

# French Republic

## Rating report

### Rating rationale

**A significantly weaker fiscal outlook.** High budget deficits and growing uncertainty on the sustained execution of the government's consolidation plan underpin Scope's revised projection, under which the general government deficit is set to average 5.4% of GDP by 2030. The prospects of higher deficits account for lower policy predictability that could further derail fiscal consolidation in the coming years. Spending pressures and a challenging economic outlook further weigh on general government debt which, in the absence of additional shocks, is set to increase to 125% of GDP by 2030 under Scope's revised projection, one of the steepest increases among rating peers.

**A more challenging political outlook.** Rising political instability, heightened political fragmentation and polarisation, and a challenging socio-economic outlook cloud the prospects for a broad-based political compromise to materially reduce the budget deficits and stabilise the debt-to-GDP trajectory. The short-lived centre-right governments collapsing during budgetary debates underscore the strong political opposition to the government's agenda within a highly fragmented parliament. The government's room for manoeuvre to materially advance its policy agenda is further constrained by moderate economic activity and social tensions.

**Rating strengths include:** i) leading role in the European economic, financial and security architecture as core euro area and founding EU member; ii) economic resilience underpinned by a large, wealthy and diversified economy, with high GDP per capita and an economic structure driven by high value-added activities; iii) a robust banking sector with high capitalisation and favourable liquidity metrics; and iv) a favourable debt profile, excellent market access underpinned by a well-diversified investor base and strong debt management.

**Figure 1: France's sovereign-rating drivers**

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative***	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	aaa	EUR	France	+1/3	AA-
Public finance risk		20%	b+			-1/3	
External economic risk		10%	bb-			0	
Financial stability risk		10%	aaa			0	
ESG risk	Environmental factors	5%	aa	[+1]	[-0]	+1/3	
	Social factors	7.5%	b-			0	
	Governance factors	12.5%	aaa			-1/3	
Sovereign Quantitative Model		aa-				+0	
Additional considerations						0	

\*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.

\*\*The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.

\*\*\*The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer.

\*\*\*\*The Rating Committee approved an indicative rating of 'aa-'. For details, please see Scope's [Sovereign Rating Methodology](#).

### Foreign currency

Long-term issuer rating/Outlook

**AA-/Negative**

Senior unsecured debt/Outlook

**AA-/Negative**

Short-term issuer rating/Outlook

**S-1+/Stable**

### Local currency

Long-term issuer rating/Outlook

**AA-/Negative**

Senior unsecured debt/Outlook

**AA-/Negative**

Short-term issuer rating/Outlook

**S-1+/Stable**

### Lead Analyst

Thomas Gillet

+49 30 27891-25

[t.gillet@scoperatings.com](mailto:t.gillet@scoperatings.com)

### Team Leader

Alvise Lennkh-Yunus

+49 69 6677389-85

[a.lennkh@scoperatings.com](mailto:a.lennkh@scoperatings.com)

## Credit strengths and challenges

### Credit strengths

- Leading role in Europe, core euro area member
- Strong economic resilience, large and diversified economy
- Favourable debt profile and excellent market access
- Robust banking sector

### Credit challenges

- High budget deficits and uncertain fiscal consolidation path
- High and rising general government debt
- Growing political fragmentation and polarisation
- Moderate growth outlook and potential

## Outlook and rating triggers

The Negative Outlook reflects Scope's view that risks to the ratings are skewed to the downside.

