



## EFFECTIVE FINANCING AND AMORTISATION OF FRENCH SOCIAL DEBT

€124.7 billion of social debt amortised since 1996,  
of which €14.4 billion in 2016

€14.9 billion of social debt to be amortised in 2017

**The Caisse d'Amortissement de la Dette Sociale (CADES), the French state-backed agency in charge of financing and amortising French social debt, takes stock of its activity in 2016 and announces its funding programme for 2017.**

*« For the past 20 years, CADES has contributed to controlling French public debt by amortising an increasing amount of social debt each year. The improvements announced in this year's French Social Security accounts will ultimately prevent the creation of new social debt in the future. In the meantime, though, we will continue to pursue our mission with vigour as there is still €136 billion of social debt CADES needs to amortise. »* **commented Patrice Ract Madoux, Chairman of CADES' Board.**

### A contribution to reducing French public debt of close to 7 points of GDP in 2016

2016 was marked by the transfer to CADES of the total outstanding amount of debt included in article 9 of the Social Security Financing Act for 2011 (€23.6 billion).

During the year, CADES amortised an additional €14.4 billion, amounting to €124.7 billion of amortised social debt in 20 years, since 1996.

This performance demonstrates the efficiency of its financing mechanisms which rely on stable tax revenues collected from French citizens (CRDS, CSG), together with the unconditional trust granted by international investors since inception.

During the year, institutional investors from all geographical origins (Americas, Asia, Europe) have contributed to this success by taking part in CADES' bond issues. They were attracted by the status of CADES as a French public franchise and the wide variety of financial instruments offered in euros and in other currencies, across a large maturity range. In 2016, CADES paid €2.4 billion to its investors.

This strong interest from financial markets enabled CADES to raise €13.7 billion of mid- and long-term debt in 2016, of which more than half was in US dollars. A major player on the international monetary markets, CADES also issued €38.3 billion of short-term debt, an issuance programme larger than expected, thanks to a decline in rates during the year (average rate of -0.69% Eonia-34 bps).

In total, CADES will have contributed to reducing French public debt by around 7 GDP points (including interest saved on the amortised debt).

**We will pursue our mission to amortise French social debt with vigour, in support of the announced improvements to the French Social Security accounts**

The Social Security Financing Act (SSFA) which was voted in by the French parliament for 2017 reported a significant improvement in the Social Security accounts recorded for 2016. This favourable dynamic, if it carries on, should progressively prevent the creation of new social debt in the future. However, with the amount of social debt left to amortise remaining substantial – €135.8 billion at the end of 2016 – CADES will continue to pursue its mission and play a major role in reducing French public debt in the years to come.

SSFA voted by French Parliament has fixed CADES amortisation objective for 2017 to €14.9 billion (vs. €14.4 billion in 2016).

**2017: A €9 billion diversified mid- and long-term funding programme**

For 2017, CADES has defined a comprehensive mid- and long-term debt issuance programme worth 9 billion euros, in order to pursue the mission entrusted to it by French parliament. As has been the case during previous years, this programme will be diversified, including a broad range of financial instruments, denominated in various currencies and in diverse maturities (2 to 7 years).

Furthermore, CADES, which is historically one of the most active issuers on the international monetary markets, will continue to carry out a solid short-term programme, which should lead to an outstanding amount of €4 billion by the end of 2017.

**About CADES**

In 1996 the French government set up the Caisse d'Amortissement de la Dette Sociale with a mission to amortise French social debt by issuing debt securities on international financial markets in a diverse range of currencies.

To enable CADES to carry out its mission, it is allocated resources annually which are used to both amortise the social debt and pay interests.

Supervised jointly by the Minister of The Economy and Finance and by the Ministers in charge of social security, CADES is directly controlled by the French state.

Backed by the French Parliament, CADES is one of the major institutions involved in the control and reduction of French social debt by using efficient and proven amortization and financing mechanisms.

All information regarding CADES and its bond issues are available on [www.cades.fr](http://www.cades.fr).

**CADES  
LIGHTEN THE DEBT – BRIGHTEN THE FUTURE**



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