

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: McMinn, Douglas W.: Files, 1982-1985

SERIES: II: ECONOMIC SUMMIT FILES

Folder Title: Mexico – Country Profiles – France

Box: RAC Box 12

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

Last Updated: 05/24/2024

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name MCMINN, DOUGLAS: FILES

Withdrawer

SMF 2/6/2008

File Folder MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

Box Number 10

NOUZILLE

121

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
50088	CABLE	RE FRENCH AND BRAZILIAN CONCERNS	3	8/10/1981	B1 B3
50080	CABLE	101938Z AUG 81 D 6/4/2010 NLRRM07-081	5	8/10/1981	B1
50089	CABLE	RE INFORMAL WORKING GROUP PAPER	6	8/12/1981	B1 B3
50090	CABLE	RE FRENCH POSITIONS FOR UN CONFERENCE	4	8/14/1981	B1 B3
50091	CABLE	DUPLICATE OF 50090	4	8/14/1981	B1 B3
50081	CABLE	141534Z AUG 81 R 5/28/2010 NLRRM07-081	8	8/14/1981	B1
50082	CABLE	171351Z AUG 81 R 5/28/2010 NLRRM07-081	1	8/17/1981	B1
50083	CABLE	290649Z AUG 81 R 5/28/2010 NLRRM07-081	8	8/29/1981	B1
50084	CABLE	311940Z AUG 81 D 6/4/2010 NLRRM07-081	2	8/31/1981	B1
50085	CABLE	021047Z SEP 81 R 5/28/2010 NLRRM07-081	7	9/2/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name MCMINN, DOUGLAS: FILES

Withdrawer

SMF 2/6/2008

File Folder MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

Box Number 10

NOUZILLE

121

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
50086	CABLE	252355Z SEP 81 R 5/28/2010 NLRRM07-081	1	9/25/1981	B1
50092	CABLE	RE FRENCH PARTICIPATION IN INITIATIVE	3	10/2/1981	B1 B3
50087	CABLE	050959Z OCT 81 R 5/28/2010 NLRRM07-081	1	10/5/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>

50088 CABLE

3 8/10/1981

B1

RE FRENCH AND BRAZILIAN CONCERNS

B3

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
50080	CABLE 101938Z AUG 81	5	8/10/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]**
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]**
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]**
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]**
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]**
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]**
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]**
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]**

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
50089	CABLE RE INFORMAL WORKING GROUP PAPER	6	8/12/1981	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081
NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
50090	CABLE RE FRENCH POSITIONS FOR UN CONFERENCE	4	8/14/1981	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081
NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
50091	CABLE DUPLICATE OF 50090	4	8/14/1981	B1 B3

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

2. EMBASSY/AID OFFICER HAS BEEN IN CONTACT WITH SEVERAL FRENCH OFFICIALS WORKING ON VARIOUS SUBSTANTIVE ASPECTS OF THE LLDC CONFERENCE AND WHO ARE RESPONSIBLE FOR PREPARING FRANCE'S POSITION ON VARIOUS ISSUES TO BE TREATED AT THE CONFERENCE. OFFICIALS INCLUDE MEMBERS OF MINISTER COT'S CABINET AND AN OFFICIAL OF ECONOMIC AFFAIRS DIRECTORATE OF THE QUAI, WHO HAS BEEN WORKING ON POLICY DECISIONS AND RECOMMENDATIONS FOR SEVERAL WEEKS. DURING THESE MEETINGS, WE HAVE INDICATED U.S. CONCERNS AND OBJECTIVES AS SET FORTH IN REPTEL AND PREVIOUS MESSAGES.

3. AFTER MANY HESITATIONS, FRENCH ARE NOW COMING TO GRIPS WITH SUBSTANTIVE QUESTIONS TO DETERMINE FRENCH POSITION TO SATISFACTION OF ELYSEE, MIN EXTERNAL RELATIONS, MIN COOPERATION AND DEVELOPMENT, TREASURY, ETC. OFFICIALS NORMALLY START OUT BY SAYING FORMER GOVERNMENT OFFERED PARIS AS SITE OF CONFERENCE AND THEN DID NOTHING ABOUT IT, LEAVING FULL BURDEN ON NEW ADMINISTRATION. THEY ALSO IMPLICITLY BLAME THEIR DELAY IN FINAL DECISIONS ON THE FACT THAT ISSUES ARE COMPLEX AND THAT THERE HAS BEEN INSUFFICIENT TIME TO PREPARE MORE IN-DEPTH STUDIES.

4. FOLLOWING ARE VARIOUS POINTS WHICH FRENCH OFFICIALS HAVE OUTLINED TO US AS THEIR EXPECTED POSITIONS:
 - (A) FRENCH WANT CONFERENCE TO BE A SUCCESS IN VIEW OF PRESENT GOVERNMENT'S KEEN INTEREST IN THE THIRD WORLD, AND PARTICULARLY SINCE CONFERENCE IS IN PARIS. THEY WANT TO AVOID POLEMICS AS MUCH AS POSSIBLE AND KEEP CONFERENCE ON EVEN KEEL. GENERALLY, THEY PLAN TO POINT OUT THAT SITUATION OF LLDC'S HAS BEEN CONSTANTLY DETERIORATING AND THAT IT IS NOW ABSOLUTELY CRITICAL TO DO SOMETHING FROM ECONOMIC/SOCIAL POINT OF VIEW. FRANCE WILL THEREFORE CALL UPON THE DEVELOPED WORLD AND OPEC TO SUPPORT EXPANDED DEVELOPMENT PROGRAMS IN THESE COUNTRIES AND TO LOOK FOR INNOVATIVE WAYS TO DO THIS IN FULL PARTNERSHIP WITH THE LLDC'S. FRENCH LIKEWISE BELIEVE INCREASED AID IS IMPORTANT BECAUSE OF RISKS OF POLITICAL DESTABILIZATION IF NOTHING IS DONE. THIS LATTER POINT MAY NOT BE EMPHASIZED HOWEVER IN OFFICIAL DECLARATIONS.
 - (B) FRENCH AGREE WITH THE U.S. VIEW THAT INCREASED AID IN ITSELF WILL NOT PRODUCE DEVELOPMENT IN MANY COUNTRIES UNLESS POLICY REFORMS ARE UNDERTAKEN AT THE SAME TIME. CERTAIN FRENCH OFFICIALS HAVE THEREFORE SUGGESTED THAT THIS POINT BE MADE BY PRESIDENT MITTERRAND IN HIS SPEECH PERHAPS BY SPEAKING OF A CONTRACTUAL TYPE ARRANGEMENT BETWEEN DONORS AND RECIPIENTS AS EQUAL PARTNERS BUT WHICH WOULD REQUIRE THE NECESSARY UNDERSTANDINGS TO HELP MAKE ADDITIONAL ASSISTANCE TRULY EFFECTIVE. THIS MIGHT INCLUDE REVISED OVERALL ECONOMIC ORIENTATIONS AS WELL AS TECHNICAL CHANGES SUCH AS MARKETING AND PRICING POLICIES TO ENCOURAGE

~~*****CONFIDENTIAL*****~~ COPY

INCREASED PRODUCTION OF FOODSTUFFS. WHILE THE INTERESTED
MINISTRIES WILL RAISE THIS AT CERTAIN LEVELS, IT IS NOT
YET KNOWN WHETHER THE ELYSEE WILL ACCEPT THIS FOR THE
PRESIDENT'S ADDRESS OR HOW THEY WOULD HANDLE IT.
BT

~~*****CONFIDENTIAL*****~~ COPY

HOB757

*****C O N F I D E N T I A L***** COPY

IN

13

OP IMMED
UTS9298
DE RUFHFR #4397/02 2261541
O 141534Z AUG 81
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 9959
USMISSION GENEVA 7790
USMISSION USUN NEW YORK 3536
ALL OECD CAPITALS

~~C O N F I D E N T I A L~~

LIMITED OFFICIAL USE SECTION 02 OF 03 PARIS 24397
DEPARTMENT ALSO PASS AA/AFR, AID/W

(C) IN REPLY TO OUR SPECIFIC QUESTION, FRENCH APPARENTLY DO NOT PLAN TO MAKE SPECIFIC PLEDGES FOR COUNTRY PROGRAMS OR FOR OVERALL ASSISTANCE AS UNCTAD HAS RECOMMENDED. HOWEVER, PRESIDENT MITTERRAND WILL CERTAINLY ANNOUNCE FRANCE'S GOAL OF PROVIDING 0.7 PERCENT OF GNP TO ECONOMIC DEVELOPMENT ASSISTANCE AND WITHIN THAT FIGURE 0.15 PERCENT FOR LLDC'S. THIS OF COURSE WOULD MEAN A VERY SUBSTANTIAL INCREASE IN FRENCH AID OVER A FIVE OR SEVEN YEAR PERIOD, PARTICULARLY AS FRENCH AID TO FRENCH OVERSEAS POSSESSIONS IS EXCLUDED. THE LENGTH OF TIME IS STILL BEING DISCUSSED. IN 1979, FRENCH ODA WAS 0.59 PERCENT INCLUDING AID TO THE DOM-TOM'S AND 0.34 PERCENT EXCLUDING THE DOM-TOM'S. THE GOVERNMENT HAS ANNOUNCED SEVERAL TIMES THAT THE DOM-TOM'S ARE NOT TO BE INCLUDED IN THEIR NEW GOALS. IN TERMS OF THE LLDC'S FRENCH AID IS ESTIMATED BY THEM AT 0.08 PERCENT OF GNP. THUS BOTH IN TERMS OF OVERALL AID TO LDC'S AND THE AMOUNT SPECIFICALLY FOR LLDC'S, A DOUBLING OF FRENCH AID WOULD BE REQUIRED TO MEET THE TARGETS.

(D) THE FRENCH AGREE WITH THE U.S. POSITION THAT LIBERALIZED TRADE POLICIES AND THE PARTICIPATION OF THE INTERNATIONAL AND INDIGENOUS PRIVATE SECTORS ARE IMPORTANT FOR DEVELOPMENT PURPOSES. HOWEVER, ON A PRACTICAL LEVEL, THEY SEE RELATIVELY LITTLE POSSIBILITY FOR PRIVATE INVESTMENTS IN MOST OF THE LLDC'S AT THIS TIME, AND LIKEWISE SEE RELATIVELY FEW HOPES FOR INCREASED EXPORTS OF OTHER THAN AGRICULTURAL OR RAW MATERIALS. THEREFORE EVEN THOUGH THE CAISSE CENTRALE IS NOW PROVIDING SOME FINANCING FOR THE ENCOURAGEMENT OF INDIGENOUS PRIVATE ENTERPRISE, THEY WILL PROBABLY NOT EMPHASIZE THIS PARTICULAR ASPECT.

*File
De
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025*

*of the percentage
of 77.9% aid. May be
more than double
in absolute
terms.*

SIT:
EOB: POATS, RENT
WHSR COMMENTS:

PAGE 01

PARIS 4397

DTG: 141534Z AUG 81
TOR: 226/1608Z

PSN: 009177
CSN: HCE082

*****C O N F I D E N T I A L***** COPY

- (E) THE FRENCH ARE NOW DISCUSSING WITH THEIR EUROPEAN PARTNERS OF THE EEC A PROPOSAL FOR THE BROADENING OF THE STABEX PRINCIPLE TO INCLUDE OTHER LLDC'S NOT IN THE LOME CONVENTION GROUP (THE ACP). SOME NINE ADDITIONAL LLDC'S WOULD THUS BE GIVEN CERTAIN ADVANTAGES. THE CONCEPT IS TO PROVIDE A KIND OF INSURANCE TO LLDC'S IN CASE OF DRASTIC REDUCTIONS OF THEIR RECEIPTS FROM THE EXPORTATION OF A CERTAIN NUMBER OF PRODUCTS EITHER AS A RESULT OF DROUGHTS OR OTHER WEATHER CONDITIONS OR BECAUSE OF PRICE FLUCTUATIONS. IDEA IS JUST NOW BEING OFFICIALLY PRESENTED BY GOP TO OTHER EEC COUNTRIES. IF THERE IS NOT AGREEMENT AMONG THEM, FRENCH WILL THEN NOT PRESENT THE IDEA ON THEIR OWN. FRENCH HOPE OTHER MEMBERS OF DAC, SUCH AS THE U.S., CANADA, AND JAPAN WOULD CONSIDER SUCH AN ARRANGEMENT OVER A PERIOD OF TIME. IN THEIR VIEW, ARRANGEMENT COULD BE APPLIED BY LATTER GROUP OF COUNTRIES TO CERTAIN SPECIFIC LLDC'S WITH WHICH THERE HAVE SIGNIFICANT TRADE TIES. AS IN CASE OF STABEX, THERE WOULD BE CERTAIN POINT FOR SETTING MACHINERY IN MOTION, AND OF COURSE COMPLETE COVERAGE WOULD NOT BE GUARANTEED. EACH DAC COUNTRY OUTSIDE EEC WOULD MAKE ITS OWN ARRANGEMENTS AND IT WOULD NOT BE ONE LARGE MULTILATERAL AGREEMENT. UNTIL EEC COUNTRY REPLIES HAVE BEEN RECEIVED, IT IS NOT KNOWN WHETHER OR NOT THIS PROPOSAL WILL BE INCLUDED IN MITTERRAND'S ADDRESS. U.S. SHOULD HOWEVER BE PREPARED FOR SUCH A PROPOSAL.

Fr. idea on commodities

- (F) AS FOR CONTENT OF DEVELOPMENT PROGRAMS, FRENCH SAY THEY WILL UNDERLINE PRIORITY OF FOOD SELF-SUFFICIENCY WITH EMPHASIS ON RURAL DEVELOPMENT AND INCREASED AGRICULTURAL PRODUCTION OF BASIC FOODSTUFFS RATHER THAN EXPORT CROPS. THEY ADMIT THAT UNTIL RECENTLY FRANCE DID NOT SUFFICIENTLY ENCOURAGE FOOD PRODUCTION AND OFTEN NEGLECTED IT FOR OTHER TYPES OF DEVELOPMENT. PARTICULARLY FOR THE LLDC'S THEY BELIEVE THIS SHOULD BE A BASIC THRUST OF DEVELOPMENT. A SECOND PRIORITY FOR THEM IS TRAINING, ESPECIALLY TRAINING ADAPTED TO THE REAL NEEDS OF THE LLDC'S TO STRESS TRAINING OF EFFICIENT FARMERS. AGAIN, THEY ADMIT THEY HAVE NOT GIVEN APPROPRIATE ATTENTION TO THIS MATTER.

make s.f. of fact that we have been doing rural dev. for long time.

- (G) IN LINE WITH CONTRACTUAL CONCEPT MENTIONED ABOVE, FRENCH BELIEVE, ON INDIVIDUAL COUNTRY LEVEL, THAT DONORS SHOULD CLOSELY COORDINATE THEIR ASSISTANCE AND COUNTRY PROGRAMS SHOULD INCLUDE A DIAGNOSTIC PROCESS TO CLEARLY SPELL OUT PRIORITY AREAS, POLICY CHANGES REQUIRED, AND COORDINATED PLANNING BETWEEN THE DONORS AND RECIPIENTS.

Donor coordination

- (H) FRENCH ARE DISTRESSED BY FAILURE OF G-77 DOCUMENT TO MENTION EITHER ENERGY OR POPULATION MATTERS. THEY STATE THAT LEAVING OUT ENERGY WAS SIMPLY A POLITICAL DECISION TO AVOID ANY CONFLICT WITH THE OPEC COUNTRIES. FRANCE BELIEVES THAT ENERGY MUST ABSOLUTELY BE RAISED AS

~~*****CONFIDENTIAL*****~~ COPY

AN ESSENTIAL ISSUE AT THE CONFERENCE AND PLANS TO INCLUDE THIS IN THEIR PRESENTATION.

- (I) FRENCH SAY THEY PLAN TO CALL UPON OPEC COUNTRIES TO COMPLEMENT THE EFFORTS OF THE INDUSTRIAL COUNTRIES AND BT

~~*****CONFIDENTIAL*****~~ COPY

29

B
O 758

*****~~C O N F I D E N T I A L~~***** COPY

IN

OP IMMED
STU7245
DE RUFHFR #4397/03 2261543
O 141534Z AUG 81
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 9960
USMISSION GENEVA 7791
USMISSION USUN NEW YORK 3537
ALL OECD CAPITALS

~~C O N F I D E N T I A L~~

LIMITED OFFICIAL USE SECTION 03 OF 03 PARIS 24397
DEPARTMENT ALSO PASS AA/AFR, AID/W
TO TAKE THEIR FAIR SHARE OF THE BURDEN IN HELPING THE
LLDC'S AND INCREASE THEIR AID IN A SUBSTANTIAL MANNER.
THEY POINT OUT THAT WHILE OPEC DOES PROVIDE A RELATIVELY
LARGE AMOUNT TO LLDC'S, THE ASSISTANCE COMES PRIMARILY
FROM TWO OR THREE OPEC COUNTRIES/FUNDS, AND IS ACCORDED
TO A LIMITED NUMBER OF LLDC'S. FRENCH THEREFORE HOPE TO
PERSUADE MORE OPEC COUNTRIES TO PROVIDE AID AND TO ENLARGE
THE NUMBER OF LLDC'S TO WHICH AID IS PRESENTLY GIVEN.

- (J) FRENCH ARE ALSO THINKING OF FLOATING ANOTHER IDEA
FOR OPEC ASSISTANCE. THE PROPOSAL WOULD BE FOR THE OPEC
COUNTRIES TO PROVIDE CONCESSIONAL PETROLEUM PRODUCTS TO
LLDC'S MUCH IN THE SAME WAY THAT EEC COUNTRIES, THE U.S.
AND CANADA, FOR EXAMPLE, PROVIDE CONCESSIONAL FOOD.
THEIR VIEW IS THAT SINCE OPEC HAS NO FOOD BUT DOES HAVE
OIL, AND GIVEN THE BURDEN WHICH IMPORTED ENERGY REPRESENTS
FOR THE LLDC'S, OPEC SHOULD TAKE ITS RESPONSIBILITIES.
AGAIN WE ARE NOT SURE HOW, WHEN, OR IF THIS PROPOSAL WILL
BE PRESENTED.

- (K) IN DISCUSSIONS WITH THE FRENCH, HOWEVER, IT IS
DOUBTFUL THAT THEY WILL BECOME INVOLVED IN POPULATION
QUESTIONS AT LEAST IN A PUBLIC FORUM. IT SHOULD BE NOTED
IN THIS REGARD THAT FRANCE HAS ACTIVE PROGRAMS TO INCREASE
THE FRENCH BIRTHRATE.

