

SPRING 2020 REFORM BAROMETER – FRANCE

European Semester - Overall assessment of 2019 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2019) is appropriate.	To a large extent	The government has implemented several important reform (capital and corporate taxation, unemployment benefit, training and apprenticeship, reducing the administrative burden, labour law) but has failed to put public expenditures on a downward trend.
2.	The Commission's country specific recommendations for your country are appropriate.	Yes, absolutely	The Commission rightly stresses on the need to reduce taxes on production for businesses, which are a strong impediment against companies' growth.
3.	The Commission assessment of reform implementation the year before is appropriate.	Yes, absolutely	The Commission rightly observes that "No progress in further developing and implementing Public Action 2022." on reducing public expenditure.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	Yes, absolutely	"Public debt remains high and competitiveness dynamics is weak. " "Reforms have gained momentum, but their full implementation remains crucial and further reforms are warranted"

Assessment of Country Specific recommendations 2019 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure that the nominal growth rate of net primary expenditure does not exceed 1,2 % in 2020, corresponding to an annual structural adjustment of 0,6 % of GDP. Use windfalls gains to accelerate the reduction of the general government debt ratio. Achieve expenditure savings and efficiency gains across all sub-sectors of the government, including by fully specifying and monitoring the implementation of the concrete measures needed in the context of Public Action 2022. Reform the pension system to progressively unify the rules of the different pension regimes, with the view to enhance their fairness and sustainability.	Extremely important	Unsatisfactory	There is no assessment available on any progress regarding Action Publique 2022 (which was supposed to be the main program for reducing public expenditure and improving efficiency) and reducing public expenditure does not look at all a policy priority for the government. Meanwhile public debt is near 100 % GDP by end of 2019.
CSR 2	Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background and address skills shortages and mismatches.	Extremely important	Satisfactory	Reforms of apprenticeship and professional training, of unemployment benefit and of labour law go in the right direction, implementation is key towards a concrete outcome. Currently French businesses experience a scarcity of labour, in all sectors and skills levels.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Focus investment-related economic policy on research and innovation (while improving the efficiency of public support schemes, including knowledge transfer schemes), renewable energy, energy efficiency and interconnections with the rest of the Union, and on digital infrastructure, taking into account territorial disparities.	Important	Mixed	Some progress should be made within the future law on research, due for this spring.
CSR 4	Continue to simplify the tax system, in particular by limiting the use of tax expenditures, further removing inefficient taxes and reducing taxes on production. Reduce regulatory restrictions, in particular in the services sector, and fully implement the measures to foster the growth of firms.	Extremely important	Unsatisfactory	Reducing taxes on production is a priority to improve competitiveness, fostering job creation and growth ; while this issue has gotten more attention in the political debate, there has been so far no concrete action ; the effort to make corporate taxation more efficient has in fact come to a halt as the reduction of corporate income tax rate has been postponed and some new taxes are being discussed.

Reform Progress in your Member State in 2019

How would you assess reform progress in 2019, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Excellent
Labour market	Satisfactory
Innovation and skills	Mixed
Access to finance and Financial stability	No reform necessary

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2020 Reform Barometer?

The PACTE law that was passed in Spring 2019 is an excellent reform aiming at improving conditions for doing business, at all stages of life of a company. One key feature of this law is that it was elaborated with a strong involvement of social partners and business representatives. An ambitious assessment process has been launched to make sure the law fulfils its goal.

Reform priorities for 2020

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Tax reforms	Reduce taxes on production by a sizable amount	Yes
Priority 2	Public sector efficiency	Prioritize public spending and improve management in the public sector	Yes
Priority 3	Pension and health care reforms	Increase the effective retirement age	Yes
Priority 4	Business Environment - Regulatory barriers to entrepreneurship	Reduce the administrative burden and update existing regulations and administrative obligations to help companies adapting to the transformations of the economy (digital, ecological, etc)	Yes
Priority 5	---	---	---