



Statement by the Governor on inflation, growth and fiscal policy

Statement by the Governor of the Banque de France, François Villeroy de Galhau, on inflation, growth and fiscal policy.

Amid the current high level of uncertainty, the latest economic publications provide two relatively positive insights:

- Inflation remains well under control as of the end of August, at 2.1% in the euro area and 0.8% in France. This allows for favourable interest rates and supports the recovery of purchasing power.
- French economic growth was confirmed at +0.3% for the second quarter. Growth for the year should therefore reach at least the +0.6% forecast by the Banque de France last June.

With this relative resilience, now is more than ever the time to tackle the number one problem facing the French economy: our excessively high deficits and debt. Continuing to ignore this would only perpetuate uncertainty for households and businesses and curb our fiscal capacity for the future. The Banque de France reaffirms the need to aim for a 3% deficit in 2029 to stabilise the debt. To achieve this, total public spending must not increase faster than inflation each year, including in 2026.

Public debate is necessary, and it must be conducted in a clear-sighted way: there is no easy solution, no effortless path to fiscal recovery. But the longer our country delays tackling it, the more painful the adjustment will be. It is also essential that this effort be fair and shared by all. Many of our European neighbours have already achieved this recovery before us.