- (L) FRENCH SAY THEY ARE OPPOSED TO ANY ADDITIONAL
WINDOWS, OR NEW ORGANIZATION/MECHANISMS AND THAT PRESENT
ORGANIZATIONAL ARRANGEMENTS SHOULD BE USED. THEY DO NOT
WISH TO SEE AN INCREASED ROLE FOR UNCTAD, BELIEVING THAT
UNDP AND WORLD BANK ARE BETTER QUALIFIED TO CARRY OUT
FOLLOW UP ON THE COUNTRY LEVEL. THEY BELIEVE UNCTAD

SIT:
EOB:
WHSR COMMENTS:

PAGE 01

PARIS 4397

DTG:141534Z AUG 81
TOR: 226/1612Z

PSN:009186
CSN:HCE084

*****~~C O N F I D E N T I A L~~***** COPY

~~*****CONFIDENTIAL*****~~ COPY

SHOULD LIMIT ITS PARTICIPATION TO SETTING UP AN OCCASIONAL INTERNATIONAL OR REGIONAL MEETING WHICH MAY BE NEEDED AT SOME FUTURE TIME.

- (M) WHILE THERE WILL BE AMPLE OPPORTUNITY FOR DELEGATIONS TO MEET ON A BILATERAL BASIS TO DISCUSS COUNTRY PROGRAMS, FRENCH WISH TO AVOID WHAT ONE MIN COOP OFFICIAL CALLED A "FOIRE AUX PROJET" (I.E., COUNTRY COMMITMENTS FOR SPECIFIC DEALS). THIS OFFICIAL SAID THAT HE HAD BEEN GIVEN SPECIFIC INSTRUCTIONS ON THIS BY MINISTER COT WHEN HE MET WITH FOREIGN MINISTER BRITO OF CAPE VERDE WHO WAS CHOSEN BY THE AFRICAN MINISTERS AT ADDIS ABABA TO REPRESENT THEM. THE FRENCH HAVE STRESSED TO THEIR AFRICAN INTERLOCUTEURS THAT THEY SHOULD NOT EXPECT SPECIFIC PLEDGES OF LARGE SCALE AID AT THE CONFERENCE FOR THEIR PROGRAMS.

5. WE ASKED IF OTHER FRENCH MINISTERS IN ADDITION TO MINISTER OF COOPERATION AND DEVELOPMENT COT WOULD PARTICIPATE IN THE CONFERENCE. IN ANSWER, IT APPEARS THAT IN VIEW OF FINANCIAL QUESTIONS INVOLVED, ECONOMIC AND FINANCE MINISTER JACQUES DELORS HAS MADE KNOWN HIS DESIRE TO ADDRESS THE CONFERENCE. A MINISTRY OF EXTERNAL RELATIONS OFFICIAL INDICATED THAT IN HIS OPINION, IF DELORS PARTICIPATES, MINISTER OF FOREIGN RELATIONS CHEYSSON WILL ALSO TAKE PART. IT APPEARS THAT NO FINAL DECISION ON THIS QUESTION HAS BEEN MADE.

6. PER PARA 5 REFTTEL, EMBASSY AID REPRESENTATIVE NORMAN SCHOONOVER IS PRIMARY EMBASSY ACTION OFFICER FOR THE LLDC CONFERENCE. HE WILL, HOWEVER, BE ON LEAVE FOR THE WEEK OF AUGUST 17-21 AND ATTENDING A CADA CONFERENCE IN BONN AUGUST 26-28. DURING HIS ABSENCES, EMBASSY PRIMARY ACTION OFFICER FOR THE CONFERENCE WILL BE ROBERT B. DUNCAN, CHIEF OF GENERAL ECONOMIC POLICY. CHAPMAN
BT

~~*****CONFIDENTIAL*****~~ COPY

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

bl

PAGE 01
ACTION ARA-16

PARIS 24525 171357Z

6441

INFO	OCT-01	ADS-00	AID-07	INR-10	EUR-12	SS-15	CIAE-00
	EB-08	ICA-11	H-01	<u>NSC-05</u>	NSAE-00	COME-00	L-03
	LAB-04	TRSE-00	OPIC-07	CEA-01	OMB-01	STR-11	SIL-01
	FRB-03	XMB-02	SP-02	/121 W			

500..

-----130716 172005Z /61

R 171351Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0014
INFO ALL OECD CAPITALS

~~C O N F I D E N T I A L~~ PARIS 24525

DEPARTMENT PASS TO ALL AMERICAN DIPLOMATIC POSTS
BRUSSELS ALSO FOR USEC

E. O. 12065: GDS 8/17/87 (DUNCAN, ROBERT B.) OR-E
TAGS: ECIN, ECON, AID, PEDFU, FR
SUBJECT: CONSULTATIONS WITH FRENCH ON CARIBBEAN BASIN
INITIATIVE

REF: STATE 210640

1. AS REQUESTED PARA 12 REFTEL, EMBASSY OFFICER ON AUGUST 17 MET WITH JEAN FARGUE, QUAI DEPUTY DIRECTOR FOR CENTRAL AMERICAN AND CARIBBEAN AFFAIRS, TO SEEK FOLLOW-UP FRENCH REACTION ON THE REFTEL US PRESENTATION.

2. IN RESPONSE TO OUR REQUEST FOR A REPORT ON THE RECENT VISIT OF FRENCH FOREIGN MINISTER CHEYSSON TO THE CENTRAL AMERICAN REGION AS IT CONCERNED ECONOMIC ASSISTANCE, FARGUE SAID HE HAD TO DEPEND ON THE WRITTEN MEMORANDA OF THE VISIT BECAUSE FARGUE DID NOT ACCOMPANY CHEYSSON AND HAD NOT RETURNED TO PARIS FROM VACATION BEFORE CHEYSSON LEFT ON VACATION.

3. ACCORDING TO FARGUE, CHEYSSON'S MAIN ECONOMIC MESSAGE WAS TO URGE THE CENTRAL AMERICAN COUNTRIES TO COORDINATE A POSITION AMONG THEMSELVES FOR A UNIFIED NEGOTIATION WITH THE EC TO INCREASE BENEFITS FOR THE REGION. THE FRENCH HAD DISCUSSED THIS APPROACH WITH THE GERMANS IN ADVANCE AND BOTH CHEYSSON AND THE GERMANS (GENSCHER) TOLD THE CENTRAL AMERICANS THEY WOULD SUPPORT A COORDINATED CENTRAL AMERICAN NEGOTIATION REQUEST TO THE EC. IN THIS REGARD, FARGUE STRESSED THAT THE EC HAD THE ABILITY TO AID NON-ACP STATES. FARGUE NOTED THE FOREIGN MINISTERS OF THE CENTRAL AMERICAN REPUBLICS EXCEPT GUATAMALA HAD DISCUSSED CHEYSSON'S UNIFIED NEGOTIATION PROPOSAL FURING THEIR RECENT MEETING IN TEGUCIGALPA, AND FARGUE HAD THE IMPRESSION THEIR REACTION WAS FAVORABLE.

4. WITH REGARD TO THE CBI, FARGUE SAID HE HAD THE IMPRES- SION FROM CHEYSSON'S TRIP REPORTS THAT THE CENTRAL AMERICANS WERE NOT "AU COURANT" OF THE VARIOUS PROPOSED MEETINGS THAT RYAN HAD MENTIONED TO CUVILLIER.

5. TURNING TO BILATERAL FRENCH AID, FARGUE SAID THE FRENCH WERE GOING TO TRY TO INCREASE THEIR ASSISTANCE. HE SPECIFICALLY MENTIONED SOME FOOD AID FOR COSTA RICA BY THE END OF THIS YEAR. THE FRENCH WERE ALSO CONSIDERING NEW FINANCIAL PROTOCOLS FOR INVESTMENT PROJECTS IN COSTA RICA, HONDURAS, AND NICARAGUA. THESE PROTOCOLS WOULD INVOLVE ABOUT 50 MILLION FRANCS FOR EACH COUNTRY AND WOULD BECOME AVAILABLE IF THE UNSPECIFIED INVESTMENT PROJECT WERE FINALIZED. FARGUE CONCLUDED THE FRENCH HOPED TO DO MORE AND WERE GOING TO TRY TO ENCOURAGE PRIVATE FRENCH INVESTMENT IN THE REGION.
CHAPMAN

*File
Mex. Summit
(country positions)
France*

DECLASSIFIED

NLRR M07-081 #100872

BY CU NARA DATES 5/29/10

CONFIDENTIAL

32

File Me in Co. Summary (with corrections)
Company Page

Has Mitterrand Changed View of Business?

By ARNOLD MCKAY
 Journal of Commerce Staff

PARIS — President Francois Mitterrand marked his first hundred days in office last week with a tribute to private enterprise — and an unabashed plea for its support — that drew reactions, more or less across the ideological spectrum, of “how’s that again?”

Businessmen were settling in nicely to their rôle of naughty boys who needed to be punished. Mr. Mitterrand had always made them feel they had it coming and since the Socialists came to power on his bandwagon many of them, and not the least, have scolded away in harsh and menacing tones.

What it amounts to — apparently 100 days did the trick — is that the euphoria of victory has largely vanished and Mr. Mitterrand is seeing things more clearly now.

After last week’s Cabinet meeting, he had Pierre Berégovoy, secretary general of the presidency, inform the press that “heads of businesses should not be treated as scapegoats, but trusted so they take part in the effort to create jobs, reconquer the domestic market and update technologically.”

“For the president,” Mr. Berégovoy said, “there is an obvious need to associate the heads of business enterprises with the national job-creation effort and this means defining a coherent policy toward them.”

Quoting this last passage in a front-page editorial the next day, le Monde commented: “It could scarcely be better put that there hasn’t been one up to now.”

A paper less charitably disposed toward the new regime, le Quotidien de Paris, quipped about the scapegoat line: “how painful it must have been for Francois Mitterrand to say it.”

There is very strong evidence that Mr. Mitterrand is not all inclined to leave businessmen with their faces in the corner even if he could get away with it. The point is he cannot.

No matter how many jobs are made in the public sector, no serious dent can be made in unemployment until the private sector picks up. This

is particularly true of the so-called small and medium-size enterprises — firms with 10 to 500 employees — where a majority of Frenchmen work and turn out more than a third of the country’s exports.

Mr. Mitterrand’s kind words for business were in fact accompanied by the announcement that he has instructed Prime Minister Pierre Mauroy’s government to come up, by Sept. 15, with a set of measures to encourage expansion, and hence employment, by small and medium-size businesses.

Just what they’ll be, and more important, whether they’ll work, are unanswered questions.

Mr. Mauroy and several of his ministers have done a great deal to undermine business confidence further since Mr. Mitterrand’s election.

The prime minister, inaugurating a new highway in Poitiers on July 25, vowed that businessmen whose firms got into difficulty through their own

PARIS LETTER

“incompetence” would be dealt with “sternly,” which included the attachment of their “personal chattels.”

Business organizations were outraged.

Who is to judge a businessman’s competence in times of worldwide recession and monetary disorder, an employers’ association leader from Mr. Mauroy’s home district demanded.

A few days earlier, the minister of labor, Jean Auroux, had issued a statement on the pending amnesty law saying that it would be “very liberal” to workers sentenced for offenses committed during labor disputes but “much stricter regarding offenses committed by employers.”

The Conseil National du Patronat Français — the national employers association — came out with a strong statement decrying the injustice of applying a law differently according to the social origin of the offender.

However, the law has been passed as the Socialists drafted it and firms are being forced to take back men fired for illegal acts.

Last week, for example, Groupe des Assurances Nationales, a nationalized insurance company, agreed to rehire a shop steward belonging to the communist-led CGT who was fired for illegal restraint of the company chairman in 1979. Five CGT militants are being taken back into the Paris bus and subway system and four national railways engineer trainees who didn’t make the grade are to be given another chance.

From the union point of view, of course, this is only justice. Unfortunately, it seems to have bred an atmosphere in which unions take the law into their own hands with impunity these days.

Recently union members have “confiscated” a shipment of video-disc components to prevent Thomson-Brandt, the large electronics group slated for nationalization, from going through with a deal for manufacture in Japan.

And unions at the state tobacco

monopoly seized all foreign cigarettes at a warehouse to force people to “smoke French.” The action was touched off by the three-week layoff of 223 workers manufacturing the French Gitanes brand because of lagging sales and huge stocks.

It is of course nationalization itself, and its use by unions to increase “worker power” in enterprises, that most disturbs businessmen.

And the unions are making, it increasingly plain that they will not hesitate to act against the new administration, by strike if necessary, to increase their power.

In view of all this, business spokesmen have remained highly skeptical of Mr. Mitterrand’s appeal for their support. They are telling him what they expect; it remains to be seen how much they’ll get.

At this writing, it doesn’t look all bad. If, on Thursday, Michel Rolant, a national secretary of the CFDT was able to claim “substantial and positive progress” at a meeting with Jean le Garrec, the secretary of state in charge of nationalization, the same day Mr. Auroux, the labor minister, affirmed that unions would not be given veto power over an employer’s decision to cut staff.

If that holds true, and Mr. Mitterrand comes through with the help for small and medium businesses he has promised, then his unexpected tribute to the private sector may indeed mark a turning point.

However, the informed reader is advised to draw no conclusion.

Jacques Attali, one of Mr. Mitterrand’s key economic advisers, explained in his 1978 book “La Nouvelle Economie Francaise” that small and medium-size private enterprises are indispensable to Socialist plans.

“Better than others, they can adjust rapidly to demand, develop innovations, get small teams of specialists to cooperate and have favorable relations with their customers and suppliers,” he wrote (on page 206).

But on page 207 he noted: “when they become significantly influential over modes of production, they will be nationalized.”



FRANCOIS MITTERRAND
 The French president surprisingly has toned down his socialist rhetoric after his first hundred days in office with a tribute to private enterprise.

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

33

PAGE 01 PARIS 25849 01 OF 09 281853Z 3103
ACTION EUR-12

PARIS 25849 01 OF 09 281853Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-00
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

END SUMMARY.
-3. MONEY AND EXCHANGE MARKET

INTEREST RATES

8/12

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0601
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

DAY TO DAY	17 1/2	17 1/2
ONE MONTH	17 1/4 - 17 1/2	17 3/8 - 17 5/8
THREE MONTHS	17 3/8 - 17 5/8	17 3/4 - 18
SIX MONTHS	16 7/8 - 17 1/8	17 1/4 - 17 3/8
ONE YEAR	16 1/2 - 16 3/4	16 3/4 - 17
EURO-FF, ONE MONTH	33	31

File
Mexico Summit
(comby profiles)
France

UNCLAS SECTION 01 OF 09 PARIS 25849

-	8/10	8/21
PUBLIC SECTOR BANKS	17.04	17.03

USEEC

-	8/12	8/21
---	------	------

PASS FEDERAL RESERVE, COMMERCE, LABOR

EXCHANGE RATES

EA 12065:NA
TAGS: EALR, EGEN, FR
SUBJECT: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS
REF: PARIS 24320

DOLLAR	6.07	5.96
STERLING	10.87	10.94
DM	2.40	2.39
SWISS FRANC	2.81	2.76

1. SUMMARY

INSEE STOCK PRICE INDEX	8/7	8/21
-------------------------	-----	------

THE WEAKNESS OF THE FRANC HAS CONTINUED BEYOND THE AUGUST 15 "TARGET DATE" FOR EMS REALIGNMENT. THE BANK OF FRANCE HAS STABILIZED MONEY MARKET RATES, ABANDONING, AT LEAST FOR NOW, ATTEMPTS TO MOVE DOWN DOMESTIC INTEREST RATES RELATIVE TO THOSE PREVAILING INTERNATIONALLY.

BASE 100, 12/31/80		
FRENCH	85.3	85.1
FOREIGN	157.5	154.8

DIVISE - TITLE	7.36 - 7.41	7.15 - 7.18
(FINANCIAL FF/S RATE)		

THE WEAKNESS OF THE FRANC WITHIN THE EMS HAS PERSISTED

PRESIDENT MITTERRAND HAS ASKED THAT MEASURES BE TAKEN IN SEPTEMBER "TO ACCELERATE THE RECOVERY IN ECONOMIC ACTIVITY," AFTER NOTING THE CONTINUING RISE IN UNEMPLOYMENT. IN JULY, THE UNEMPLOYMENT RATE ROSE TO 8.1 PERCENT. HOWEVER, THE INCREASE IN THE NUMBER OF NEW UNEMPLOYED IS SLOWING DOWN. THERE ARE OTHER INDICATIONS THAT THE WORST MAY BE OVER FOR ECONOMIC ACTIVITY IN FRANCE. INDUSTRIAL PRODUCTION ROSE IN JUNE, AND THE JULY BANK OF FRANCE SURVEY ALSO INDICATES AN IMPROVEMENT IN PRODUCTION, THOUGH A VERY LIMITED AND FRAGILE ONE. RETAIL PRICES ROSE 1.7 PERCENT IN JULY, DUE IN LARGE MEASURE TO PUBLIC SECTOR PRICE INCREASES. THE BALANCE OF PAYMENTS DEFICIT NARROWED SHARPLY IN THE SECOND QUARTER, THE RESULT OF LOWER IMPORT GROWTH DUE TO THE WEAKNESS OF THE DOMESTIC ECONOMY AND MORE BUOYANT EXPORTS. THE SERVICES ACCOUNTS IMPROVED AS WELL. HOWEVER, THERE WAS A FF 22 BILLION DROP IN FRANCE'S EXTERNAL MONETARY POSITION REFLECTING CAPITAL OUTFLOWS LINKED TO THE ELECTORAL SEASON'S POLITICAL CLIMATE. BUDGET MINISTER FABIUS IN A RECENT INTERVIEW SAID THAT FF 30 BILLION IN ADDITIONAL RECEIPTS MUST BE FOUND TO LIMIT THE 1982 DEFICIT TO FF 95 BILLION, AND CONFIRMED THAT A WEALTH TAX WILL BE IMPOSED TO SUPPLY PART OF THE NECESSARY ADDITIONAL FUNDS. THE 1981 BUDGET DEFICIT DURING THE FIRST FOUR MONTHS WAS, ACCORDING TO DATA ON TREASURY OPERATIONS, 38 PERCENT LARGER THAN THE PRECEDING YEAR DEFICIT. THE GOF ANNOUNCED THAT IT WILL FLOAT ITS FIRST POST ELECTION BOND ISSUE IN SEPTEMBER.

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

3A

PAGE 01 PARIS 25849 02 OF 09 281857Z
ACTION EUR-12

3108

PARIS 25849 02 OF 09 281857Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

-----111201 282227Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0602
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 02 OF 09 PARIS 25849

BEYOND AUGUST 15, THE FOCUS DATE FOR EXCHANGE MARKET EXPECTATIONS OF EMS REALIGNMENT. AS OF THE 20TH, THE BANK OF FRANCE'S FOREIGN EXCHANGE RESERVES HAD DROPPED FF 9 BILLION FROM AMOUNTS REPORTED AT THE END OF JULY. THE BANK OF FRANCE HAS STABILIZED ITS MONEY MARKET INTERVENTION RATES, AND MONEY MARKET RATES AT LONGER TERM HAVE MOVED UP SINCE, IN VIEW OF THE WEAKNESS OF THE FRANC, PEOPLE NO LONGER EXPECT THE BANK TO ACTIVELY PUSH INTEREST RATES DOWN. INTEREST RATES ON BONDS, ON THE OTHER HAND, MOVED DOWN A LITTLE OVER THE PERIOD, WITH THE EXCEPTION OF GOF ISSUES. FRENCH STOCK MARKET PRICES ROSE IN THE BASIS OF GOF STATEMENTS THAT THE "LOI MONORY" GIVING FAVORABLE TAX TREATMENT TO STOCK INVESTMENT WILL NOT BE RESCINDED, AND A BELIEF AMONG SOME INVESTORS THAT NATIONALIZATION WILL BE LIMITED TO HOLDING COMPANIES AND THAT COMPENSATION WILL BE ADEQUATE. THE PREMIUM OF THE "DIVISE-TITRE" OVER THE MARKET \$/FF EXCHANGE RATE STABILIZED AT 21 PERCENT. PRICES OF FOREIGN STOCKS FELL, REFLECTING TRENDS IN THE U.S. MARKETS AND THE DEPRECIATION OF DOLLAR.