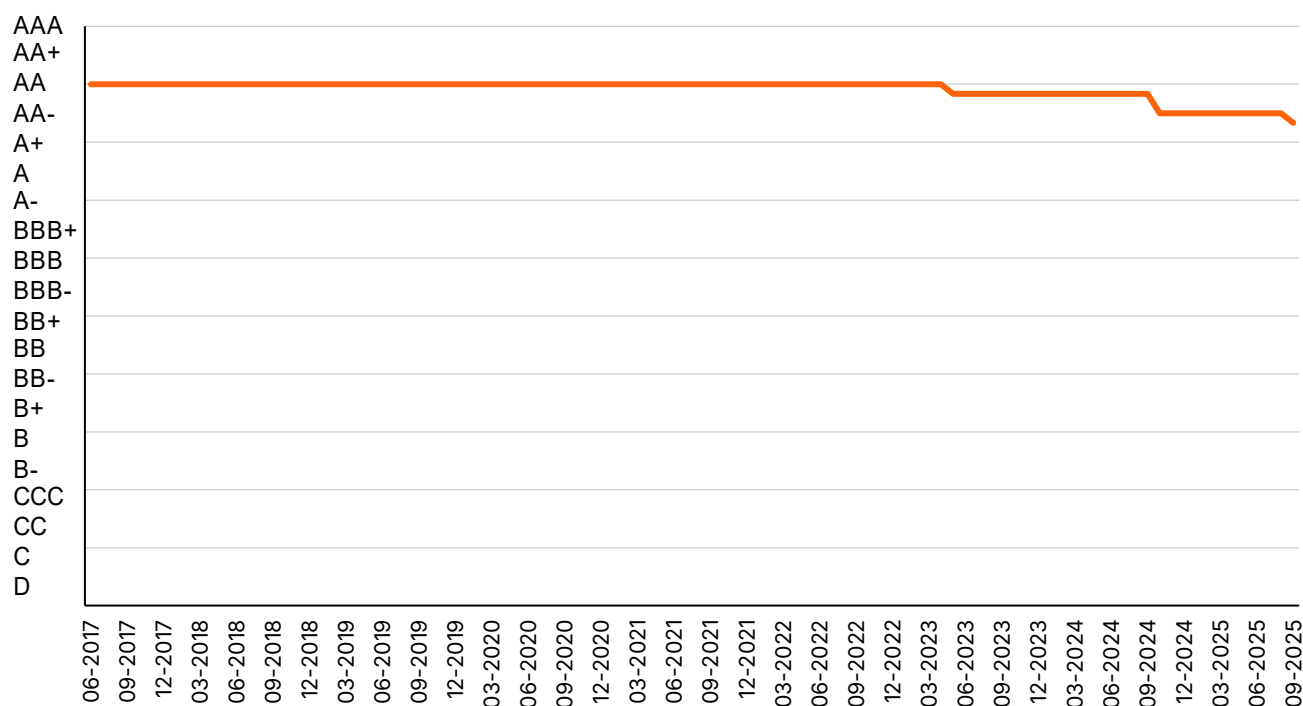
### Positive rating-change drivers

- Stronger fiscal outlook, improving the general government debt-to-GDP trajectory
- Stronger economic growth outlook and potential driven by sustained reform implementation

### Negative rating-change drivers

- Weaker fiscal outlook, further worsening the government debt-to-GDP trajectory over the medium-term
- Weaker governance outlook and sustained political instability preventing the implementation of reforms and adoption of ambitious fiscal consolidation measures
- Major policy shifts challenging France's leading role in Europe

Figure 2: Rating history



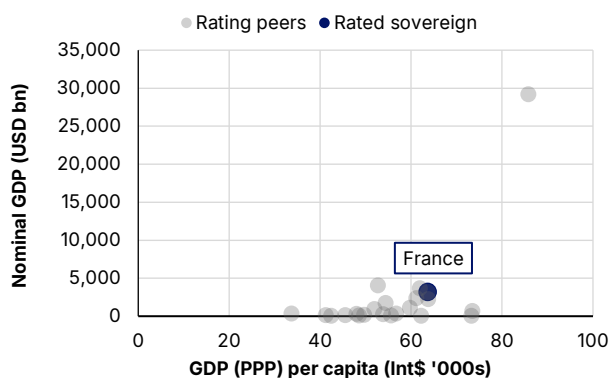
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

## Domestic economic risk

### Overview of Scope's assessments of France's Domestic Economic Risk

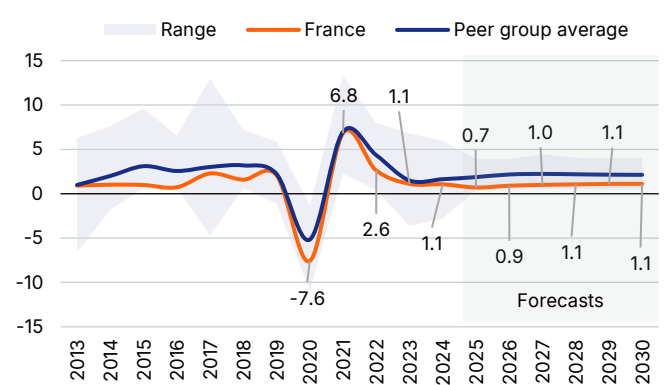
SQM <sup>1</sup> indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Neutral	0	Moderate albeit resilient economic activity; moderate growth outlook and potential; lower unemployment rate supported by recent labour market reforms
	Monetary policy framework	Neutral	0	ECB is a highly credible and effective central bank with an effective policy framework and transmission over the cycle
	Macroeconomic stability and sustainability	Strong	+1/3	Economic structure resilient to external shocks and domestic uncertainties; high wealth levels relative to peers; robust private sector balance sheets

