COUNCIL OF
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France's government deficit back below 3% of GDP: Council closes procedure

The Council today[1] closed the excessive deficit procedure it opened in 2003 with regard to France, after the French government succeeded in reducing its deficit below 3% of gross domestic product (GDP), the maximum threshold set by the EU's stability and growth pact.

It adopted a decision, under article 104(12) of the Community treaty, abrogating decision 2003/487/EC on the existence of an excessive deficit in France.

The Council considered France's deficit -- which stood at 2.9% GDP in 2005[2], compared with 4.2% in 2003 -- to have been reduced in a credible and sustainable manner, given also that the Commission services' autumn forecast projects the deficits for 2006, 2007 and 2008[3] to be further reduced. It notes, however, that France's government debt amounted to 65.4% of GDP in the second quarter of 2006 -- above the EU's 60% reference value -- and is projected to remain at 63% in 2008.

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1 The decision was taken at a meeting of the Economic and Financial Affairs Council
2 According to data provided by Eurostat.
3 On a no-policy-change basis

P R E S S

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The excessive deficit procedure was opened after France ran up a deficit in 2002 amounting to 3.2% of GDP. Decision 2003/487/EC was adopted by the Council in January 2003, under article 104(6) of the treaty, along with a recommendation under article 104(7) setting out measures to correct it.