-4. MITTERRAND: RECOVERY MUST BE ACCELERATED

DURING LAST WEEK'S COUNCIL OF MINISTERS MEETING, PRESIDENT MITTERRAND NOTED THE CONTINUING RISE IN UNEMPLOYMENT AND ASKED THAT MEASURES BE TAKEN IN SEPTEMBER "TO ACCELERATE THE RECOVERY OF ECONOMIC ACTIVITY, PARTICULARLY IN JOB-CREATING SECTORS", MEANING SMALL AND MEDIUM-SIZED FIRMS. ACCORDING TO ELYSEE SECRETARY-GENERAL BEREGOVY, "FOR THE PRESIDENT OF THE REPUBLIC, THE NECESSITY TO ASSOCIATE BUSINESS LEADERS TO THE NATIONAL EFFORT TO CREATE EMPLOYMENT IS EVIDENT AND THAT REQUIRES THE DEFINITION OF A COHERENT POLICY RELATIVE TO THEM. THIS POLICY SHOULD CLARIFY THE ECONOMIC RULES OF THE GAME, ELIMINATE OBSTACLES TO INVESTMENT AND JOB CREATION, IMPROVE THE IMAGE OF BUSINESS LEADERS IN THE COUNTRY AND ASSURE THAT THE CONDITIONS EXIST FOR A REAL COOPERATION BETWEEN HEADS OF BUSINESS AND EMPLOYEE ORGANIZATIONS IN THE SMALL AND MEDIUM-SIZED FIRMS." SPECIAL MEASURES FOR THESE FIRMS HAVE ALREADY BEEN PROVIDED: GOVERNMENT PAYMENT FOR PART OF THE SOCIAL SECURITY COSTS NORMALLY PAID BY THE EMPLOYER, PREFERENTIAL INTEREST RATES AND LOANS FUNDS.

THE ADDITIONAL MEASURES UNDER CONSIDERATION REPORTEDLY INCLUDE THE INCLUSION OF SMALL FIRMS IN CONTRACTS ARISING FROM THE GOF'S INDUSTRIAL POLICY TO ENCOURAGE INNOVATION, AND THE USE OF REGIONAL REFORM MEASURES TO PERMIT SELECTIVE ECONOMIC STIMULUS. THERE ARE, IN ADDITION, MEASURES UNDER CONSIDERATION TO FACILITATE SMALL AND MEDIUM FIRMS' ACCESS TO CAPITAL, MEASURES TO REDUCE INHERITANCE TAXES AS THEY AFFECT SMALLER FIRMS, A REVISION OF THE SYSTEM OF PAYMENTS TO BENEFIT SMALLER FIRMS, AND THE WAIVING OF A POSSIBLE FUTURE GOF VETO ON LAYOFFS. SPECIFIC MEASURES UNDER CONSIDERATION REPORTEDLY INCLUDE THE USE OF NATIONALIZED FIRMS TO DIRECT SUB-CONTRACTS TO SMALLER FIRMS, AND A REQUIREMENT THAT LARGE INSTITUTIONAL INVESTORS USE A PART OF THEIR FUNDS TO PURCHASE STOCK OF SMALLER COMPANIES.

-5. UNEMPLOYMENT -- JULY

THE SEASONALLY ADJUSTED NUMBER OF JOB SEEKERS INCREASED 1.3 PERCENT FOLLOWING A 1.7 PERCENT JUNE INCREASE, 25.8 PERCENT UP FROM M YEAR AGO. THE UNEMPLOYMENT RATE WAS 8.1 PERCENT IN JULY. HOWEVER, THE WORSENING OF THE EMPLOYMENT SITUATION REDUCTIOSEEMS TO BE SLOWING, SINCE THESE MONTHLY INCREASES ARE MUCH LOWER THAN EARLIER IN THE YEAR. THE SEASONALLY ADJUSTED NUMBER OF UNFILLED VACANCIES DECREASED 0.9 PERCENT AS WELL FOLLOWING A 4.1 PERCENT JUNE DECREASE, 22.7 PERCENT DOWN FROM A YEAR AGO.

- JULY PERCENT CHANGE

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

36

PAGE 01 PARIS 25849 03 OF 09 281858Z 3116
ACTION EUR-12

PARIS 25849 03 OF 09 281858Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 GEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

IMPORTS SA	54.4	0.9	7.0	14.9
EXPORTS SA	48.3	0.6	2.0	18.6
BALANCE SA	-6.1			
BALANCE NSA	-3.9			

-7. INDUSTRIAL PRODUCTION -- JUNE

-----111202 282234Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0603
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

INDUSTRIAL PRODUCTION, EXCLUDING CONSTRUCTION AND SEASONALLY ADJUSTED, INCREASED 1.6 PERCENT FOLLOWING A 0.8 PERCENT MAY DECREASE, 4.6 PERCENT DOWN FROM A YEAR AGO.

THIS MONTH'S INCREASE WAS DUE TO 2 SECTORS: ELECTRICAL CONSTRUCTION, WHICH INCREASED 14.5 PERCENT FOLLOWING A 7.5 PERCENT MAY DECREASE, AND AUTOMOBILES WHICH INCREASED 15.4 PERCENT BUT WAS STILL 12.9 PERCENT DOWN FROM A YEAR AGO.

UNCLAS SECTION 03 OF 09 PARIS 25849

- BECAUSE OF THESE LARGE SECTORAL INCREASES (WHICH ARE PARTLY DUE TO THE METHODOLOGY AND THE SEASONAL ADJUSTMENT FACTOR) CAPITAL GOODS OUTPUT INCREASED 15.8 PERCENT AND CONSUMERS GOODS 5.5 PERCENT.

	THOUSANDS	JULY/JUNE	JUNE/MAY	JULY 81/80
JOB SEEKER SA	1,849.0	1.3	1.7	25.8
UNFILLED				
-VACANCIES SA	66.6	-0.9	-4.1	-22.7
UNEMPLOYMENT				
-RATE PERCENT	8.1			

	INDUSTRIAL PRODUCTION, EXCLUDING CONSTRUCTION SA			
	- PERCENT CHANGE			
	JUNE	JUNE/MAY	MAY/APRIL	JUNE 81/80
OVERALL	125	1.6	-0.8	-4.6
OF WHICH				
ENERGY	125	-2.3	3.2	-2.3
INTERMEDIATE				
- GOODS	111	-2.6	0	-5.9

- PRELIMINARY RETAIL PRICES -- JULY

FIRST ESTIMATES INDICATE A 1.7-1.8 PERCENT INCREASE IN RETAIL PRICES, FOLLOWING A 1.0 PERCENT JUNE INCREASE. THE INCREASE IN PUBLIC SECTOR RATES, ELECTRICITY AND NATURAL GAS, PROBABLY ACCOUNTED FOR 1/4 OF THIS INCREASE.

-6. FRENCH FOREIGN TRADE -- JULY

THE FRENCH TRADE DEFICIT, (FOB-FOB) SEASONALLY ADJUSTED, WIDENED FROM 5.9 BILLION FRANCS IN JUNE TO 6.1 BILLION FRANCS, COMPARED WITH A 6.6 BILLION FRANC DEFICIT IN JULY 1980.

- IMPORTS INCREASED 0.9 PERCENT FOLLOWING A 7.0 PERCENT JUNE INCREASE, 14.9 PERCENT UP FROM A YEAR AGO, WHILE EXPORTS INCREASED 0.6 PERCENT FOLLOWING A 2.0 PERCENT JUNE INCREASE, 18.6 PERCENT UP FROM A YEAR AGO.

- ON A NON-SEASONALLY ADJUSTED BASIS, THE DEFICIT WIDENED FROM FF 2.6 BILLION IN JUNE TO FF 3.9 BILLION IN JULY, RESULTING IN A FF 28.7 BILLION DEFICIT FOR THE FIRST SEVEN MONTHS OF 1981, COMPARED WITH A FF 35.6 BILLION DEFICIT FOR THE SAME PERIOD OF 1980.

- DURING THE MONTH, THE NET ENERGY BILL WAS FF 14.3 BILLION, AND TRADE IN HOUSEHOLD DURABLE GOODS AS WELL AS OTHER CONSUMERS GOODS WERE IN DEFICIT. ON THE OTHER HAND, TRADE IN PROCESSED FOOD AND AGRICULTURE, AUTOMOBILE AND TRANSPORT EQUIPMENT, AND CAPITAL GOODS RESULTED IN LARGE SURPLUSES. (1.7, 2.6, AND 1.7 BILLION FRANCS RESPECTIVELY.)

	FRENCH TRADE (FOB-FOB)			
	JULY PERCENT CHANGES			
	BILLION F.	JULY/JUNE	JUNE/MAY	JULY 81/80

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

76

PAGE 01 PARIS 25849 04 OF 09 281859Z

3110

PARIS 25849 04 OF 09 281859Z

ACTION EUR-12

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

-----111207 282229Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0604
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 04 OF 09 PARIS 25849

CONSUMERS GOODS 140	5.3	-2.2	-5.4
CAPITAL GOODS 154	15.8	-10.1	2.0

- THE 3 MONTHS MOVING AVERAGE, A BETTER INDICATION OF TREND DECREASED FROM 125 TO 124, SHOWING A RELATIVE STABILIZATION AFTER SEVERAL MONTHS OF DECLINE.

-8. GOF BOND ISSUE

THE GOF HAS ANNOUNCED THAT IT WILL OFFER A FF 8 BILLION, 6-YEAR BOND ISSUE AT A RATE OF 16.75 PERCENT ON SEPTEMBER 10. IT WILL BE THE FIRST SUCH ISSUE SINCE THE ELECTION AND ONLY THE SECOND THIS YEAR -- THE FIRST ISSUE, FOR 10 BILLION, WAS PLACED IN JANUARY. THE ISSUE WILL PROVIDE THE SAME TAX ADVANTAGES AS OTHER GOF BONDS -- A FF 3,000 DEDUCTION FOR INTEREST EARNINGS, A PREFERENTIAL TAX RATE ON EARNINGS ALONE FF 3,000, AND EXEMPTION FROM WITHHOLDING. HOWEVER, IT WILL BE REIMBURSABLE ONLY AT THE END OF THE SIX YEARS.

- SOCIETE GENERALE WILL BE THE LEAD BANK OF A CONSORTIUM OF 15 AND A TOTAL OF 60 CONTRACTING INSTITUTIONS.

- THE INTEREST RATE OFFERED IS A LITTLE ABOVE THE PRESENT MARKET RETURN ON SIMILAR ISSUES, AND HAS LED TO A SLIGHT INCREASE IN MARKET RATES THIS WEEK. THE ISSUE IS REGARDED AS A FIRST TEST OF INVESTORS' ATTITUDES TOWARD THE NEW GOVERNMENT, WHICH WILL HAVE TO CONTINUE COMING TO THE MARKET FOR FUNDS TO FINANCE THE MUCH LARGER BUDGET DEFICITS FORECAST THIS YEAR AND NEXT. THE INTEREST COST ON THE ISSUE IS ESTIMATED AT FF 1.35 BILLION PER YEAR AND TOTAL COST AT THE END OF 6 YEARS AT FF 16 BILLION.

-9. BANK OF FRANCE JUNE INDUSTRIAL SURVEY

RESULTS OF THE BANK OF FRANCE INDUSTRIAL SURVEY COVERING JUNE ACTIVITY SHOW, AS DID THE INSEE SURVEY FOR THE SAME PERIOD, A SLIGHT INCREASE IN PRODUCTION, BUT WITH ACTIVITY STILL REMAINING AT A LEVEL LOWER THAN A YEAR AGO. UNLIKE INSEE, THE BANK ATTRIBUTES THIS SLIGHT INCREASE ESSENTIALLY TO "TECHNICAL AND SEASONAL FACTORS." THE INCREASE IN CAPACITY UTILIZATION IS CONSIDERED

DUE TO A PICK-UP THAT HAS OCCURRED AFTER INVENTORIES WERE ALLOWED TO DIMINISH, PARTICULARLY IN THE INTERMEDIATE GOODS SECTORS, BUT IT MAY BE ONLY A TEMPORARY ADJUSTMENT. CONSUMER GOODS PRODUCTION SHOWED A SEASONAL INCREASE; HOWEVER, NO IMPROVEMENT OCCURRED IN CAPITAL GOODS PRODUCTION, WHICH HAS BEEN DECLINING SINCE MAY. UNEMPLOYMENT FURTHER INCREASED DURING JUNE IN MANY INDUSTRIES.

- DEMAND SHOWED A SLIGHT INCREASE. THE POSSIBLE DOMESTIC CAUSE MAY BE STOCKBUILDING IN ANTICIPATION OF HIGHER PRICES. THE INCREASE IN FOREIGN DEMAND IS PRESUMABLY DUE TO IMPROVED COMPETITIVENESS FROM A DEPRECIATING FRANC. OVERALL, INCREASED DOMESTIC DEMAND WAS SOMEWHAT STRONGER THAN FOREIGN DEMAND AND THE BANK NOTES THAT FRENCH BUSINESS USUALLY REACTS IN THIS WAY PRIOR TO EXPECTED PRICE INCREASES. STILL, THE INCREASE IN DEMAND IS VIEWED AS VERY LIMITED, AS THE INCREASED COST OF MONEY IS SEEN AS A PRINCIPAL CAUSE FOR INVENTORIES STILL TO BE VERY HEAVY AND CAPITAL GOODS ORDERS TO BE LOW.

- BUSINESS FORECASTS WERE MIXED: THE VIEW FOR JULY WAS GOOD BUT THERE IS CONSIDERABLE UNCERTAINTY ABOUT THE POST-VACATION PERIOD. INTERMEDIATE GOODS PRODUCTION, WITH THE MAJOR EXCEPTION OF BUILDING INDUSTRIES, SHOWED VARYING DEGREES OF IMPROVEMENT IN JUNE, DUE TO WHAT ARE CONSIDERED TO BE LARGELY TECHNICAL ADJUSTMENTS. BEYOND THIS, BUSINESS FORECASTS ARE FOR A RETURN TO FLAT ACTIVITY. CAPITAL GOODS WERE THOUGHT TO BE THE SECTOR HARDEST HIT BY HIGH INTEREST RATES.

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

158

PAGE 01 PARIS 25849 06 OF 09 281903Z
ACTION EUR-12

3113

PARIS 25849 06 OF 09 281903Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DDE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111211 282231Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0606
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 06 OF 09 PARIS 25849

- - NON-SEASONALLY ADJUSTED
- - 1980 1981 IQ 1981 IIQ

TRADE	-	-52.3	-13.2	-5.0
INVISIBLES	-	19.2	-1.6	6.6
- BROKERAGE	-	1.5	-2.1	1.3
- SERVICES	-	35.2	5.2	10.2
- TRANSFERS	-	-17.6	-4.7	-4.9
CURRENT ACCOUNT	-	-33.1	-14.7	-1.6

CAPITAL MOVEMENTS		10.9	1.9	-7.3
LONG TERM	-	-4.5	-0.4	-11.3
- EXPORT CREDITS	-	-15.5	-3.8	-6.2
- DIRECT INVESTMENT	-	0.8	-0.7	-2.3
- PUBLIC SECTOR INVEST-				
- MENT	-	-1.0	-0.5	-0.1
- LOANS	-	-5.0	-1.7	-6.3
- PORTFOLIO INVESTMENT	-	-6.9	-2.4	-7.1
- DRAWINGS ON FOREIGN BORROWINGS (NATIONALIZED				
- ENTERPRISE BORROWING				
- PROGRAM)		23.0	8.8	10.6
SHORT TERM PRIVATE		15.5	2.2	4.0
ADJUSTMENT ERRORS AND				
- MISSIONS	-	21.3	1.4	-15.3

CHANGE IN EXTERNAL MONETARY				
- POSITION /1/		0.9	11.4	21.0
- BANKING SECTOR		29.0	20.2	-12.4
- PUBLIC SECTOR		-28.2	-8.7	33.4

TRADE	-	-52.3	-13.2	-5.0
- EXPORTS	-	454.6	128.4	141.4
- IMPORTS	-	-506.9	-141.6	-146.4

/1/ INCREASE EQUALS (-)
- BALANCE OF PAYMENTS (CONTINUED)

NON-SEASONALLY ADJUSTED

INVISIBLES	-	19.2	-1.6	6.6
- BROKERAGE	-	1.5	-2.1	-1.3
- SERVICES				
- ACCESSORY CHARGES ON				
- TRADE	-	-3.6	-1.3	-1.5
- OCEAN TRANSPORT	-	-3.4	-1.6	-2.0
- OTHER TRANSPORT	-	5.2	1.0	1.1
- INSURANCE	-	-0.3	-	-

-	LARGE PROJECTS AND TECHNICAL			
-	COOPERATION	17.0	4.0	5.1
-	INTEREST, DIVIDENDS AND OTHER			
-	CAPITAL REVENUE	9.7	-0.1	2.1
-	SALARIES AND OTHER			
-	EARNINGS	-1.0	-0.4	-0.3
-	PATENT AND OTHER RENTAL			
-	INCOME	-2.2	-0.5	-0.5
-	TOURISM	9.4	1.5	3.4
-	OTHER SERVICES	0.7	1.0	0.2
-	FRENCH GOVERNMENT			
-	TRANSACTIONS	3.4	1.5	2.4
-	TRANSACTIONS WITH OTHER			
-	GOVERNMENTS	0.4	0.1	0.1
-	TOTAL SERVICES	35.2	5.2	10.2
-	TOTAL GOODS AND			
-	SERVICES	-15.5	-10.1	6.5
-	UNILATERAL TRANSFERS			
-	PRIVATE SECTOR	-10.3	-2.4	-3.2
-	WORKERS' REMITTANCES	-10.9	-2.6	-3.4
-	OTHER	0.6	0.2	0.2
-	PUBLIC SECTOR	-7.3	-2.2	-1.7
-	TOTAL TRANSFERS	-17.6	-4.7	-4.9
-	CURRENT ACCOUNT	-33.1	-14.7	1.6

Q - IVQ IQ IIQ

- SEASONALLY ADJUSTED

CURRENT ACCOUNT	-8.8	-11.7	-2.4
BALANCE OF PAYMENTS (CONTINUED)			

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

39

PAGE 01 PARIS 25849 07 OF 09 281904Z 3115
ACTION EUR-12

PARIS 25849 07 OF 09 281904Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111215 282233Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0607
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 07 OF 09 PARIS 25849

TRADE	-	-13.4	-11.3	-7.7
SERVICES	-	9.8	6.1	8.7
- OF WHICH				
- COMMERCIAL	-	-0.4	-1.6	-2.6
- LARGE PROJECTS AND TECHNICAL				
- COOPERATION		5.2	3.9	5.0
- BUSINESS INVESTMENT AND OTHER				
- INCOMES	-	1.5	-0.6	1.3
- TOURISM	-	2.0	1.7	2.4
TRANSFERS	-	-4.4	-4.2	-4.7
- PRIVATE	-	-2.4	-2.6	-3.2
- PUBLIC	-	-2.0	-1.6	-1.5

-12. MINISTER OF ECONOMY FABIUS INTERVIEW TO JOURNAL DU DIMANCHE.