Figure 3: Nominal GDP and GDP per capita



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



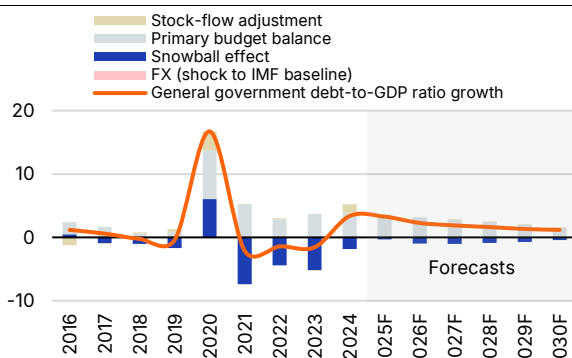
Source: IMF WEO, Scope Ratings forecasts

## Public finance risk

### Overview of Scope's assessments of France's Public Finance Risk

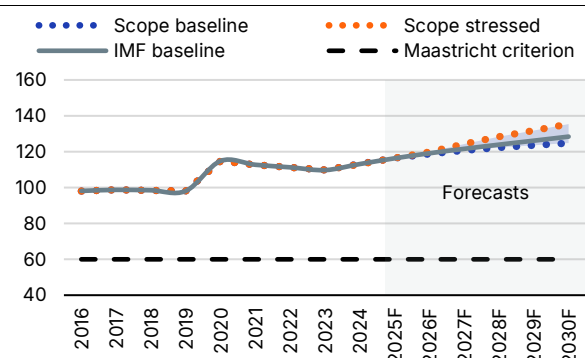
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
b+	Fiscal policy framework	Weak	-1/3	High and sustained budget deficits, slippage in recent years; growing uncertainty on the sustained execution of fiscal consolidation plan
	Long-term debt trajectory	Weak	-1/3	High debt, expected to remain on an upward trajectory given an uncertain consolidation path, spending pressure, and moderate growth outlook
	Debt profile and market access	Strong	+1/3	Favourable debt profile with long average maturity, and excellent market access

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

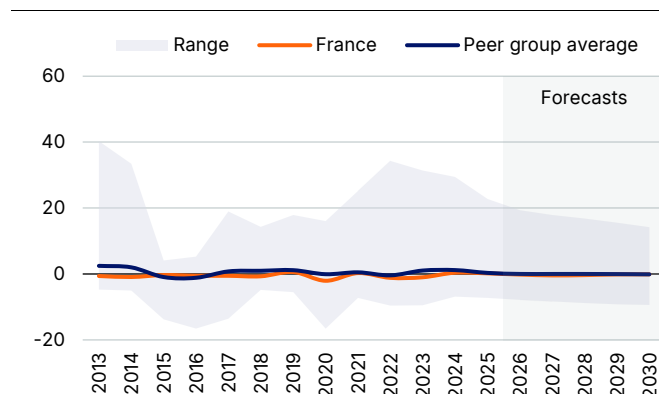
<sup>1</sup> Sovereign Quantitative Model

## External economic risk

### Overview of Scope's assessments of France's External Economic Risk

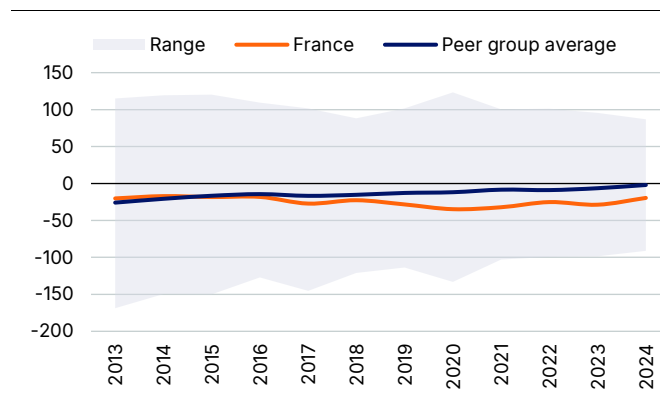
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb-	Current account resilience	Neutral	0	Diversified and high-technology export-oriented industries; moderate current account deficits
	External debt structure	Neutral	0	High external debt, high amount of foreign assets, and limited share of foreign-currency debt
	Resilience to short-term external shocks	Neutral	0	Resilience against external shocks with a mature and large domestic market; more challenging international environment in line with rating peers

