n.a*
	11 229	*18.1*	2013	122 897	*24.5*
	11 760	*19.1*	2012	124 060	*24.7*
	11 840	*19.3*	2011	121 314	24.3

Source: *Eurostat*, - data extracted on 20 April 2015
* = Estimate; **ncst** = "no country specific target"; **n.a** = "not available"