IN HIS AUGUST 23 INTERVIEW, FABIUS REAFFIRMED THAT "THE 1982 BUDGET WILL BE USED AS A WEAPON IN THE WAR AGAINST UNEMPLOYMENT." HE SAID THE 1982 BUDGET DEFICIT WAS SET AT FF 95 BILLION, COMPARED TO EARLIER PREDICTIONS OF FF 100-05 BILLION. ACCORDING TO FABIUS, "THE DEFICIT IN PERCENTAGE TERMS WILL BE EQUIVALENT TO THAT OF 1975 WHEN VALERY GISCARD D'ESTAING, JACQUES CHIRAC AND JEAN-PIERRE FOURCADE ENACTED AN ECONOMIC RECOVERY PROGRAM." MR. FABIUS SAID THE DEFICIT WOULD BE THE EQUIVALENT OF "ONLY" 2.6 PERCENT OF GDP IN 1982, AND MADE THE POINT THAT IN A NATIONAL ACCOUNTS BASIS THE PUBLIC SECTOR DEFICIT WOULD BE SMALLER THAN THESE OF ITS MAJOR TRADING PARTNERS, AT 2.4 PERCENT IN 1981 AND "SLIGHTLY HIGHER" IN 1982.

THE GOF MUST FIND FF 30 BILLION IN ADDITIONAL RECEIPTS TO LIMIT THE 1982 DEFICIT TO FF 95 BILLION, SINCE SPENDING IS EXPECTED TO GROW ABOUT 25 PERCENT. FINAL DECISIONS HAVE REPORTEDLY NOT BEEN MADE, BUT FABIUS CONFIRMED THAT THE GOF WOULD IMPOSE A WEALTH TAX, WHICH WOULD EXEMPT THE FIRST FF 3 MILLION, AND TAX THE REST PROBABLY AT A RATE SIGNIFICANTLY UNDER 5 PERCENT. THE TAX WILL, ACCORDING TO FABIUS, AFFECT ONLY 1-2 PERCENT OF TAXPAYERS. CONTRARY TO CAMPAIGN PROMISES, THE TAX WILL PROBABLY FALL ON PRODUCTIVE CAPACITY THROUGH PROBABLY WITH A PREFERENTIAL DEDUCTION. IN ADDITION, HE SAID THAT TAX EXEMPTIONS FOR DEPENDENTS WHICH HAVE BEEN UNLIMITED IN MOST CASES WILL NOW HAVE A CEILING PLACED ON THEM.

THIS HAS THE EFFECT OF MAKING THE PERSONAL INCOME TAX MORE PROGRESSIVE.

- ON THE QUESTION OF WHERE THE FF 30 BILLION IN NEW TAXES WILL BE RAISED, LE MONDE REPORTS THAT ABOUT HALF SHOULD COME FROM DIRECT TAXES, HALF FROM INDIRECT TAXES. THE WEALTH TAX IS EXPECTED TO YIELD BETWEEN FF 5 AND 10 BILLION. IN ADDITION, AN INCREASE IN THE PROGRESSIVITY OF THE TAX SYSTEM, WITH A NEW UPPER BRACKET OF 65 PERCENT, IS UNDER DISCUSSION. AMONG INDIRECT TAXES, A CHOICE IS TO BE MADE BETWEEN AN INCREASE IN TAXES ON PETROLEUM AND AN INCREASE IN THE VALUE-ADDED TAX.

-13. TREASURY SITUATION AT THE END OF APRIL 1981.

TABLE I -- BALANCE

	(BILLIONS OF FF)	
	APRIL 80	APRIL 81
PRECEDING YEAR'S BUDGET	-28.31	-17.63
CURRENT YEAR'S BUDGET	-8.92	-33.74
(REGULAR SPENDING)	(6.22)	(-11.37)
(REVOLVING ACCOUNTS)	(-15.14)	(-22.37)
FOLLOWING YEAR'S BUDGET		
- TOTAL /1/	-37.23	-51.37

/1/ AFTER TRANSACTIONS WITH THE IMF AND EXCHANGE STABILIZATION FUND ARE DEDUCTED, THE DEFICIT AMOUNTS TO 34.90 IN 1980 AND 57.31 IN 1981.

TABLE II -- FINANCING

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

40

PAGE 01 PARIS 25849 08 OF 09 281905Z 3117
ACTION EUR-12

PARIS 25849 08 OF 09 281905Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111217 282234Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0608
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 08 OF 09 PARIS 25849

	(BILLIONS OF FF)	
	JAN. - APRIL 80	JAN. - APRIL 81
1. NON BANK INSTITUTIONS	8.45	24.38
-A MEDIUM AND LONG TERM		
- CREDIT	12.80	10.09
-B TREASURY BILLS,	-4.35	14.29
- CORRESPONDENTS // CASH BALANCES		
- AND OTHER TRANSACTIONS		
2. BANKS	28.78	26.99
- OF WHICH		
- BANK OF FRANCE	2.46	-5.70
TOTAL	37.23	5.37

/2/ GOVERNMENT OWNED SAVING INSTITUTIONS, LOCAL
AUTHORITIES AND THE PTT.
- TABLE III -- BUDGET EXECUTION DURING CY 1981

	(BILLION FRANCS)		
	EXPENDITURES	RECEIPTS	BALANCE
1980 BUDGET	26.00	8.37	-17.63
1981 BUDGET	271.00	237.26	-33.74
TOTAL	297.00	245.63	-51.37
MEMORANDUM ITEM CY 80: FIRST 4 MONTHS.			
TOTAL	256.34	219.11	-37.23
PERCENT INCREASES			
- 1981/1980	15.9	12.1	

A. THE CUMULATIVE DEFICIT WAS LARGER ALTHOUGH THE
CARRY-OVER OF THE PRECEDING YEAR'S BUDGET WAS LOWER,
AS DISBURSEMENTS UNDER THE 1981 BUDGET APPARENTLY
PROCEEDED AT A MUCH MORE RAPID PACE THAN UNDER THE
1980 BUDGET FOR THE SAME PERIOD. TO FINANCE THIS
MUCH LARGER GAP, THE GOF INCREASED ITS BORROWING FROM
THE CORRESPONDENT OF THE TREASURY AND SOLD MORE
TREASURY BILLS TO THE BANKS.

-14. QUARTERLY INTERNATIONAL TRADE INDEXES
UNIT VALUE INDEXES INDICATE A SLOWDOWN OF BOTH
IMPORT AND EXPORT PRICES DURING THE SECOND
QUARTER. IMPORT VOLUMES ROSE FOLLOWING A SHARP
FIRST QUARTER DROP, AND THE FIRST QUARTER INCREASE
IN EXPORT VOLUMES ACCELERATED.

- IMPORT PRICES INCREASED 4.6 PERCENT FOLLOWING
A 7.4 PERCENT FIRST QUARTER INCREASE, 18.0 PERCENT
UP FROM A YEAR AGO AND EXPORT PRICES INCREASED
2.7 PERCENT FOLLOWING A 3.0 PERCENT FIRST QUARTER
INCREASE, 11.0 PERCENT UP FROM A YEAR AGO. THIS
SLOWDOWN IN PRICES OF BOTH EXPORTS AND IMPORTS
WAS ON GOODS TRADED WITH EC COUNTRIES, WHILE
PRICES ON TRADE WITH THE OTHER OECD COUNTRIES
ACCELERATED IN 81 II.

- IMPORT VOLUME (SEASONALLY ADJUSTED) INCREASED
1.6 PERCENT FOLLOWING A 3.8 PERCENT DECREASE
IN THE FIRST QUARTER, 4.2 PERCENT DOWN FROM A
YEAR AGO, WHILE EXPORT VOLUME (SEASONALLY ADJUSTED)
INCREASED 5.1 PERCENT FOLLOWING A 1.7 PERCENT
FIRST QUARTER INCREASE 5.5 PERCENT UP FROM A YEAR
AGO. THE NON-SEASONALLY ADJUSTED INDEXES SHOW
THAT THIS ACCELERATION IN VOLUME WAS DUE TO TRADE
WITH NON-EC OECD COUNTRIES.

	PERCENT CHANGES		
	81 (I/1)	(81 I/80 IV)	81 II/80 II
IMPORTS			
- PRICE	4.6	7.4	18.0
- VOLUME SA	1.6	-3.8	-4.2
- VOLUME NSA	-0.9	-3.7	-5.1
NON ENERGY IMPORTS			
- PRICE	3.7	6.2	11.6
- VOLUME NSA	-3.6	0.8	-2.9
EXPORTS			

UNCLASSIFIED
Department of State

INCOMING
 TELEGRAM

21

PAGE 01 PARIS 25849 09 OF 09 281907Z
 ACTION EUR-12

3118

INFO	OCT-01	ADS-00	AID-07	INR-10	SS-15	CIAE-00	EB-08
	EA-12	ICA-15	H-01	<u>NSC-05</u>	NSAE-00	COME-00	LAB-04
	DOE-10	OPIC-07	PA-02	CEA-01	OMB-01	STR-11	SIL-01
	FRB-01	XMB-04	AGR-01	SP-02	SPRS-02	/133 W	

-----111220 282235Z /72

R 281820Z AUG 81
 FM AMEMBASSY PARIS
 TO SECSTATE WASHDC 0609
 DEPARTMENT OF TREASURY WASHDC
 INFO AMEMBASSY BONN
 AMEMBASSY BRUSSELS
 AMEMBASSY LONDON
 AMEMBASSY ROME
 AMEMBASSY TOKYO
 AMCONSUL BORDEAUX POUCH
 AMCONSUL LYON POUCH
 AMCONSUL MARSEILLE POUCH
 AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 09 OF 09 PARIS 25849

- PRICE	-	2.7	3.0	11.0
- VOLUME SA	-	5.1	1.7	5.5
- VOLUME NSA	-	6.7	-1.0	4.7

-15. INDUSTRIAL PRODUCTION 1981 I

INDUSTRIAL PRODUCTION EXCLUDING CONSTRUCTION AND SEASONALLY ADJUSTED DECREASED 3.1 PERCENT IN THE FIRST QUARTER FOLLOWING A 2.2 PERCENT FOURTH QUARTER DECREASE, 7.3 PERCENT DOWN FROM A YEAR AGO.

- NEARLY ALL THE MAIN SECTORS SHOWED A DECREASE FOR THE SECOND CONSECUTIVE QUARTER. THIS WAS THE CASE FOR PETROLEUM PRODUCTS, METAL WORKING, AUTOMOBILE, CHEMICALS, TEXTILES AND FOOD PROCESSING. INCREASES IN ELECTRICAL OUTPUT, IRON METALURGY AND MECHANICAL MACHINERY WERE NOT SUFFICIENT TO OFFSET THE DECLINES IN OTHER SECTORS.

- WITH THE EXCEPTION OF ELECTRICITY, AND ELECTRICAL CONSTRUCTION, ALL THE MAIN SECTORS DECREASED, COMPARED TO A YEAR AGO, RANGING FROM 3.1 PERCENT FOR FOOD MANUFACTURING TO 17.0 PERCENT FOR CHEMICALS, 18.1 PERCENT ON AUTOMOBILES AND 22.0 PERCENT FOR IRON METALURGY.

	81 I INDEX	PERCENT CHANGE		
		81 I/80 IV	80 IV/III	81 I/80 I
OVERALL SA	127	-3.1	-2.2	-7.3
OF WHICH				
ENERGY	128	-3.0	2.3	-0.8
INTERMEDIATE				
- GOODS	116	-3.3	-4.0	-12.1
CONSUMERS				
- GOODS	181	-3.7	-3.5	-8.3

OTHER REPORTS SUBMITTED DURING PERIOD
 24925 TEMPORARY SECRETARIAL ASSISTANCE
 24485 REQUEST FOR INFORMATION ON THE DISC
 CHAPMAN

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

42

PAGE 01 PARIS 25849 01 OF 09 281853Z 3103
ACTION EUR-12

PARIS 25849 01 OF 09 281853Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

END SUMMARY.
-3: MONEY AND EXCHANGE MARKET
INTEREST RATES

-----111151 282225Z /66

8/12

8/26

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0601
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

DAY TO DAY	17 1/2	17 1/2
ONE MONTH	17 1/4 - 17 1/2	17 3/8 - 17 5/8
THREE MONTHS	17 3/8 - 17 5/8	17 3/4 - 18 1/8
SIX MONTHS	16 7/8 - 17 1/8	17 1/4 - 17 3/8
ONE YEAR	16 1/2 - 16 3/4	16 3/4 - 17
EURO-FF, ONE MONTH	33	31

File
Mexico Summit
(country profiles)
France

UNCLAS SECTION 01 OF 09 PARIS 25849

USEEC

PASS FEDERAL RESERVE, COMMERCE, LABOR

EA 12065:NA
TAGS: EALR, EGEN, FR
SUBJECT: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS
REF: PARIS 24320

-	8/10	8/21
PUBLIC SECTOR BANKS	17.04	17.03
-	8/12	8/21
EXCHANGE RATES		
DOLLAR	6.07	5.96
STERLING	10.87	10.94
DM	2.40	2.39
SWISS FRANC	2.81	2.76

INSEE STOCK PRICE INDEX	8/7	8/21
BASE 100, 12/31/80		
FRENCH	85.3	86.1
FOREIGN	157.5	154.8

DIVISE - TITLE	7.36 - 7.41	7.15 - 7.18
(FINANCIAL FF/\$ RATE)		

1. SUMMARY

THE WEAKNESS OF THE FRANC HAS CONTINUED BEYOND THE AUGUST 15 "TARGET DATE" FOR EMS REALIGNMENT. THE BANK OF FRANCE HAS STABILIZED MONEY MARKET RATES, ABANDONING, AT LEAST FOR NOW, ATTEMPTS TO MOVE DOWN DOMESTIC INTEREST RATES RELATIVE TO THOSE PREVAILING INTERNATIONALLY.

THE WEAKNESS OF THE FRANC WITHIN THE EMS HAS PERSISTED

PRESIDENT MITTERRAND HAS ASKED THAT MEASURES BE TAKEN IN SEPTEMBER "TO ACCELERATE THE RECOVERY IN ECONOMIC ACTIVITY," AFTER NOTING THE CONTINUING RISE IN UNEMPLOYMENT. IN JULY, THE UNEMPLOYMENT RATE ROSE TO 8.1 PERCENT. HOWEVER, THE INCREASE IN THE NUMBER OF NEW UNEMPLOYED IS SLOWING DOWN. THERE ARE OTHER INDICATIONS THAT THE WORST MAY BE OVER FOR ECONOMIC ACTIVITY IN FRANCE. INDUSTRIAL PRODUCTION ROSE IN JUNE, AND THE JULY BANK OF FRANCE SURVEY ALSO INDICATES AN IMPROVEMENT IN PRODUCTION, THOUGH A VERY LIMITED AND FRAGILE ONE. RETAIL PRICES ROSE 1.7 PERCENT IN JULY, DUE IN LARGE MEASURE TO PUBLIC SECTOR PRICE INCREASES. THE BALANCE OF PAYMENTS DEFICIT NARROWED SHARPLY IN THE SECOND QUARTER, THE RESULT OF LOWER IMPORT GROWTH DUE TO THE WEAKNESS OF THE DOMESTIC ECONOMY AND MORE BUOYANT EXPORTS. THE SERVICES ACCOUNTS IMPROVED AS WELL. HOWEVER, THERE WAS A FF 22 BILLION DROP IN FRANCE'S EXTERNAL MONETARY POSITION REFLECTING CAPITAL OUTFLOWS LINKED TO THE ELECTORAL SEASON'S POLITICAL CLIMATE. BUDGET MINISTER FABIUS IN A RECENT INTERVIEW SATD THAT FF 30 BILLION IN ADDITIONAL RECEIPTS MUST BE FOUND TO LIMIT THE 1982 DEFICIT TO FF 95 BILLION, AND CONFIRMED THAT A WEALTH TAX WILL BE IMPOSED TO SUPPLY PART OF THE NECESSARY ADDITIONAL FUNDS. THE 1981 BUDGET DEFICIT DURING THE FIRST FOUR MONTHS WAS, ACCORDING TO DATA ON TREASURY OPERATIONS, 38 PERCENT LARGER THAN THE PRECEDING YEAR DEFICIT. THE GOF ANNOUNCED THAT IT WILL FLOAT ITS FIRST POST ELECTION BOND ISSUE IN SEPTEMBER.

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

43

PAGE 01 PARIS 25849 02 OF 09 281857Z 3108
ACTION EUR-12

PARIS 25849 02 OF 09 281857Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111201 282227Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0602
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

- THE ADDITIONAL MEASURES UNDER CONSIDERATION REPORTEDLY INCLUDE THE INCLUSION OF SMALL FIRMS IN CONTRACTS ARISING FROM THE GOF'S INDUSTRIAL POLICY TO ENCOURAGE INNOVATION, AND THE USE OF REGIONAL REFORM MEASURES TO PERMIT SELECTIVE ECONOMIC STIMULUS. THERE ARE, IN ADDITION, MEASURES UNDER CONSIDERATION TO FACILITATE SMALL AND MEDIUM FIRMS' ACCESS TO CAPITAL, MEASURES TO REDUCE INHERITANCE TAXES AS THEY AFFECT SMALLER FIRMS, A REVISION OF THE SYSTEM OF PAYMENTS TO BENEFIT SMALLER FIRMS, AND THE WAIVING OF A POSSIBLE FUTURE GOF VETO ON LAYOFFS. SPECIFIC MEASURES UNDER CONSIDERATION REPORTEDLY INCLUDE THE USE OF NATIONALIZED FIRMS TO DIRECT SUB-CONTRACTS TO SMALLER FIRMS, AND A REQUIREMENT THAT LARGE INSTITUTIONAL INVESTORS USE A PART OF THEIR FUNDS TO PURCHASE STOCK OF SMALLER COMPANIES.