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



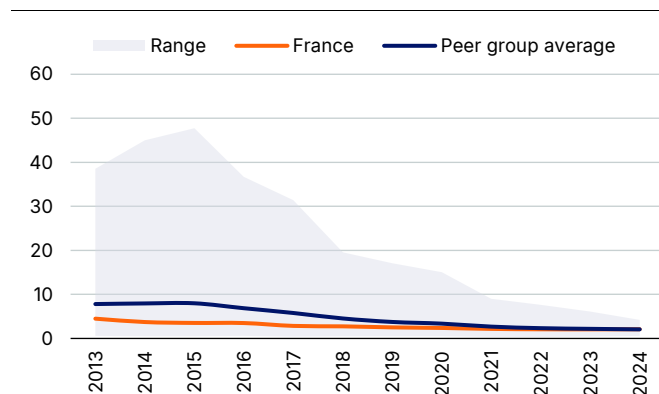
Source: IMF, Scope Ratings

## Financial stability risk

### Overview of Scope's assessments of France's Financial Stability Risk

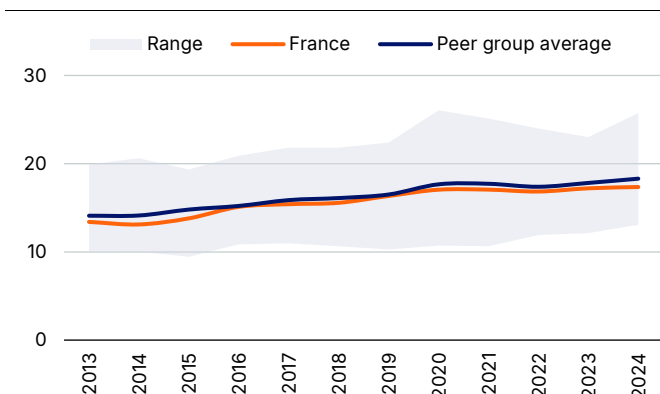
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Consolidated banking sector; high capitalisation and favourable liquidity metrics; strong capacity to absorb external shocks in line with rating peers
	Financial sector oversight and governance	Neutral	0	Oversight under national supervisory authorities and the ECB as part of the Single Supervisory Mechanism
	Financial imbalances	Neutral	0	Moderate household indebtedness, high saving rate; high corporate gross debt mitigated by high net wealth; resilient and mature financial system

