

ANNEX

Progress in structural reform

This Annex reviews actions taken on recommendations from previous Surveys that are not covered in tables within the main body of the Assessment and Recommendations. Recommendations that are new in this Survey are listed at the end of the relevant chapter.

Labour market policy

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
Increase opportunities for companies to opt out of sectoral and individual agreements. Reform the financing of labour and employers' organisations so as to enhance representativeness and continue to improve social dialogue.	The 2016 labour reform facilitated firm-level agreements regarding working-time arrangements. It also requires that unions that sign a wage agreement must have the support of 50% of the workers, up from 30%.
Simplify substantially all social benefits. Merge the <i>RSA-activité</i> and the earned-income tax credit (PPE).	The income supplement <i>RSA-activité</i> and the earned-income tax credit (PPE) were merged into a single social benefit, the <i>Prime d'activité</i> , effective 1 January, 2016.
Give priority to making young people employable and to on-the-job training programmes. Improve co-ordination among the actors involved in youth activation in order, in particular, to take charge of dropouts at an early stage. Rationalise support for helping youth to find jobs by limiting the number of programmes, shifting responsibility for local initiatives to the regional level where new structures would bring the various actors together.	In 2016 500 000 training courses for jobseekers were financed, particularly those with few or obsolete skills. The law of August 2016 reforming the labour market introduced the <i>Garantie Jeunes</i> programme and created the <i>parcours contractualisé d'accompagnement vers l'emploi et l'autonomie</i> (PACEA), the new single contractual framework to support young people that draws upon the entire range of services available to meet the varied needs of young people.

Management of public finances

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
To control health-care spending close small public hospitals, place greater stress on outpatient surgery and generic drugs, and give doctors stronger incentives to limit prescriptions, as planned.	The 2016 organizational reform leading to the creation of hospitals groupings (GHT, <i>groupements hospitaliers de territoire</i>) could improve efficiency through the pooling of functions, in particular human resources, and an improved access to local care.
Reduce the complexity and enhance the stability of the tax and transfer system. Task an independent institution with the systematic evaluation of the cost efficiency of tax expenditures in order to abolish those that are tax inefficient.	No action taken.
Gradually phase out reduced VAT rates, and compensate low-income households via means-tested annual payments to achieve distributional objectives in a more cost-efficient way.	No action taken.

Education policy

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
Shift some secondary education funding to primary schools and to admitting children in disadvantaged areas from age two. Achieve economies of scale by speeding up the merger of small schools.	The government intends to reduce class size to 12 pupils for grade 1 and grade 2 in priority schools. Schooling of children from age two has increased in priority schools.
Use the surplus funding allocated to education to make priority education a genuine priority. Improve the quality of teaching staff and of management teams in schools in disadvantaged neighbourhoods. Give these schools greater autonomy in terms of recruitment and tailored support to individual students, and develop parental involvement in those schools.	Additional funding of 350 million euros for the 2017 school year was channelled to priority schools. The bonus payment for teachers in priority schools has been increased.

Research and innovation policy

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
To make the "competitiveness clusters" policy more effective, state aid should be contingent on results; establish a sunset date for subsidies, while gradually replacing them with private financing.	No action taken.
Assess the effectiveness of the research tax credit (CIR) regularly so as to optimise its configuration and scope of application.	An innovation policy board (<i>Commission nationale d'évaluation des politiques d'innovation</i>) launched a tender for projects to evaluate the research tax credit (CIR).

Competition and regulatory reform

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
Evaluate the impact of new class action procedure. Consider providing SMEs and local authorities with the option to make use of them when they are victims of anti-competitive activities and loosening the condition for class action standing.	No action taken.
Eliminate, as planned, regulated tariffs on the electricity and gas retail markets for non-residential customers as of 2015, and reconsider these tariffs for residential customers. Ensure that the financing of new generating capacity preserves competition among power producers and suppliers alike.	Regulated tariffs on the electricity and gas retail markets for major customers have been eliminated.

Environmental policies

Recommendations	Action taken since previous <i>Survey</i> (March 2015)
Abolish the favourable tax treatment given to diesel compared with petrol. Review fuel tax reliefs for agricultural vehicles and fishing boats with a view to reducing them, and abolish tax relief for heavy goods vehicles and taxis.	The tax differential between diesel and petrol cars has been reduced and the new government plans to align the taxation of diesel with that of petrol by 2022. The scope of the general tax on polluting activities (TGAP) has been extended, and rates have been increased. The annual tax on company vehicles has been modified to take into account emissions of CO ₂ and other pollutants.
Fully implement the polluter-pays principle for farmers where their use of water causes pollution. Raise water prices for industry and farming to cover both operating and capital costs. Apply the standard VAT rate to water.	An experimental certification system for reduced agricultural use of plant protection products (<i>certificats d'économie de produits phytosanitaires</i>) was implemented in 2017 to encourage a decline in their use.



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