-5. UNEMPLOYMENT -- JULY

UNCLAS SECTION 02 OF 09 PARIS 25849

BEYOND AUGUST 15, THE FOCUS DATE FOR EXCHANGE MARKET EXPECTATIONS OF EMS REALIGNMENT. AS OF THE 20TH, THE BANK OF FRANCE'S FOREIGN EXCHANGE RESERVES HAD DROPPED FF 9 BILLION FROM AMOUNTS REPORTED AT THE END OF JULY. THE BANK OF FRANCE HAS STABILIZED ITS MONEY MARKET INTERVENTION RATES, AND MONEY MARKET RATES AT LONGER TERM HAVE MOVED UP SINCE, IN VIEW OF THE WEAKNESS OF THE FRANC, PEOPLE NO LONGER EXPECT THE BANK TO ACTIVELY PUSH INTEREST RATES DOWN. INTEREST RATES ON BONDS, ON THE OTHER HAND, MOVED DOWN A LITTLE OVER THE PERIOD, WITH THE EXCEPTION OF GOF ISSUES. FRENCH STOCK MARKET PRICES ROSE IN THE BASIS OF GOF STATEMENTS THAT THE "LOI MONORY" GIVING FAVORABLE TAX TREATMENT TO STOCK INVESTMENT WILL NOT BE RESCINDED, AND A BELIEF AMONG SOME INVESTORS THAT NATIONALIZATION WILL BE LIMITED TO HOLDING COMPANIES AND THAT COMPENSATION WILL BE ADEQUATE. THE PREMIUM OF THE "DIVISE-TITRE" OVER THE MARKET \$/FF EXCHANGE RATE STABILIZED AT 21 PERCENT. PRICES OF FOREIGN STOCKS FELL, REFLECTING TRENDS IN THE U.S. MARKETS AND THE DEPRECIATION OF DOLLAR.

-4. MITTERRAND: RECOVERY MUST BE ACCELERATED

DURING LAST WEEK'S COUNCIL OF MINISTERS MEETING, PRESIDENT MITTERRAND NOTED THE CONTINUING RISE IN UNEMPLOYMENT AND ASKED THAT MEASURES BE TAKEN IN SEPTEMBER "TO ACCELERATE THE RECOVERY OF ECONOMIC ACTIVITY, PARTICULARLY IN JOB-CREATING SECTORS", MEANING SMALL AND MEDIUM-SIZED FIRMS. ACCORDING TO ELYSEE SECRETARY-GENERAL BEREGOVY, "FOR THE PRESIDENT OF THE REPUBLIC, THE NECESSITY TO ASSOCIATE BUSINESS LEADERS TO THE NATIONAL EFFORT TO CREATE EMPLOYMENT IS EVIDENT AND THAT REQUIRES THE DEFINITION OF A COHERENT POLICY RELATIVE TO THEM. THIS POLICY SHOULD CLARIFY THE ECONOMIC RULES OF THE GAME, ELIMINATE OBSTACLES TO INVESTMENT AND JOB CREATION, IMPROVE THE IMAGE OF BUSINESS LEADERS IN THE COUNTRY AND ASSURE THAT THE CONDITIONS EXIST FOR A REAL COOPERATION BETWEEN HEADS OF BUSINESS AND EMPLOYEE ORGANIZATIONS IN THE SMALL AND MEDIUM-SIZED FIRMS." SPECIAL MEASURES FOR THESE FIRMS HAVE ALREADY BEEN PROVIDED: GOVERNMENT PAYMENT FOR PART OF THE SOCIAL SECURITY COSTS NORMALLY PAID BY THE EMPLOYER, PREFERENTIAL INTEREST RATES AND LOANS FUNDS.

THE SEASONALLY ADJUSTED NUMBER OF JOB SEEKERS INCREASED 1.3 PERCENT FOLLOWING A 1.7 PERCENT JUNE INCREASE, 25.8 PERCENT UP FROM M YEAR AGO. THE UNEMPLOYMENT RATE WAS 8.1 PERCENT IN JULY. HOWEVER, THE WORSENING OF THE EMPLOYMENT SITUATION REDUCTIOSEEMS TO BE SLOWING, SINCE THESE MONTHLY INCREASES ARE MUCH LOWER THAN EARLIER IN THE YEAR. THE SEASONALLY ADJUSTED NUMBER OF UNFILLED VACANCIES DECREASED 0.9 PERCENT AS WELL FOLLOWING A 4.1 PERCENT JUNE DECREASE, 22.7 PERCENT DOWN FROM A YEAR AGO.

- JULY PERCENT CHANGE

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

5

PAGE 01 PARIS 25849 04 OF 09 281859Z
ACTION EUR-12

3110

PARIS 25849 04 OF 09 281859Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111207 282229Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0604
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 04 OF 09 PARIS 25849

CONSUMERS GOODS 140	5.3	-2.2	-5.4
CAPITAL GOODS 154	15.8	-10.1	2.0

- THE 3 MONTHS MOVING AVERAGE, A BETTER INDICATION OF TREND DECREASED FROM 125 TO 124, SHOWING A RELATIVE STABILIZATION AFTER SEVERAL MONTHS OF DECLINE.

-8. GOF BOND ISSUE

THE GOF HAS ANNOUNCED THAT IT WILL OFFER A FF 8 BILLION, 6-YEAR BOND ISSUE AT A RATE OF 16.75 PERCENT ON SEPTEMBER 10. IT WILL BE THE FIRST SUCH ISSUE SINCE THE ELECTION AND ONLY THE SECOND THIS YEAR -- THE FIRST ISSUE, FOR 10 BILLION, WAS PLACED IN JANUARY. THE ISSUE WILL PROVIDE THE SAME TAX ADVANTAGES AS OTHER GOF BONDS -- A FF 3,000 DEDUCTION FOR INTEREST EARNINGS, A PREFERENTIAL TAX RATE ON EARNINGS ALONE FF 3,000, AND EXEMPTION FROM WITHHOLDING. HOWEVER, IT WILL BE REIMBURSABLE ONLY AT THE END OF THE SIX YEARS.

- SOCIETE GENERALE WILL BE THE LEAD BANK OF A CONSORTIUM OF 15 AND A TOTAL OF 60 CONTRACTING INSTITUTIONS.

- THE INTEREST RATE OFFERED IS A LITTLE ABOVE THE PRESENT MARKET RETURN ON SIMILAR ISSUES, AND HAS LED TO A SLIGHT INCREASE IN MARKET RATES THIS WEEK. THE ISSUE IS REGARDED AS A FIRST TEST OF INVESTORS' ATTITUDES TOWARD THE NEW GOVERNMENT, WHICH WILL HAVE TO CONTINUE COMING TO THE MARKET FOR FUNDS TO FINANCE THE MUCH LARGER BUDGET DEFICITS FORECAST THIS YEAR AND NEXT. THE INTEREST COST ON THE ISSUE IS ESTIMATED AT FF 1.35 BILLION PER YEAR AND TOTAL COST AT THE END OF 6 YEARS AT FF 16 BILLION.

-9. BANK OF FRANCE JUNE INDUSTRIAL SURVEY

RESULTS OF THE BANK OF FRANCE INDUSTRIAL SURVEY COVERING JUNE ACTIVITY SHOW, AS DID THE INSEE SURVEY FOR THE SAME PERIOD, A SLIGHT INCREASE IN PRODUCTION, BUT WITH ACTIVITY STILL REMAINING AT A LEVEL LOWER THAN A YEAR AGO. UNLIKE INSEE, THE BANK ATTRIBUTES THIS SLIGHT INCREASE ESSENTIALLY TO "TECHNICAL AND SEASONAL FACTORS." THE INCREASE IN CAPACITY UTILIZATION IS CONSIDERED

DUE TO A PICK-UP THAT HAS OCCURRED AFTER INVENTORIES WERE ALLOWED TO DIMINISH, PARTICULARLY IN THE INTERMEDIATE GOODS SECTORS, BUT IT MAY BE ONLY A TEMPORARY ADJUSTMENT. CONSUMER GOODS PRODUCTION SHOWED A SEASONAL INCREASE; HOWEVER, NO IMPROVEMENT OCCURRED IN CAPITAL GOODS PRODUCTION, WHICH HAS BEEN DECLINING SINCE MAY. UNEMPLOYMENT FURTHER INCREASED DURING JUNE IN MANY INDUSTRIES.

- DEMAND SHOWED A SLIGHT INCREASE. THE POSSIBLE DOMESTIC CAUSE MAY BE STOCKBUILDING IN ANTICIPATION OF HIGHER PRICES. THE INCREASE IN FOREIGN DEMAND IS PRESUMABLY DUE TO INCREASED COMPETITIVENESS FROM A DEPRECIATING FRANC. OVERALL, INCREASED DOMESTIC DEMAND WAS SOMEWHAT STRONGER THAN FOREIGN DEMAND AND THE BANK NOTES THAT FRENCH BUSINESS USUALLY REACTS IN THIS WAY PRIOR TO EXPECTED PRICE INCREASES. STILL, THE INCREASE IN DEMAND IS VIEWED AS VERY LIMITED, AS THE INCREASED COST OF MONEY IS SEEN AS A PRINCIPAL CAUSE FOR INVENTORIES STILL TO BE VERY HEAVY AND CAPITAL GOODS ORDERS TO BE LOW.

- BUSINESS FORECASTS WERE MIXED: THE VIEW FOR JULY WAS GOOD BUT THERE IS CONSIDERABLE UNCERTAINTY ABOUT THE POST-VACATION PERIOD. INTERMEDIATE GOODS PRODUCTION, WITH THE MAJOR EXCEPTION OF BUILDING INDUSTRIES, SHOWED VARYING DEGREES OF IMPROVEMENT IN JUNE, DUE TO WHAT ARE CONSIDERED TO BE LARGELY TECHNICAL ADJUSTMENTS. BEYOND THIS, BUSINESS FORECASTS ARE FOR A RETURN TO FLAT ACTIVITY. CAPITAL GOODS WERE THOUGHT TO BE THE SECTOR HARDEST HIT BY HIGH INTEREST RATES.

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

47

PAGE 01 PARIS 25849 06 OF 09 281903Z
ACTION EUR-12

3113

PARIS 25849 06 OF 09 281903Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W

-----111211 282231Z /72

R 281020Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0606
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 06 OF 09 PARIS 25849

- - NON-SEASONALLY ADJUSTED
- - 1980 1981 IQ 1981 IIQ

TRADE	-	-52.3	-13.2	-5.0
INVISIBLES	-	19.2	-1.6	6.6
- BROKERAGE	-	1.5	-2.1	1.3
- SERVICES	-	35.2	5.2	10.2
- TRANSFERS	-	-17.6	-4.7	-4.9
CURRENT ACCOUNT	-	-33.1	-14.7	-1.6

CAPITAL MOVEMENTS		10.9	1.9	-7.3
LONG TERM	-	-4.5	-0.4	-11.3
- EXPORT CREDITS	-	-15.5	-3.8	-6.2
- DIRECT INVESTMENT	-	0.8	-0.7	-2.3
- PUBLIC SECTOR INVEST-				
- MENT	-	-1.0	-0.5	-0.1
- LOANS	-	-5.0	-1.7	-6.3
- PORTFOLIO INVESTMENT	-	-6.9	-2.4	-7.1
- DRAWINGS ON FOREIGN BORROWINGS (NATIONALIZED				
- ENTERPRISE BORROWING				
- PROGRAM)		23.0	8.8	10.6
SHORT TERM PRIVATE		15.5	2.2	4.0
ADJUSTMENT ERRORS AND				
- MISSIONS	-	21.3	1.4	-15.3

CHANGE IN EXTERNAL MONETARY				
- POSITION /1/		0.9	11.4	21.0
- BANKING SECTOR		29.0	20.2	-12.4
- PUBLIC SECTOR		-28.2	-8.7	33.4

TRADE	-	-52.3	-13.2	-5.0
- EXPORTS	-	454.6	128.4	141.4
- IMPORTS	-	-506.9	-141.6	-146.4

/1/ INCREASE EQUALS (-)
- BALANCE OF PAYMENTS (CONTINUED)

NON-SEASONALLY ADJUSTED

INVISIBLES	-	19.2	-1.6	6.6
- BROKERAGE	-	1.5	-2.1	-1.3
- SERVICES				
- ACCESSORY CHARGES ON				
- TRADE	-	-3.6	-1.3	-1.5
- OCEAN TRANSPORT	-	-3.4	-1.6	-2.0
- OTHER TRANSPORT	-	5.2	1.0	1.1
- INSURANCE	-	-0.3	-	-

- LARGE PROJECTS AND TECHNICAL				
- COOPERATION	17.0	4.0	5.1	
- INTEREST, DIVIDENDS AND OTHER				
- CAPITAL REVENUE	9.7	-0.1	2.1	
- SALARIES AND OTHER				
- EARNINGS	-1.0	-0.4	-0.3	
- PATENT AND OTHER RENTAL				
- INCOME	-2.2	-0.5	-0.5	
- TOURISM	9.4	1.5	3.4	
- OTHER SERVICES	0.7	1.0	0.2	
- FRENCH GOVERNMENT				
- TRANSACTIONS	3.4	1.5	2.4	
- TRANSACTIONS WITH OTHER				
- GOVERNMENTS	0.4	0.1	0.1	
- TOTAL SERVICES	35.2	5.2	10.2	
- TOTAL GOODS AND				
- SERVICES	-15.5	-10.1	6.5	
- UNILATERAL TRANSFERS				
- PRIVATE SECTOR	-10.3	-2.4	-3.2	
- WORKERS' REMITTANCES	-10.9	-2.6	-3.4	
- OTHER	0.6	0.2	0.2	
- PUBLIC SECTOR	-7.3	-2.2	-1.7	
- TOTAL TRANSFERS	-17.6	-4.7	-4.9	
- CURRENT ACCOUNT	-33.1	-14.7	1.6	

Q - IVQ IQ IIQ

- - SEASONALLY ADJUSTED

CURRENT ACCOUNT	-8.8	-11.7	-2.4
BALANCE OF PAYMENTS (CONTINUED)			

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

PAGE 01 PARIS 25849 07 OF 09 281904Z
ACTION EUR-12

3115

PARIS 25849 07 OF 09 281904Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPIC-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 W
-----111215 282233Z /72

R 281820Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0607
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 07 OF 09 PARIS 25849

TRADE	-	-13.4	-11.3	-7.7
SERVICES	-	9.8	6.1	8.7
- OF WHICH				
- COMMERCIAL	-	-0.4	-1.6	-2.6
- LARGE PROJECTS AND TECHNICAL				
- COOPERATION		5.2	3.9	5.0
- BUSINESS INVESTMENT AND OTHER				
- INCOMES	-	1.5	-0.6	1.3
- TOURISM	-	2.0	1.7	2.4
TRANSFERS	-	-4.4	-4.2	-4.7
-PRIVATE	-	-2.4	-2.6	-3.2
- PUBLIC	-	-2.0	-1.6	-1.5

-12. MINISTER OF ECONOMY FABIOUS INTERVIEW TO JOURNAL DU DIMANCHE.

IN HIS AUGUST 23 INTERVIEW, FABIOUS REAFFIRMED THAT "THE 1982 BUDGET WILL BE USED AS A WEAPON IN THE WAR AGAINST UNEMPLOYMENT." HE SAID THE 1982 BUDGET DEFICIT WAS SET AT FF 95 BILLION, COMPARED TO EARLIER PREDICTIONS OF FF 100-05 BILLION. ACCORDING TO FABIOUS, "THE DEFICIT IN PERCENTAGE TERMS WILL BE EQUIVALENT TO THAT OF 1975 WHEN VALERY GISCARD D'ESTAING, JACQUES CHIRAC AND JEAN-PIERRE FOURCADE ENACTED AN ECONOMIC RECOVERY PROGRAM." MR. FABIOUS SAID THE DEFICIT WOULD BE THE EQUIVALENT OF "ONLY" 2.6 PERCENT OF GDP IN 1982, AND MADE THE POINT THAT IN A NATIONAL ACCOUNTS BASIS THE PUBLIC SECTOR DEFICIT WOULD BE SMALLER THAN THESE OF ITS MAJOR TRADING PARTNERS, AT 2.4 PERCENT IN 1981 AND "SLIGHTLY HIGHER" IN 1982.

THE GOF MUST FIND FF 30 BILLION IN ADDITIONAL RECEIPTS TO LIMIT THE 1982 DEFICIT TO FF 95 BILLION, SINCE SPENDING IS EXPECTED TO GROW ABOUT 25 PERCENT. FINAL DECISIONS HAVE REPORTEDLY NOT BEEN MADE, BUT FABIOUS CONFIRMED THAT THE GOF WOULD IMPOSE A WEALTH TAX, WHICH WOULD EEMPT THE FIRST FF 3 MILLION, AND TAX THE REST PROBABLY AT A RATE SIGNIFICANTLY UNDER 5 PERCENT. THE TAX WILL, ACCORDING TO FABIOUS, AFFECT ONLY 1-2 PERCENT OF TAXPAYERS. CONTRARY TO CAMPAIGN PROMISES, THE TAX WILL PROBABLY FALL ON PRODUCTIVE CAPACITY THOUGH PROBABLY WITH A PREFERENTIAL DEDUCTION. IN ADDITION, HE SAID THAT TAX EXEMPTIONS FOR DEPENDENTS WHICH HAVE BEEN UNLIMITED IN MOST CASES WILL NOW HAVE A CEILING PLACED ON THEM.

THIS HAS THE EFFECT OF MAKING THE PERSONAL INCOME TAX MORE PROGRESSIVE.

- ON THE QUESTION OF WHERE THE FF 30 BILIN IN NEW TAXES WILL BE RAISED, LE MONDE REPORTS THAT ABOUT HALF SHOULD COME FROM DIRECT TAXES, HALF FROM INDIRECT TAXES. THE WEALTH TAX IS EXPECTED TO YIELD BETWEEN FF 5 AND 10 BILLION. IN ADDITION, AN INCREASE IN THE PROGRESSIVITY OF THE TAX SYSTEM, WITH A NEW UPPER BRACKET OF 65 PERCENT, IS UNDER DISCUSSION. AMONG INDIRECT TAXES, A CHOICE IS TO BE MADE BETWEEN AN INCREASE IN TAXES ON PETROLEUM AND AN INCREASE IN THE VALUE-ADDED TAX.

-13. TREASURY SITUATION AT THE END OF APRIL 1981.

TABLE I -- BALANCE

	(BILLIONS OF FF)	
	APRIL 80	APRIL 81
PRECEDING YEAR'S BUDGET	-28.31	-17.63
CURRENT YEAR'S BUDGET	-8.92	-33.74
(REGULAR SPENDING)	(6.22)	(-11.37)
(REVOLVING ACCOUNTS)	(-15.14)	(-22.37)
FOLLOWING YEAR'S BUDGET		
- TOTAL /1/	-37.23	-51.37

/1/ AFTER TRANSACTIONS WITH THE IMF AND EXCHANGE STABILIZATION FUND ARE DEDUCTED, THE DEFICIT AMOUNTS TO 34.90 IN 1980 AND 57.31 IN 1981.