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



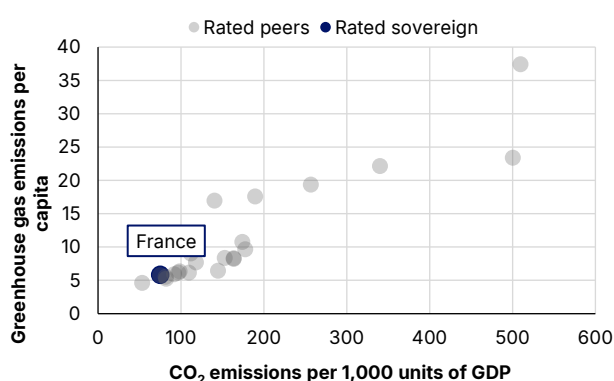
Source: IMF, Scope Ratings

## Environmental, Social and Governance (ESG) risk

### Overview of Scope's assessments of France's ESG Risk

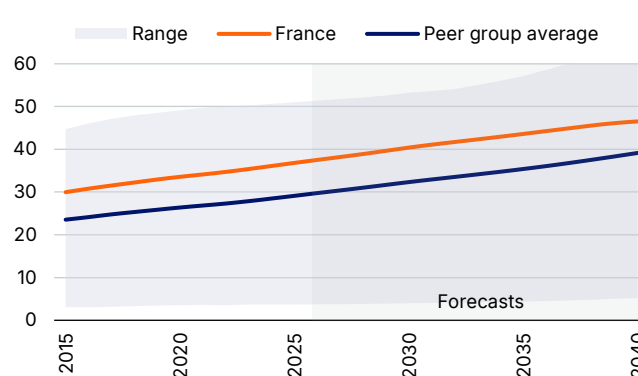
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a+	Environmental factors	Strong	+1/3	Low-carbon electricity mix relative to rating peers given large nuclear fleet; ambitious climate targets and policies
	Social factors	Neutral	0	Record of labour market reforms; relatively more favourable demographic outlook; large social safety nets vulnerable to age-related costs
	Governance factors	Weak	-1/3	High-quality institutions; governance in line with peers; political instability, fragmentation and polarisation, and upcoming elections raise uncertainty

Figure 11: CO<sub>2</sub> emissions per GDP, mtCO<sub>2</sub>e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

## Reserve-currency adjustment

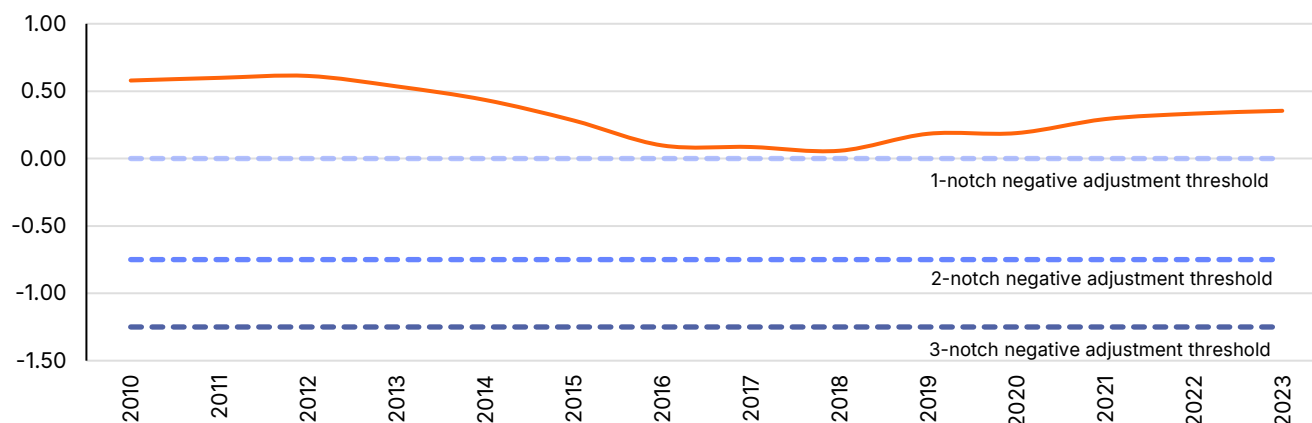
Figure 13: IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

## Political-risk adjustment

Figure 14: WB Political Stability & Absence of Violence/Terrorism index, France, 3-year moving average



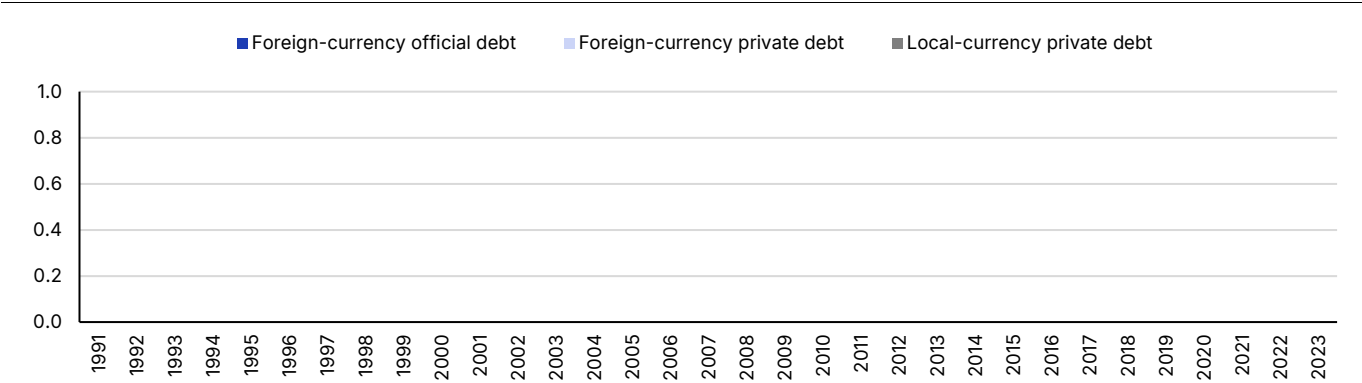
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Figure 15: Sovereign default history, USD m



