

IMF Executive Board Concludes 2025 Article IV Consultation with France

July 14, 2025

- France's economy has demonstrated resilience despite high uncertainty, with disinflation progressing well and the labor market remaining robust.
- The medium-term fiscal adjustment envisaged by the authorities is appropriate to strengthen public finances and should be supported by the approval of a credible and well-designed package of measures.
- Advancing France's structural reform agenda will be crucial to boost productivity and facilitate fiscal consolidation in the face of a challenging global environment.

Washington, DC: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for France on July 11, 2025.^[1] The authorities have consented to the publication of the Staff Report prepared for this consultation.^[2]

The French economy has demonstrated resilience in 2024 despite high uncertainty. Real GDP grew by 1.1 percent in 2024, supported by the impact of the Paris Olympics, which temporarily boosted services and consumption, despite rising household savings rates. Policy uncertainty and tight financial conditions continued to weigh on private investment. The disinflationary process is progressing well, and the labor market remains robust. Despite the authorities' efforts to control spending, the fiscal stance was again expansionary in 2024, due to lower-than-expected revenues, overruns in local governments and social security, as well as rising debt service payments. As assessed by the IMF's 2025 Financial Sector Assessment Program (FSAP), the banking sector demonstrated resilience to recent shocks, maintaining healthy capital and liquidity buffers.

Real GDP growth is projected to slow to 0.6 percent in 2025, as trade tensions, weak growth in trading partners, market volatility, and high uncertainty add to already subdued external and domestic demand. While growth is expected to reach 1 percent in 2026, deepening geoeconomic fragmentation and domestic policy uncertainty pose significant downside risks. Nevertheless, easing trade tensions and renewed structural reform momentum could support business and consumer confidence, enhancing growth prospects and facilitate fiscal consolidation over the medium term.

Executive Board Assessment^[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed the French economy's resilience, notwithstanding the high uncertainty, noting the robust labor market and declining inflation. Noting the high and rising public debt, combined with significant domestic and external headwinds to the recovery, Directors emphasized the urgent need to strengthen public finances and pursue structural reforms to foster sustainable growth.

Directors agreed that the authorities' fiscal adjustment plans are appropriate to place debt on a downward path and emphasized the need to approve a well-designed and credible package of additional measures to underpin this adjustment going forward. They noted the importance of continuing to build consensus to further advance fiscal and structural reforms amidst difficult trade-offs in the current domestic and external environment, while ensuring fairness and equity. Directors generally agreed that fiscal consolidation should prioritize rationalizing current spending, with concerted action across all government levels, i.e., central, local, and social security ones, and called for robust contingency plans.

Directors commended the authorities for their strong financial oversight and macroprudential measures, as evaluated by the 2025 Financial Sector Assessment Program (FSAP). They broadly agreed that financial stability risks remain contained, with the financial system showing resilience under severe downside scenarios in the FSAP stress tests. Given the environment of increasing complexity, volatility, and regulatory requirements, Directors supported continued efforts to enhance risk analysis and improve data quality, notably on interconnectedness of financial institutions, while ensuring that supervisory authorities have adequate resources to meet evolving needs. They welcomed efforts to have financial institutions integrate cyber and climate risks into their strategy, governance, and risk management processes.

Directors emphasized the importance of raising productivity growth to sustain economic prospects, while facilitating fiscal consolidation. They welcomed ongoing efforts to better target state aid and R&D spending, enhance access to finance for productive firms, and reduce the regulatory burden. Directors stressed that advancing the EU Savings and Investments Union could boost these reforms.

Directors noted France's leading role in the digital and green transitions and encouraged efforts to promote employment and job quality to facilitate progress in these areas. Building on the authorities' recent reform efforts, they supported further social benefit reforms to enhance work incentives and reduce career fragmentation, thereby supporting employment. Directors recommended complementing these measures with efforts to strengthen human capital, further increase women's labor force participation, and better integrate migrants into the labor market. They also commended its leadership in multilateral cooperation, including in addressing global challenges, such as those related to climate change and debt, and in providing official development assistance.

It is expected that the next Article IV consultation with France will be held on the standard 12-month cycle.

France: Selected Economic Indicators, 2022-27

(Annual percentage change, unless noted otherwise)

		Projection					
	2022	2023	2024	2025	2026	2027	
Real economy (change in percent)							
Real GDP	2.8	1.6	1.1	0.6	1.0	1.2	
Domestic demand	2.8	0.7	-0.1	1.2	0.9	1.1	
Foreign balance (contr. to GDP growth)	-0.1	0.9	1.2	-0.6	0.1	0.1	
CPI (year average)	5.9	5.7	2.3	1.1	1.5	1.9	
GDP deflator	2.9	4.9	2.1	1.3	1.6	1.9	

Public finance (percent of GDP)

General government balance	-4.7	-5.4	-5.8	-5.4	-5.7	-6.0
Revenue	53.7	51.4	51.4	51.9	51.7	51.5
Expenditure	58.4	56.8	57.2	57.3	57.4	57.5
Primary balance	-2.9	-3.7	-3.8	-3.4	-3.4	-3.5
Structural balance (percent of pot. GDP)	-4.2	-5.3	-5.8	-5.2	-5.5	-6.0
General government gross debt	111.4	109.6	113.1	116.5	119.1	121.5

Labor market (percent change)

Employment	1.9	1.0	1.2	-0.3	0.1	0.2
Labor force	1.3	1.0	1.2	0.0	-0.1	0.0
Unemployment rate (percent)	7.3	7.3	7.4	7.7	7.5	7.3

Credit and interest rates (percent)

Growth of credit to the private non-financial sector	5.7	3.6	0.6	1.0	1.2	1.9
Money market rate (Euro area)	0.3	3.4	3.6	...	...	...
Government bond yield, 10-year	1.7	3.0	3.0	...	...	...

Balance of payments (percent of GDP)

Current account	-1.2	-1.0	0.4	-0.1	-0.3	-0.5
Trade balance of goods and services	-2.6	-1.4	-0.1	-0.7	-0.8	-0.8
Exports of goods and services	36.6	34.3	33.9	33.7	33.2	33.0
Imports of goods and services	-39.2	-35.7	-34.0	-34.4	-34.0	-33.7
FDI (net)	-0.8	1.0	-0.3	0.4	0.8	1.0

Official reserves (US\$ billion)	100.4	79.2	78.4	...	...	...
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Exchange rates

Euro per U.S. dollar, period average	0.95	0.92	0.92	...	...	...
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NEER, ULC-styled (2005=100, +=appreciation)	95.9	97.0	97.3	...	...	...
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REER, ULC-based (2005=100, +=appreciation)	90.7	90.5	91.7	...	...	...
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Potential output and output gap

Potential output (change in percent)	1.4	1.2	0.8	0.8	1.0	1.0
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<i>Memo: per working age person</i>	0.8	1.0	0.4	0.8	1.0	1.0
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Output gap	-0.7	-0.4	-0.1	-0.4	-0.4	-0.2
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Sources: INSEE, Banque de France, and IMF staff calculations.

[1](#_ftnref1) Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2](#_ftnref2) Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/France (<http://www.imf.org/France>) page.

[3](#_ftnref3) At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm> (<http://www.IMF.org/external/np/sec/misc/qualifiers.htm>).

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