TABLE II -- FINANCING

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
TELEGRAM

PAGE 01 PARIS 25849 08 OF 09 281905Z
ACTION EUR-12

3117

PARIS 25849 08 OF 09 281905Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
EA-12 ICA-15 H-01 NSC-05 NSAE-00 COME-00 LAB-04
DOE-10 OPI-C-07 PA-02 CEA-01 OMB-01 STR-11 SIL-01
FRB-01 XMB-04 AGR-01 SP-02 SPRS-02 /133 V

-----111217 282234Z /72

R 281020Z AUG 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0608
DEPARTMENT OF TREASURY WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO
AMCONSUL BORDEAUX POUCH
AMCONSUL LYON POUCH
AMCONSUL MARSEILLE POUCH
AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 08 OF 09 PARIS 25849

	(BILLIONS OF FF)	
	JAN. - APRIL 80	JAN. - APRIL 81
1. NON BANK INSTITUTIONS	8.45	24.38
-A MEDIUM AND LONG TERM		
- CREDIT	12.80	10.09
-B TREASURY BILLS,	-4.35	14.29
- CORRESPONDENTS // CASH BALANCES		
- AND OTHER TRANSACTIONS		
2. BANKS	28.78	26.99
- OF WHICH		
- BANK OF FRANCE	2.46	-5.70
TOTAL	37.23	5.37

/2/ GOVERNMENT OWNED SAVING INSTITUTIONS, LOCAL
AUTHORITIES AND THE PTT.
- TABLE III -- BUDGET EXECUTION DURING CY 1981

	(BILLION FRANCS)		
	EXPENDITURES	RECEIPTS	BALANCE
1980 BUDGET	26.00	8.37	-17.63
1981 BUDGET	271.00	237.26	-33.74
TOTAL	297.00	245.63	-51.37
MEMORANDUM ITEM CY 80: FIRST 4 MONTHS.			
TOTAL	256.34	219.11	-37.23
PERCENT INCREASES			
- 1981/1980	15.9	12.1	

A. THE CUMULATIVE DEFICIT WAS LARGER ALTHOUGH THE
CARRY-OVER OF THE PRECEDING YEAR'S BUDGET WAS LOWER,
AS DISBURSEMENTS UNDER THE 1981 BUDGET APPARENTLY
PROCEEDED AT A MUCH MORE RAPID PACE THAN UNDER THE
1980 BUDGET FOR THE SAME PERIOD. TO FINANCE THIS
MUCH LARGER GAP, THE GOF INCREASED ITS BORROWING FROM
THE CORRESPONDENT OF THE TREASURY AND SOLD MORE
TREASURY BILLS TO THE BANKS.

-14. QUARTERLY INTERNATIONAL TRADE INDEXES
UNIT VALUE INDEXES INDICATE A SLOWDOWN OF BOTH
IMPORT AND EXPORT PRICES DURING THE SECOND
QUARTER. IMPORT VOLUMES ROSE FOLLOWING A SHARP
FIRST QUARTER DROP, AND THE FIRST QUARTER INCREASE
IN EXPORT VOLUMES ACCELERATED.

- IMPORT PRICES INCREASED 4.6 PERCENT FOLLOWING
A 7.4 PERCENT FIRST QUARTER INCREASE, 18.0 PERCENT
UP FROM A YEAR AGO AND EXPORT PRICES INCREASED
2.7 PERCENT FOLLOWING A 3.0 PERCENT FIRST QUARTER
INCREASE, 11.0 PERCENT UP FROM A YEAR AGO. THIS
SLOWDOWN IN PRICES OF BOTH EXPORTS AND IMPORTS
WAS ON GOODS TRADED WITH EC COUNTRIES, WHILE
PRICES ON TRADE WITH THE OTHER OECD COUNTRIES
ACCELERATED IN 81 II.

- IMPORT VOLUME (SEASONALLY ADJUSTED) INCREASED
1.6 PERCENT FOLLOWING A 3.8 PERCENT DECREASE
IN THE FIRST QUARTER, 4.2 PERCENT DOWN FROM A
YEAR AGO, WHILE EXPORT VOLUME (SEASONALLY ADJUSTED)
INCREASED 5.1 PERCENT FOLLOWING A 1.7 PERCENT
FIRST QUARTER INCREASE 5.5 PERCENT UP FROM A YEAR
AGO. THE NON-SEASONALLY ADJUSTED INDEXES SHOW
THAT THIS ACCELERATION IN VOLUME WAS DUE TO TRADE
WITH NON-EC OECD COUNTRIES.

	PERCENT CHANGES			
	81 (I/1)	(81 I/80 IV)	81 II/80 II	
IMPORTS				
- PRICE	4.6	7.4	18.0	
- VOLUME SA	1.6	-3.8	-4.2	
- VOLUME NSA	-0.9	-3.7	-5.1	
NON ENERGY IMPORTS				
- PRICE	3.7	6.2	11.6	
- VOLUME NSA	-3.6	0.8	-2.9	
EXPORTS				

UNCLASSIFIED

UNCLASSIFIED
Department of State

INCOMING
 TELEGRAM

69

PAGE 01 PARIS 25849 09 OF 09 281907Z
 ACTION EUR-12

3118

INFO	OCT-01	ADS-00	AID-07	INR-10	SS-15	CIAE-00	EB-08
	EA-12	ICA-15	H-01	<u>NSC-05</u>	NSAE-00	COME-00	LAB-04
	DOE-10	OPIC-07	PA-02	CEA-01	OMB-01	STR-11	SIL-01
	FRB-01	XMB-04	AGR-01	SP-02	SPRS-02	/133 W	

-----111220 282235Z /72

R 281820Z AUG 81
 FM AMEMBASSY PARIS
 TO SECSTATE WASHDC 0609
 DEPARTMENT OF TREASURY WASHDC
 INFO AMEMBASSY BONN
 AMEMBASSY BRUSSELS
 AMEMBASSY LONDON
 AMEMBASSY ROME
 AMEMBASSY TOKYO
 AMCONSUL BORDEAUX POUCH
 AMCONSUL LYON POUCH
 AMCONSUL MARSEILLE POUCH
 AMCONSUL STRASBOURG POUCH

UNCLAS SECTION 09 OF 09 PARIS 25849

-	PRICE	-	2.7	3.0	11.0
-	VOLUME SA	-	5.1	1.7	5.5
-	VOLUME NSA	-	6.7	-1.0	4.7

-15. INDUSTRIAL PRODUCTION 1981 I

INDUSTRIAL PRODUCTION EXCLUDING CONSTRUCTION AND SEASONALLY ADJUSTED DECREASED 3.1 PERCENT IN THE FIRST QUARTER FOLLOWING A 2.2 PERCENT FOURTH QUARTER DECREASE, 7.3 PERCENT DOWN FROM A YEAR AGO.

- NEARLY ALL THE MAIN SECTORS SHOWED A DECREASE FOR THE SECOND CONSECUTIVE QUARTER. THIS WAS THE CASE FOR PETROLEUM PRODUCTS, METAL WORKING, AUTOMOBILE, CHEMICALS, TEXTILES AND FOOD PROCESSING. INCREASES IN ELECTRICAL OUTPUT, IRON METALURGY AND MECHANICAL MACHINERY WERE NOT SUFFICIENT TO OFFSET THE DECLINES IN OTHER SECTORS.

- WITH THE EXCEPTION OF ELECTRICITY, AND ELECTRICAL CONSTRUCTION, ALL THE MAIN SECTORS DECREASED, COMPARED TO A YEAR AGO, RANGING FROM 3.1 PERCENT FOR FOOD MANUFACTURING TO 17.0 PERCENT FOR CHEMICALS, 18.1 PERCENT ON AUTOMOBILES AND 22.0 PERCENT FOR IRON METALURGY.

	81 I	PERCENT CHANGE		
	INDEX	81 I/80 IV	80 IV/III	81 I/80 I
OVERALL SA	127	-3.1	-2.2	-7.3
OF WHICH				
ENERGY	128	-3.0	2.3	-0.8
INTERMEDIATE				
- GOODS	116	-3.3	-4.0	-12.1
CONSUMERS				
- GOODS	181	-3.7	-3.5	-8.3

OTHER REPORTS SUBMITTED DURING PERIOD
 24925 TEMPORARY SECRETARIAL ASSISTANCE
 24485 REQUEST FOR INFORMATION ON THE DISC
 CHAPMAN

50083

51

ROB463

~~*****CONFIDENTIAL*****~~ COPY

IN

OP IMMED
STUB531
DE RUEHNE #6286/01 2418655
O 298649Z AUG 81
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC IMMEDIATE 1863

DECLASSIFIED
NLRR M07-081 #50083
BY CL NARA DATE 5/28/10

*File
Mexico Summit
(country position)
France*

par-3

INFO AMEMBASSY BEIJING 1964
AMCONSUL BOMBAY 4319
AMEMBASSY HONN 2565
AMCONSUL CALCUTTA 5948
AMEMBASSY COLOMBO 5685
AMEMBASSY DACCA 1247
AMCONSUL HONG KONG 3787
AMEMBASSY ISLAMABAD IMMEDIATE 5818
AMEMBASSY KATHMANDU 7819
AMEMBASSY LONDON 6656
AMCONSUL MADRAS 5679
AMEMBASSY MEXICO 8228
AMEMBASSY MOSCOW 3991
AMEMBASSY OTTAWA 8888
AMEMBASSY PARIS IMMEDIATE 3938
AMEMBASSY ROME 1484
AMEMBASSY TOKYO 3859
AMEMBASSY VIENNA 1831
USMISSION USNATO 8518
USMISSION USUN NEW YORK 3438
CINCPAC HONOLULU

~~CONFIDENTIAL~~ SECTION 01 OF 03 NEW DELHI 18286

CINCPAC FOR POLAD
ISLAMABAD FOR AMBASSADOR KIRKPATRICK
E.O. 12865: GDS B/29/87 (COLDREN, LEE G.) OR-P
TAGS: PEPR, BCIN, MASS, FR, IN, PK, CH, AF
SUBJECT: FRENCH FOREIGN MINISTER CHEYSSON'S AUGUST 23-24
VISIT TO INDIA

1. (LOU) SUMMARY:
- DURING HIS AUGUST 23-24 VISIT TO INDIA, FRENCH
FOREIGN MINISTER CHEYSSON MET PRIVATELY WITH PRIME
MINISTER GANDHI AND SPENT OVER THREE HOURS WITH FOREIGN
MINISTER BAG. EXTENSIVE INDIAN MEDIA COVERAGE FOCUSED

SIT:
ROB: KEMP, GREGG, LILLEY, FONTAINE, KIMMITT, PIPES, BENT
WHR COMMENTS:

PAGE 01 NEW DELHI 6266 DTG: 298649Z AUG 81 PSN: 027949
TOR: 241/07162 USN: HCE561

~~*****CONFIDENTIAL*****~~ COPY

ON CHEYSSON'S STATEMENTS ON CANCUN AND NORTH/SOUTH ISSUES, AND POSSIBLE INDIAN PURCHASE OF MIRAGE 2000'S.
 ACCORDING TO FRENCH EMBASSY SOURCE, CHEYSSON WAS SOMEWHAT IRRITATED AT PROMINENCE GIVEN TO ARMS SALES SINCE THIS WAS "MINOR ASPECT" OF VISIT. OTHER TOPICS DISCUSSED WERE AFGHANISTAN, KAMPUCHEA, PAKISTAN, AND CHINA. AT PRESS CONFERENCE CHEYSSON ANNOUNCED THAT INDIAN DEFENCE TEAM WOULD VISIT PARIS "SOON" AND THAT PRIME MINISTER GANDHI HAD ACCEPTED PRESIDENT MITERRAND'S INVITATION TO VISIT PARIS NOVEMBER 12-14.

- FRENCH EMBASSY AND GOI CONSIDER VISIT SIGNIFICANT AND SUCCESSFUL. INDIANS ARE OBVIOUSLY PLEASED THAT INDIA WAS CHOSEN FOR CHEYSSON'S FIRST OFFICIAL VISIT TO ASIA, SEEING THAT CHOICE AS RECOGNITION OF INDIA'S IMPORTANCE IN THE THIRD WORLD AND AFFIRMATION THAT THE MITERRAND GOVERNMENT ATTACHES AS MUCH IMPORTANCE AS DISCARD D'ESTAING TO INDO-FRENCH RELATIONS. END SUMMARY.

2. (U) FRENCH FOREIGN MINISTER CLAUDE CHEYSSON PAID OFFICIAL VISIT TO INDIA AUGUST 23-24, THE FIRST VISIT TO INDIA OF CABINET LEVEL MEMBER OF MITERRAND GOVERNMENT. CHEYSSON SPENT 3-1/2 HOURS WITH FOREIGN MINISTER RAO, ONE HOUR PRIVATELY WITH MRS. GANDHI, AND CALLED ON PRESIDENT REDDY AND MINISTER OF STATE FOR DEFENCE PATIL (MRS. GANDHI RETAINS THE DEFENSE PORTFOLIO). MAJOR TOPICS WERE CANCUN AND NORTH/SOUTH ISSUES, AFGHANISTAN, KAMPUCHEA, PAKISTAN AND CHINA.

3. (C) NORTH/SOUTH ISSUES FROM FRENCH PERSPECTIVE, MAJOR THEME OF VISIT WAS NORTH/SOUTH ISSUES AND UPCOMING CANCUN SUMMIT. ACCORDING TO FRENCH EMBOFF J.F. BLAREL, WHO ATTENDED THREE AND ONE-HALF HOUR SESSION WITH FOREIGN MINISTER RAO AND OTHER MFA OFFICIALS, OVER HALF THE MEETING WAS DEVOTED TO NORTH/SOUTH ISSUES. CHEYSSON EMPHASIZED TO INDIANS (AS HE DID LATER DURING PRESS CONFERENCE AND INTERVIEWS) THAT MITERRAND GOVERNMENT WAS SYMPATHETIC TO DEVELOPING COUNTRIES' DIFFICULTIES AND SUPPORTED THE SOUTH POSITION ON MANY ISSUES. IN ALL FORUMS HE STRESSED THAT HIS GOVERNMENT'S FOREIGN POLICY WAS IN KEEPING WITH ITS DOMESTIC POLICY -- SYMPATHY FOR THE UNDERPRIVILEGED. DURING AUGUST 24 MEETING WITH REC HEADS OF MISSION (AS RECOUNTED TO US BY BRITISH AND GERMAN COLLEAGUES), CHEYSSON CHARACTERIZED INDIAN AND FRENCH VIEWS ON NORTH/SOUTH ISSUES AS SIMILAR, THOUGH THE INDIANS WERE MORE PESSIMISTIC." CHEYSSON FOUND THE INDIANS GENERALLY MODERATE IN THEIR APPROACH TO CANCUN SUMMIT AND HAD PRESENTED VIEW TO INDIANS THAT COUNTRIES PARTICIPATING AT CANCUN SHOULD REPRESENT THEIR OWN INTERESTS AND NOT

~~*****CONFIDENTIAL*****~~ COPY

ALWAYS THINK OF THEMSELVES AS PART OF A GROUP SUCH AS
THE G-77. CHEYSSON HIMSELF WAS HOPEFUL THAT MOVEMENT
COULD BE MADE TOWARD GLOBAL NEGOTIATIONS AND FINANCIAL
ARRANGEMENTS TO ASSIST DEVELOPING COUNTRIES TO BEAR IN-
CREASED ENERGY COST. HE FOLLOWED LINE THAT THERE WOULD
BT

PAGE 3 OF 03 NEW DELHI 6266

DTG:290649Z AUG 81 PSN:027949
TOR: 241/0716Z CSN:HCE561

~~*****CONFIDENTIAL*****~~ COPY

54

OF IMMED

ST08535

DE RUEHNE #6206/02 241065Z

O 208649Z AUG 81

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 10864

- INFO AMEMBASSY BEIJING 1955
- AMCONSUL BOMBAY 4320
- AMEMBASSY BONN 2565
- AMCONSUL CALCUTTA 5949
- AMEMBASSY COLOMBO 8880
- AMEMBASSY DACCA 1249
- AMCONSUL HONG KONG 3705
- AMEMBASSY ISLAMABAD IMMEDIATE 5819
- AMEMBASSY KATHMANDU 7020
- AMEMBASSY LONDON 8637
- AMCONSUL MADRAS 5889
- AMEMBASSY MEXICO 0220
- AMEMBASSY MOSCOW 3092
- AMEMBASSY OTTAWA 0901
- AMEMBASSY PARIS IMMEDIATE 3030
- AMEMBASSY ROME 1405
- AMEMBASSY TOKYO 3060
- AMEMBASSY VIENNA 1032
- USMISSION USNATO 0511
- USMISSION USUN NEW YORK 3431
- CINCPAC HONOLULU

53

~~CONFIDENTIAL~~ SECTION #2 OF 03 NEW DELHI 10866

RE SOME PROGRESS SINCE PRESIDENT REAGAN COULD NOT GO THERE WITH "EMPTY HANDS," ESPECIALLY SINCE THIS WOULD ALLOW SOVIET UNION TO PROPAGANDIZE STERILITY OF OUTCOME TO EMBARRASS US AND THE WEST. INDIAN SIDE HAD TOLD CHRYSSON THAT THEY APPRECIATED EUROPEAN EFFORTS TO "MODERATE" US APPROACH TOWARD THIRD WORLD.

4. (C) FRENCH ARMS SALES

INDIAN PRESS PROMINENTLY FEATURED POSSIBILITY OF INDIAN ACQUISITION OF MIRAGE 2000'S AND PLAYED UP CHRYSSON UNSCHEDULED CALL ON MINISTER OF STATE FOR DEFENCE SHIVRAJ PATIL, AND CHRYSSON ANNOUNCEMENT AT PRESS CONFERENCE

SIT:
ROR:
WHEN COMMENTS:

PAGE 01

NEW DELHI 0206

DTG:208649Z AUG 81
TOR: 261/0714Z

PSN:027947
CSN:RC0200

THAT INDIAN DEFENCE TEAM WOULD "SOON" VISIT PARIS TO DISCUSS ARMS SALES AND MILITARY TRAINING. ACCORDING TO BLAREL, CHEYSSON WAS ANNOYED WITH MEDIA ATTENTION ON ARMS SALES WHICH PARTIALLY ECLIPSED HIS MESSAGE ON NORTH/SOUTH ISSUES. MEETING WITH PATIL HAD BEEN AT INDIAN INSISTENCE, AND THE INDIAN DELEGATION TO PARIS HAD BEEN SCHEDULED PREVIOUSLY THOUGH POSTPONED.