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).  
Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
Austria
Belgium
Finland
Italy
Japan
Portugal
Spain
United Kingdom
United States

\*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Advanced economy
5y USD CDS spread (bp) as of 25 September 2025	39.18

#### Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	51.2	49.6	54.0	59.1	61.7	63.7
	Nominal GDP, USD bn	IMF	2,723	2,646	2,968	2,797	3,057	3,162
	Real growth, %	IMF	2.1	-7.6	6.8	2.6	1.1	1.1
	CPI inflation, %	IMF	1.3	0.5	2.1	5.9	5.7	2.3
	Unemployment rate, %	WB	8.4	8.0	7.9	7.3	7.3	-
Public Finance	Public debt, % of GDP	IMF	98.1	114.8	112.7	111.3	109.7	113.1
	Net interest payment, % of government revenue	IMF	2.8	2.4	2.6	3.5	3.4	3.6
	Primary balance, % of GDP	IMF	-0.9	-7.7	-5.2	-2.9	-3.7	-3.9
External Economic	Current-account balance, % of GDP	IMF	0.6	-2.1	0.3	-1.2	-1.0	0.4
	Total reserves, months of imports	WB	2.1	2.9	2.6	2.3	2.1	-
	NIIP, % of GDP	IMF	-28.3	-34.7	-32.1	-25.2	-28.7	-19.5
Financial Stability	NPL ratio, % of total loans	IMF	2.5	2.4	2.2	2.1	2.1	2.1
	Tier 1 ratio, % of risk-weighted assets	IMF	15.6	15.7	16.9	16.4	17.4	17.1
	Credit to the private sector, % of GDP	WB	106.9	125.4	120.7	119.2	112.7	107.5
ESG	CO <sub>2</sub> per EUR 1,000 of GDP, mtCO <sub>2</sub> e	EC	87.1	83.8	87.6	83.1	75.0	-
	Income share of bottom 50%, %	WID	20.6	20.7	20.4	20.5	20.5	
	Labour-force participation rate, %	WB	71.7	71.1	73.0	73.6	73.7	73.8
	Old-age dependency ratio, %	UN	32.9	33.6	34.1	34.7	35.4	36.1
	Composite governance indicators*	WB	1.3	1.2	1.2	1.2	1.2	-
	Political stability, index	WB	0.2	0.2	0.3	0.3	0.4	-

\*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

**Analyst**

Thomas Gillet  
+49 30 27891-25  
[t.gillet@scoperatings.com](mailto:t.gillet@scoperatings.com)

**Associate Analyst**

Brian Marly  
+33 18 62618-82  
[b.marly@scoperatings.com](mailto:b.marly@scoperatings.com)

**Team Leader**

Alvise Lennkh-Yunus  
+49 69 6677389-85  
[a.lennkh@scoperatings.com](mailto:a.lennkh@scoperatings.com)

**Related research**

[France: upcoming confidence vote raises further uncertainty over budgetary outlook](#), August 2025

[France: multi-year budget plan supports fiscal outlook but great uncertainty remains](#), July 2025

[European rearmament plans: national policy choices will shape fiscal impact](#), March 2025

[France: meeting higher defence spending will complicate fiscal consolidation](#), March 2025

**Applied methodology**

[Sovereign Rating Methodology](#), January 2025

**Scope Ratings GmbH**

Lennéstraße 5, D-10785 Berlin  
Phone: +49 30 27891-0  
Fax: +49 30 27891-100  
[info@scoperatings.com](mailto:info@scoperatings.com)

**Scope Ratings UK Limited**

52 Grosvenor Gardens  
London SW1W 0AU  
Phone: +44 20 7824 5180  
[info@scoperatings.com](mailto:info@scoperatings.com)



Bloomberg: RESP SCOP  
[Scope contacts](#)  
[scoperatings.com](https://www.scoperatings.com)

**Disclaimer**

© 2025 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Fund Analysis GmbH, Scope Innovation Lab GmbH and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5, D-10785 Berlin. Public Ratings are generally accessible to the public. Subscription Ratings and Private Ratings are confidential and may not be shared with any unauthorised third party.