5. (C) AFGHANISTAN

WITH EXCEPTION OF PRESS CONFERENCE HELD AUGUST 24, INDIAN MEA SPOKESMAN BRIEFED MEDIA ON VISIT. AS IS INDIAN CUSTOM, DIFFERENCES ARE OBSCURED AND SIMILARITIES OF VIEW INVOKED TO JUSTIFY INDIAN POLICY POSITIONS. INDIAN REPORTING BASED ON MEA BRIEFINGS EMPHASIZED THAT BOTH COUNTRIES BELIEVED THAT REGIONAL DISPUTES SHOULD BE SOLVED "POLITICALLY" WITHOUT PRECONDITIONS OR RESORT TO MILITARY FORCE. AT PRESS CONFERENCE CHEYSSON REGRETTED THAT SOVIET UNION HAD NOT ACCEPTED FRANCE OR EC PROPOSALS ON AFGHANISTAN. TO EEC AMBASSADORS CHEYSSON REMARKED THAT DURING HIS MEETINGS WITH MRS. GANDHI AND RAO "THERE HAD BEEN A SURPRISINGLY GREAT SIMILARITY OF VIEWS ON THE SITUATION IN AFGHANISTAN," THOUGH POLICY IMPLICATIONS DRAWN BY EACH COUNTRY WERE DIFFERENT. HE NOTED THAT MRS. GANDHI KNEW THAT THE SOVIETS WERE UNIFORMLY HATED IN AFGHANISTAN AND THAT THE KARMAL REGIME WOULD FALL IF SOVIET TROOPS WERE WITHDRAWN. INDIAN SIDE REMARKED THAT THEY CONSIDERED THE EC PROPOSAL "UNREALISTIC" SINCE IT DID NOT ALLOW FOR DRA PARTICIPATION IN THE FIRST PHASE.

6. (C) KAMPUCHEA

AT PRESS CONFERENCE, CHEYSSON STATED THAT FRANCE OPPOSED MILITARY INTERVENTION IN SUCH COUNTRIES AS KAMPUCHEA. TO EEC AMBASSADORS, CHEYSSON SAID THAT INDIANS VIEWED RECENT UN CONFERENCE ON KAMPUCHEA AS MORE OF A HURDLE THAN AN ASSET IN RESOLVING SITUATION IN KAMPUCHEA. INDIANS SAW SITUATION COMPLICATED BY CHINESE DESIRE TO USE KAMPUCHEA AS A COUNTERWEIGHT TO VIETNAM AND BY "LIMITS CHINA HAD IMPOSED ON ASEAN" FOR DEALING WITH VIETNAM.

7. (C) PAKISTAN

CHEYSSON DECLINED TO ANSWER QUESTIONS AT PRESS CONFERENCE CONCERNING US ARMS SALES TO PAKISTAN, STATING THAT HE WOULD NOT DISCUSS "THIRD COUNTRY" AFFAIRS. TO EEC AMBASSADORS CHEYSSON COMMENTED THAT THE INDIANS WERE "OBSESSED" ABOUT F-16'S TO PAKISTAN, NOTING THAT HE HAD DECLINED TO RESPOND TO INDIAN PRESENTATIONS ON THE SUBJECT.

8. (C) CHINA

~~*****CONFIDENTIAL*****~~ COPY

AT EC BRIEFING CHEYSSON SAID THAT MRS. GANDHI HAD
"SURPRISINGLY FRIENDLY" WORDS TO SAY ABOUT THE CHINESE,
BT

PAC F 03 NEW DELHI 6266

DTG:290649Z AU 81 PSN:027947
TOR: 241/0714Z CSN:HCE560

~~*****CONFIDENTIAL*****~~ COPY

EOB404

~~*****CONFIDENTIAL*****~~ COPY

IN

OP IMMED
STU8538
DE RUERNE #6266/83 2418659
O 290649Z AUG 81
FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 1805

- INFO AMEMBASSY BEIJING 1966
- AMCONSUL BOMBAY 4321
- AMEMBASSY BONN 2587
- AMCONSUL CALCUTTA 5958
- AMEMBASSY COLOMBO 8687
- AMEMBASSY DACCA 1249
- AMCONSUL HONG KONG 3789
- AMEMBASSY ISLAMABAD IMMEDIATE 5828
- AMEMBASSY KATHMANDU 7821
- AMEMBASSY LONDON 6458
- AMCONSUL MADRAS 5891
- AMEMBASSY MEXICO 8230
- AMEMBASSY MOSCOW 3993
- AMEMBASSY OTTAWA 8802
- AMEMBASSY PARIS IMMEDIATE 3948
- AMEMBASSY ROME 1468
- AMEMBASSY TOKYO 3861
- AMEMBASSY VIENNA 1833
- USMISSION USNATO 8512
- USMISSION USUN NEW YORK 3432
- CINCPAC HONOLULU

5

~~CONFIDENTIAL~~ SECTION 83 OF 83 NEW DELHI 18286

ESPECIALLY CONCERNING FOREIGN MINISTER HUANG HUA'S VISIT TO INDIA.

9. (U) ISSUES NOT RAISED: INDIAN OCEAN, NUCLEAR COOPERATION
INDIANS DID NOT RAISE WITH CHEYSSON GREAT POWER PRESENCE IN INDIAN OCEAN EXCEPT FOR STANDARD REFERENCE IN RAO'S BANQUET SPEECH. FRANCE EMBASSY HAS CONFIRMED CHEYSSON COMMENT AT PRESS CONFERENCE THAT THERE WAS NO DISCUSSION OF NUCLEAR COOPERATION OR FRENCH PROVISION OF ENRICHED URANIUM.

10. (U) MRS. GANDHI TO VISIT FRANCE

SIT:
EOB:
WHSR COMMENTS:

~~*****CONFIDENTIAL*****~~ COPY

*****CONFIDENTIAL***** COPY

AT PRESS CONFERENCE CHEYSSON ANNOUNCED THAT PRIME MINISTER GANDEI HAD ACCEPTED MITERRAND'S INVITATION TO VISIT PARIS. SHE WILL PAY A THREE-DAY VISIT BEGINNING NOVEMBER 12.

11. (C) COMMENT:
FRENCH EMBASSY AND THE GOI REGARD VISIT AS SIGNIFICANT AND SUCCESSFUL. IN INDIAN FOREIGN POLICY FRANCE REPRESENTS MORE THAN A MAJOR SOURCE OF SOPHISTICATED MILITARY EQUIPMENT AND TRADE OPPORTUNITIES. UNDER MRS. GANDHI THE INDIAN GOVERNMENT HAS SEEN FRENCH(AND WEST EUROPEAN) FOREIGN POLICY AS MORE SYMPATHETIC THAN US POLICY TO INDIAN VIEWS ON AFGHANISTAN AND DETENTE. DEMONSTRABLY GOOD RELATIONS WITH FRANCE ALSO SERVE THE INDIAN PURPOSE OF MODERATING INTERNATIONAL PERCEPTION OF INDIAN CLOSENESS TO THE SOVIET UNION AT A TIME OF STRAIN IN INDO-AMERICAN RELATIONS. GISCARD D'ESTAING WAS THE FIRST HEAD OF GOVERNMENT TO VISIT INDIA AFTER MRS. GANDHI'S RETURN TO POWER IN JANUARY 1980. THE CHOICE OF INDIA FOR CHEYSSON'S FIRST OFFICIAL VISIT TO ASIA REASSURES THE GOI THAT INDIA IS REGARDED AS A LEADER OF THE THIRD WORLD, AND THAT FRANCE UNDER MITERRAND CONTINUES TO ATTACH SIGNIFICANCE TO INDO-FRENCH RELATIONS. BLOOD

BT

*****CONFIDENTIAL***** COPY

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081
NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
50084	CABLE 311940Z AUG 81	2	8/31/1981	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]**
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]**
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]**
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]**
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]**
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]**
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]**
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]**

C. Closed in accordance with restrictions contained in donor's deed of gift.

PAGE 01 PARIS 26120 01 OF 07 021111Z 9969
ACTION EUR-12

PARIS 26120 01 OF 07 021111Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
ICA-11 DODE-00 H-01 NSC-05 NSAE-00 COME-00 HA-06
L-03 LAB-04 TRSE-00 PM-09 OPIC-07 PA-01 CEA-01
OMB-01 STR-11 SIL-01 FRB-03 XMB-02 SP-02 SPRS-02
/123 W

4. PROMISED

THE FOLLOWING ITEMS ARE FROM THE "110 PROPOSITIONS FOR FRANCE." THE NUMBERS SHOWN ARE THOSE USED IN THE PROPOSITIONS:

File
Mexico Summit
(country pro-files)
France

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0745
INFO ALL EC CAPITALS

AN

~~CONFIDENTIAL~~ SECTION 01 OF 07 PARIS 26120

E.O. 12065: GDS 9/2/87 (DE TARR, FRANCIS) OR-P
TAGS: ELAB, PINT, FR
SUBJECT: AFTER-SALES SERVICE - A SCORECARD FOR
SEPTEMBER

REFS: A) PARIS A-95; B) PARIS 23621

1. (C - ENTIRE TEXT.)

2. SUMMARY

AN OBJECTIVE READING OF THE RECORD INDICATES THAT, IN HIS "FIRST HUNDRED DAYS," FRANCOIS MITTERRAND HAS UNDERTAKEN VIRTUALLY ALL THE SOCIAL MEASURES PROMISED IN THE SOCIALIST PARTY'S CAMPAIGN DOCUMENT, "110 PROPOSITIONS FOR FRANCE." IN SO DOING HE HAS SENT SOME DISTINCTLY MIXED SIGNALS TO FRENCH INVESTORS. ON THE ONE HAND, GOVERNMENT'S FULL COMMITMENT TO ITS NATIONALIZATION PROGRAM AND ITS ANNOUNCEMENT OF A BUDGET DEFICIT FOR 1982 THREE TIMES THE SIZE OF 1980 (ARISING IN PART FROM ITS DETERMINATION TO REDUCE UNEMPLOYMENT) HAVE RAISED WARNING SIGNALS ABOUT GOVERNMENT INTERFERENCE IN BUSINESS OPERATIONS, HIGHER INFLATION AND A WEAKER FRANC. ON THE OTHER, GOVERNMENT HAS SOUGHT TO AVOID A MASSIVE INCREASE IN WAGES AND HAS NOT YET DECIDED ON MEASURES WHICH COULD FUNDAMENTALLY CHANGE THE NATURE OF LABOR/MANAGEMENT RELATIONSHIPS. HIS FIRST 100 DAYS HAVE BEEN A PERIOD OF GREAT BEGINNINGS -- RAPIDLY UNDERTAKEN TO MAXIMIZE THE VALUE OF A PERIOD OF "GRACE" WHICH HE, HIMSELF, RECOGNIZES AS ONLY TEMPORARY. NOW, WITH THE END OF SUMMER AND RESUMPTION OF THE SOCIAL DIALOGUE, WILL COME THE ALL-IMPORTANT FOLLOW-THROUGH, THE SPECIFICATION OF CONTENT WHICH PROMISES TO YIELD A CLEARER VIEW OF THE RELATIVE STRENGTHS OF THE MAXIMALIST AND MINIMALIST STRAINS IN MITTERRAND'S SOCIO-CMMUNIST COALITION. END SUMMARY.

3. ON MAY 10 FRANCE VOTED VALERY GISCARD D'ESTAING OUT OF OFFICE. ENTER FRANCOIS MITTERRAND, THE LUGUBRIOUS, THIRD-TIME-AROUND CANDIDATE OF THE LEFT -- NOT ON THE MEASURED THEME, VIVE L'ALTERNANCE, BUT VIVE LE CHANGEMENT -- CONVEYING THE NOTION THAT ALL FRANCE THIRSTED FOR THE JUSTICE AND TRUTH EMOOIED IN THE SOCIALIST PARTY'S INFLATED DECALOGUE, THE "110 PROPOSITIONS FOR FRANCE." PRESIDENT MITTERRAND'S REPEATED REFERENCES TO THE PROPOSITIONS AS THE BASIS FOR THE SOCIALIST PROGRAM HAVE ESCALATED EXPECTATIONS IN SOME QUARTERS. IN OTHERS IT HAS INVITED SCOREKEEPING. THE PURPOSE OF THIS MESSAGE IS TO EXAMINE THE SOCIAL ASPECTS OF THE MITTERRAND-MAUROY PROGRAM, CATALOGUING WHAT HAS BEEN PROMISED, WHAT HAS BEEN ACHIEVED, AND WHAT REMAINS TO BE DONE.

-- 15. RECONQUER THE DOMESTIC MARKET AND CREATE JOBS.

-- 18. CREATE 150,000 JOBS IN THE PUBLIC SECTOR (WEALTH, EDUCATION AND PTT), AND AN ADDITIONAL 60,000 JOBS AT THE MUNICIPAL LEVEL.

-- 22. THE EMPLOYMENT OF TEMPORARY WORKERS WILL BE DISCOURAGED. TRADE UNION RIGHTS AT THE PLANT LEVEL WILL BE EXPANDED. PROTECTION FOR ELECTED WORKER REPRESENTATIVES IS TO BE IMPROVED. THE RIGHT OF EXPRESSION FOR WORKERS WILL BE GUARANTEED.

-- 23. BASED ON EMPLOYER/EMPLOYEE NEGOTIATIONS, THE WORKWEEK WILL BE REDUCED PROGRESSIVELY TO 35 HOURS. A FIFTH SHIFT IS TO BE INTRODUCED IN THOSE OCCUPATIONS WHICH ARE PHYSICALLY DEMANDING. A FIFTH WEEK OF PAID VACATION IS TO BE GENERALIZED.

-- 24. THE EMPLOYMENT SERVICE (ANPE) IS TO BE DEMOCRATIZED -- COORDINATING INFORMATION, TRAINING AND THE PLACEMENT OF TEMPORARY WORKERS.

-- 25. THERE IS TO BE PRICE MONITORING FOR THOSE PRODUCTS WHICH DO NOT RESPOND TO NORMAL COMPETITION. INCREASES IN RENTS ARE TO BE REGULATED.

DECLASSIFIED

NLRR 07-081 #50085

BY CN NARA DATE 5/28/10

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

62

PAGE 01 PARIS 26120 02 OF 07 021112Z
ACTION EUR-12

0014

PARIS 26120 02 OF 07 021112Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
ICA-11 DODE-00 H-01 NSC-05 NSAE-00 COME-00 HA-06
L-03 LAB-04 TRSE-00 PM-09 OPIC-07 PA-01 CEA-01
OMB-01 STR-11 SIL-01 FRB-03 XMB-02 SP-02 SPRS-02
/123 W

-----243572 022039Z /70

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0746
INFO ALL EC CAPITALS

~~C O N F I D E N T I A L~~ SECTION 02 OF 07 PARIS 26120

E.O. 12065: GDS 9/2/87 (DE TARR, FRANCIS) OR-P
TAGS: ELAB, PINT, FR
SUBJECT: AFTER-SALES SERVICE - A SCORECARD FOR
- SEPTEMBER

-- 28. TAX ADVANTAGES WILL BE CONTRACTED WITH
EMPLOYERS IN ORDER TO ENCOURAGE LABOR-INTENSIVE
INDUSTRY.

-- 30. EMPLOYER CONTRIBUTIONS TO SOCIAL SECURITY
WILL BE MODIFIED IN LABOR-INTENSIVE INDUSTRIES.

-- 31. AFTER CONSULTATIONS WITH LABOR AND
MANAGEMENT, THE MINIMUM WAGE (SMIC) WILL BE
INCREASED.

- THE OLD AGE MINIMUM BENEFIT, AND BENEFITS
FOR THE HANDICAPPED, ARE TO BE RAISED TO TWO-THIRDS
OF AVERAGE INCOME. ---

- THE FAMILY ALLOWANCE WILL BE INCREASED
50 PERCENT, IN TWO STEPS.

- THE UNEMPLOYMENT BENEFIT IS TO BE
SUBSTANTIALLY INCREASED.

-- 34 AND 35. LARGE FORTUNES ARE TO BE TAXED.

- THE INHERITANCE TAX WILL BE REFORMED --
INCREASES FOR LARGER LEGACIES; DECREASES FOR SMALLER.

-- 60. PLANT COMMITTEES ARE TO HAVE THE RIGHT TO
MORE COMPLETE INFORMATION CONCERNING THE OPERATION
OF THE ENTERPRISE. THEY WILL ALSO BE GIVEN THE
POWER TO VETO MANAGEMENT DECISIONS ON HIRING,
FIRING, TRAINING AND WORK ORGANIZATION.

-- 80. IMMIGRANT WORKERS ARE TO ENJOY EQUALITY
OF RIGHTS, INCLUDING THE RIGHT TO VOTE IN
MUNICIPAL ELECTIONS.

IN ADDITION TO THE FOREGOING, PRESIDENT MITTERRAND
PROMISED DURING THE PRESIDENTIAL CAMPAIGN THAT
WORKERS WOULD BE GIVEN THE OPTION OF RETIRING WITH
FULL BENEFITS AT AGE 60.

5. DELIVERED

THE NEWLY-INSTALLED MITTERRAND-MAUROY TEAM SHOWED
COMMENDABLE RESTRAINT -- AND A FAIR MEASURE OF
ENLIGHTENED SELF-INTEREST -- IN RESISTING THE CALL
FOR A "NEW GRENELLE" -- I.E., ANOTHER GOVERNMENT-
LABOR-MANAGEMENT CONFRONTATION WHICH, IN THE VIEW
OF SOME, "GAVE AWAY THE STORE" IN THE AFTERMATH OF
THE DISORDERS OF 1968. INSTEAD, THE FOLLOWING

SIX MEASURES WERE ADOPTED:

- THE MINIMUM WAGE (SMIC) WAS INCREASED BY 10
PERCENT, EFFECTIVE JULY 1 (PROPOSITION 31).

- THE MINIMUM OLD AGE BENEFIT WAS INCREASED BY
20 PERCENT, EFFECTIVE JULY 1 (PROPOSITION 31).

- THE FAMILY ALLOWANCE WAS INCREASED BY 25 PER-
CENT, EFFECTIVE JULY 1 (PROPOSITION 31).

- THE ALLOWANCE FOR HANDICAPPED ADULTS WAS
INCREASED 20 PERCENT, EFFECTIVE JULY 1 (PROPOSITION 31).

- THE HOUSING ALLOWANCE WAS INCREASED 50 PERCENT --
25 PERCENT JULY 1; 25 PERCENT DECEMBER 1 (PROPOSITION
31).

- ADDITIONAL EMPLOYER CONTRIBUTIONS TO SOCIAL
SECURITY -- DUE TO THE INCREASE IN THE SMIC -- WERE
REDUCED BY 50 PERCENT (PROPOSITION 30).

6. THOSE MEASURES WERE FOLLOWED ON JUNE 17 BY A
COUNCIL OF MINISTERS DECISION TO EXTEND THE GISCARD-
BARRE GOVERNMENT'S THIRD EMPLOYMENT PACT TO JUNE 1982.
SURPRISINGLY FEW CHANGES WERE MADE IN THE PACT --

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

b3

PAGE 01 PARIS 26120 03 OF 07 021119Z 0023
ACTION EUR-12

PARIS 26120 03 OF 07 021119Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
ICA-11 DODE-00 H-01 NSC-05 NSAE-00 COME-00 HA-06
L-03 LAB-04 TRSE-00 PM-09 OPIC-07 PA-01 CEA-01
OMB-01 STR-11 SIL-01 FRB-03 XMB-02 SP-02 SPRS-02
/123 W

-----243624 022044Z /70

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0747
INFO ALL EC CAPITALS

~~C O N F I D E N T I A L~~ SECTION 03 OF 07 PARIS 26120

E.O. 12065: GDS 9/2/87 (DE TARR, FRANCIS) OR-P
TAGS: ELAB, PINT, FR
SUBJECT: AFTER-SALES SERVICE - A SCORECARD FOR
- SEPTEMBER

WHICH, DURING THE PRESIDENTIAL CAMPAIGN, THE SOCIALISTS
ATTACKED AS SCARCELY MORE THAN AN EXERCISE IN
COSMETICS -- TO TRIM UNEMPLOYMENT STATISTICS. AMONG
THE FEW CHANGES INCORPORATED IN THE REVISED PACT WERE:

- ITS EXTENSION TO AN ADDITIONAL 100,000 -
150,000 PERSONS.

- A PROLONGATION FROM 6 TO 12 MONTHS OF THE
JOB GUARANTEE, IN EXCHANGE FOR WHICH, A 50 PERCENT
EXEMPTION ON EMPLOYER CONTRIBUTIONS TO SOCIAL
SECURITY.

- A BONUS OF F 5000 TO SELF-EMPLOYED WORKERS
HIRING THEIR FIRST HELPER.

- INTRODUCTION OF SAFEGUARDS AGAINST SEX
DISCRIMINATION IN THE IMPLEMENTATION OF THE PACT.

THESE CHANGES REPRESENTED A PARTIAL RESPONSE TO
PROPOSITIONS 15, 28 AND 30.

7. PROPOSITION NO. 22 WAS PARTIALLY ADDRESSED BY
A GOVERNMENT DECISION TO DISCOURAGE TEMPORARY
EMPLOYMENT BY LEVYING AN ADDITIONAL 5 PERCENT TAX
ON THE PROFITS REALIZED BY AGENCIES SPECIALIZING
IN THE SUPPLY OF "TEMPORARIES."

8. ON THE CRUCIAL QUESTION OF EMPLOYMENT,
PROPOSITION NO. 18 FOUND SOME RESPONSE IN SECRETARY
OF STATE FOR THE AGING JOSEPH FRANCESCHI'S ANNOUNCE-
MENT IN EARLY JULY THAT 5,000 FULL-TIME AND 15,000
PART-TIME JOBS WOULD BE CREATED TO PROVIDE "HOME
HELP" FOR THE AGED. MINISTER FOR THE PUBLIC
SERVICE ANCIET LE PORS (COMMUNIST) TOPPED THIS
WITH AN AUGUST 18 DECISION TO BLOCK THE DISCHARGE
OF NON-TENURED CIVIL SERVANTS AND TO PROCEED
STRAIGHTAWAY TO THE EMPLOYMENT OF 37,700 ADDITIONAL
PUBLIC SERVICE WORKERS, FUNDS FOR WHICH WERE
AUTHORIZED IN THE JULY SUPPLEMENT TO THE 1981
BUDGET.

9. ALTHOUGH A SUBSTANTIAL INCREASE IN UNEMPLOYMENT
COMPENSATION (PROPOSITION 31) HAS NOT BEEN FORTH-
COMING, THE MAUROY GOVERNMENT ON JULY 17 INCREASED
THE GOVERNMENT SUBSIDY TO PARTIAL UNEMPLOYMENT
COMPENSATION, RAISING THE LIMITATION ON THIS BENEFIT
FROM 400 TO 600 HOURS MAXIMUM.

10. RESPONDING TO NO SPECIFIC ITEM AMONG THE "110

PROPOSITIONS," GOVERNMENT INCLUDED IN ITS AUGUST 4,
1981, AMNESTY LAW A PROVISION CLEANSING THE RECORD
IN THE CASE OF EMPLOYER SANCTIONS IMPOSED AT THE
WORK PLACE PRIOR TO MAY 22, 1981. IN THE CASE OF
TRADE UNION AND/OR OTHER ELECTED WORKER REPRESENTA-
TIVES DISMISSED AFTER JANUARY 1, 1975, BY REASON OF
A DISPUTE INVOLVING THEIR REPRESENTATIVE FUNCTION,
THE EMPLOYER IS REQUIRED TO REHIRE THE INDIVIDUAL
UPON HIS REQUEST. (THIS LATTER HAS AN OBLIQUE
CONNECTION WITH PROPOSITION 22).

11. PROPOSITION 80 PROMISING EQUALITY OF RIGHTS
FOR IMMIGRANT WORKERS FOUND AMPLE RESPONSE IN A
NEW IMMIGRATION POLICY (REF "A") WHICH HELD THE
LINE AGAINST FURTHER IMMIGRATION BUT LIBERALIZED
REGULARIZATION OF STATUS FOR CLANDESTINE WORKERS
ALREADY IN FRANCE. THE PROPOSAL THAT FOREIGN
WORKERS BE ALLOWED TO VOTE IN MUNICIPAL ELECTIONS
SPARKED A CONTROVERSY WHICH OPPOSED TWO GOVERNMENT
MEMBERS -- FOREIGN MINISTER CLAUDE CHEYSSON (PRO)
AND STATE SECRETARY FOR IMMIGRATION FRANCOIS
AUTAIN (CON). FOR THE PRESENT, THIS PROPOSAL
REMAINS IN LIMBO.

12. PROPOSITIONS NOS. 22 AND 60 ARE TO FIND
EXPRESSION IN A PROPOSED LAW BEING JOINTLY DEVELOPED
BY THE MINISTERS OF LABOR AND PUBLIC SERVICE. THE
LATTER, A COMMUNIST, JUMPED THE GUN A BIT WITH HIS
AUGUST 25 ANNOUNCEMENT THAT, HENCEFORTH, WORKERS
WILL PARTICIPATE IN THE MANAGEMENT OF THEIR SERVICES
THROUGH REVIVED LABOR-MANAGEMENT TECHNICAL COM-
MITTEES; THAT POLICY WILL BE LIBERALIZED TO EXCUSE
ABSENCES TO ALLOW ATTENDANCE AT TRADE UNION
CONGRESSES; AND THAT PUBLIC PREMISES WILL BE MADE
AVAILABLE FOR AFTER-HOURS TRADE UNION MEETINGS ON
VIRTUALLY ANY SUBJECT, INCLUDING POLITICAL.
RESPONDING TO A SPECIFIC QUESTION ON AUGUST 25,
MINISTER LE PORS OPINED THAT SUCH MEETINGS MIGHT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

64

PAGE 01 PARIS 26120 04 OF 07 021120Z
ACTION EUR-12

0024

PARIS 26120 04 OF 07 021120Z

INFO OCT-01 ADS-00 AID-07 INR-10 SS-15 CIAE-00 EB-08
ICA-11 DODE-00 H-01 NSC-05 NSAE-00 COME-00 HA-06
L-03 LAB-04 TRSE-00 PH-09 OPIC-07 PA-01 CEA-01
OMB-01 STR-11 SIL-01 FRB-03 XMB-02 SP-02 SPRS-02
/123 W

-----243660 022046Z /70

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0748
INFO ALL EC CAPITALS

~~C O N F I D E N T I A L~~ SECTION 04 OF 07 PARIS 26120

E.O. 12065: GDS 9/2/87 (DE TARR, FRANCIS) OR-P
TAGS: ELAB, PINT, FR
SUBJECT: AFTER-SALES SERVICE - A SCORECARD FOR
- SEPTEMBER

APPROPRIATELY DEAL WITH SUBJECTS SUCH AS THE US
DECISION TO CONSTRUCT THE NEUTRON BOMB.

13. AGAIN WITH REFERENCE TO PROPOSITIONS 22 AND 60,
MINISTER OF LABOR JEAN AUROUX HAS BEEN CHARGED WITH
PREPARING A REPORT AND RECOMMENDATIONS CONCERNING
EXTENDED RIGHTS FOR WORKERS. MUCH OF HIS REPORT --
WHICH IS NOT DUE UNTIL SEPTEMBER 15 -- HAS ALREADY
LEAKED TO THE PRESS. IT, AND THE LEGISLATION WHICH
PRESUMABLY WILL FOLLOW, REPORTEDLY FEATURE THE
FOLLOWING:

(A) THE EXTENSION OF WORKER INSTITUTIONS (E.G.
THE COMITE D'ENTREPRISE) TO SMALLER FIRMS HERETOFORE
EXEMPT BY REASON OF NUMBER OF EMPLOYEES. THE
NUMERICAL THRESHOLDS ARE RETAINED BUT THE APPLICATION
IS STRICTER -- INCLUDING IN THE WORKFORCE COUNT
"TEMPORARY" AND LIMITED-TERM CONTRACT WORKERS;

(B) CREATION OF AN "INTERNAL RIGHT OF ALERT" --
I.E. PLANT COMMITTEES WILL BE EMPOWERED TO GIVE A
TIMELY SIGNAL OF LOOMING ECONOMIC DIFFICULTIES AND,
IN SOME CASES, TO "SUSPEND" (NOT VETO) MANAGEMENT
DECISIONS TO PROCEED TO COLLECTIVE LAYOFFS;

(C) ESTABLISHMENT OF AN OBLIGATION ON THE PART
OF THE EMPLOYER TO BARGAIN IN GOOD FAITH AT THE
PLANT LEVEL. THE AREA OF OBLIGATORY BARGAINING WAS
NOT DEFINED; AND

(D) THE POWER OF THE MINISTER TO DEAL WITH BAR-
GAINING IMPASSES IS TO BE REINFORCED.

AUROUX ALSO ANNOUNCED PLANS TO REFORM THE NATIONAL
EMPLOYMENT SERVICE (ANPE) AND THE VOCATIONAL
TRAINING AUTHORITY (AFPA) -- CREATING 500 NEW JOBS
AT ANPE, 300 AT AFPA (PROPOSITION NO. 24).

14. FOLLOWING A JUNE 12 TRI-PARTITE MEETING CALLED
BY GOVERNMENT TO LAUNCH TALKS ON REDUCED WORKING
TIME, TRADE UNION AND EMPLOYER REPRESENTATIVES
AGREED ON JULY 18 TO AN ACCORD WHICH, IN EXCHANGE
FOR GREATER EMPLOYER FLEXIBILITY IN WORK
SCHEDULING, WOULD REDUCE THE LEGAL WORKWEEK FROM
40 TO 39 HOURS AND GENERALIZE A 5TH WEEK OF PAID
VACATION. DETAILS OF THE AGREEMENT REMAIN TO BE
WORKED OUT AT THE SECTOR LEVEL, AND THE LABOR CODE
HAS YET TO BE REVISED TO REFLECT THESE AGREED
CHANGES. THIS ACTION REPRESENTS A FIRST STEP TOWARDS
FULFILLMENT OF THE PROMISES MADE IN PROPOSITION NO.

23.

15. PENDING

GOVERNMENT'S UNFINISHED BUSINESS IN THE SOCIAL FIELD
FALLS INTO TWO BROAD CATEGORIES -- FOLLOW-UPS TO
ACTIONS ALREADY LAUNCHED, AND INITIAL ACTION ON
REMAINING ITEMS. IN THE LATTER CATEGORY, THE
FOLLOWING:

(A) RETIREMENT AT AGE 60 (CAMPAIGN PROMISE BY
MITTERRAND). CONSULTATIONS WITH EMPLOYER AND
WORKER REPRESENTATIVES HAVE TAKEN PLACE BUT, TO
DATE, NO SUBSTANTIVE ACTION. ACCORDING TO AN
AUGUST 26 ANNOUNCEMENT OF GOVERNMENT'S AGENDA FOR
THE REMAINDER OF THE YEAR, LEGISLATION ON THIS
SUBJECT WILL BE CONSIDERED IN NOVEMBER. THIS
REPORTEDLY WAS A CAMPAIGN COMMITMENT AD LIBBED INTO
THE RECORD BY MITTERRAND. IT HAS PROVED TO BE AN
EXTREMELY COMPLICATED (AND POTENTIALLY COSTLY)
SUBJECT.

(B) INCREASED UNEMPLOYMENT BENEFITS (PROPOSITION
31). NO ACTION THUS FAR. WITH THE NUMBER OF
COMPENSATED UNEMPLOYED PERSONS CONTINUING TO
INCREASE (UP 40 PERCENT OVER THE LAST YEAR),
AND THE FUND ALREADY FF 6 BILLION IN THE RED, SUB-
STANTIAL INCREASES IN BENEFITS SEEM UNLIKELY.
CONCEIVABLY, HOWEVER, THE MATTER COULD COME UP FOR
DISCUSSION IN SEPTEMBER WHEN GOVERNMENT IS TO
RE-EXAMINE THE SOCIAL SECURITY AND UNEMPLOYMENT
COMPENSATION PROGRAMS.

16. IN THE FOLLOW-UP CATEGORY, A GREAT DEAL REMAINS
TO BE DONE, AS FOLLOWS:

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

65

PAGE 01 PARIS 26120 05 OF 07 021121Z
ACTION EUR-12

0025

PARIS 26120 05 OF 07 021121Z

INFO	OCT-01	ADS-00	AID-07	INR-10	SS-15	CIAE-00	EB-08
	ICA-11	DODE-00	H-01	<u>NSC-05</u>	NSAE-00	COME-00	HA-06
	L-03	LAB-04	TRSE-00	PM-09	OPIC-07	PA-01	CEA-01
	OMB-01	STR-11	SIL-01	FRB-03	XMB-02	SP-02	SPRS-02

/123 W

-----243663 022048Z /70

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0749
INFO ALL EC CAPITALS

C O N F I D E N T I A L SECTION 05 OF 07 PARIS 26120

- (A) WAGES

THE 10 PERCENT INCREASE IN THE MINIMUM WAGE (SMIC) GRANTED JULY 1 WAS ROUGHLY ONLY HALF THAT DEMANDED BY ORGANIZED LABOR AS NECESSARY TO RESTORE THE PURCHASING POWER OF THE LOWEST PAID. AND EVEN THAT INCREMENT HAS BEEN ERODED BY COL INCREASES WHICH HAVE AVERAGED 1.2 PERCENT OVER THE LAST THREE MONTHS. BOTH THE COMMUNIST-CONTROLLED CGT AND THE CFDT TRADE UNIONS HAVE BEEN CALLING FOR FURTHER UPWARD REVISIONS, BUT NOTHING HAS BEEN SCHEDULED. FOR FEAR OF WAGE-PUSH INFLATION, GOVERNMENT WOULD LIKE TO LIMIT THE ECHO EFFECT OF THESE SMIC INCREASES ACROSS THE WAGE SPECTRUM. ON THE OTHER HAND, INCREASED WORKER PURCHASING POWER IS AT THE HEART OF THE SOCIALISTS' REFLATIONARY POLICY. THE TEST WILL COME WITH THE SEPTEMBER WAGE ROUND -- ALL EYES ON THE GOF TO SEE WHAT WILL HAPPEN IN THE PUBLIC SECTOR. AT THE REENTREE THE OVERALL WAGE OBJECTIVE OF MOST TRADE UNION LEADERS AT THE NATIONAL LEVEL IS THAT OF PRESERVING PURCHASING POWER, WITH -- HOPEFULLY -- SOME SLIGHT ADVANCE AT THE LOWER END OF THE SCALE. THUS, IF GOVERNMENT HOPES TO HOLD THE LINE ON WAGES WITHOUT ALIENATING ITS LABOR BASE, IT WILL HAVE EITHER TO GET A GRIP ON INFLATION OR TO INCREASE TRANSFER PAYMENTS (ALREADY 32.4 PERCENT OF TOTAL HOUSEHOLD INCOME).

- (B) WORKING TIME

HAVING OPTED FOR THE ROLE OF CATALYTIC AGENT IN THE REDUCTION OF THE WORKWEEK GOVERNMENT HOPES TO REAP SOME BENEFIT IN THE FORM OF INCREASED EMPLOYMENT. BUT, CONTENT APPARENTLY TO ENACT INTO LAW WHAT IS WORKED OUT IN LABOR-MANAGEMENT NEGOTIATIONS, GOVERNMENT RUNS THE RISK OF SEEING CONCLUDED SECTOR AGREEMENTS WHICH WILL ADD TO PRODUCTION COSTS (AND HENCE TO INFLATION) WITHOUT REALIZING THE ANTICIPATED EFFECT ON EMPLOYMENT. LEGISLATION ON WORKING TIME IS SCHEDULED FOR DISCUSSION IN NOVEMBER.

- (C) WORKER RIGHTS

THE DOSSIER ON WORKER RIGHTS IS A DELICATE ONE. THE RECOMMENDATIONS REPORTEDLY CONTAINED IN MINISTER OF LABOR AUROUX'S REPORT (SUPRA) SMACK CLEARLY OF CFDT INFLUENCE (REF "B"). BUT AUROUX'S RECOMMENDATIONS WILL NOT FULLY SATISFY EITHER THE CGT (WHICH WOULD HAVE GONE MUCH FURTHER) OR FORCE OUVRIERE (WHICH IS APPREHENSIVE OF PLANT-LEVEL BARGAINING). THOUGH AUROUX MANAGED TO FINESSE THE CONTROVERSY

OVER A PLANT COMMITTEE VETO ON MANAGEMENT DECISIONS TO LAY OFF WORKERS, THE WORKER CHALLENGE TO EMPLOYER AUTHORITY REMAINS IMPLICIT IN HIS RECOMMENDATIONS. IF INCORPORATED IN THE LABOR CODE, THESE MEASURES WILL DO NOTHING TO REASSURE ENTREPRENEURS WHOM GOVERNMENT HAS COME TO RECOGNIZE (ALBEIT BELATEDLY) AS THE PRINCIPAL ACTORS IN JOB CREATION. ON THE QUESTION OF PLANT-LEVEL BARGAINING, FRENCH EMPLOYERS ARE HESITANT BUT NOT INALTERABLY OPOSED. THEY SEE IN THE PROPOSAL A REMOTE POSSIBILITY THAT SOMETHING AKIN TO NEAR-BINDING U.S.-STYLE CONTRACT BARGAINING MIGHT EVOLVE. THIS IS A DEBATE WHICH SHOULD PEAK IN DECEMBER WHEN GOVERNMENT CONSIDERS THE WHOLE THORNY QUESTION OF EXTENDED WORKER RIGHTS AT THE ENTERPRISE LEVEL.

- (D) IMMIGRANT WORKERS

THE REGULATORY REMEDIES IN FAVOR OF IMMIGRANT WORKERS (SUPRA) ARE OF A PROVISIONAL NATURE. LEGISLATION PROJECTED FOR SEPTEMBER WILL PROBABLY PRESERVE A LENIENT ATTITUDE TOWARDS ALIEN WORKERS (DECLARED AND CLANDESTINE) ALREADY IN FRANCE, BUT TAKE A FIRMER STAND WITH RESPECT TO ILLEGAL ENTRANTS. IN THE ABSENCE OF SUPPORTIVE PUBLIC OPINION, IT NOW SEEMS UNLIKELY THAT IMMIGRANT WORKERS WILL BE ACCORDED THE RIGHT TO VOTE IN MUNICIPAL ELECTIONS (PROPOSITION NO. 80).

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
Department of State

INCOMING
TELEGRAM

66

PAGE 01
ACTION EUR-12

PARIS 26120 06 OF 07 021123Z

0160

PARIS 26120 06 OF 07 021123Z

INFO	OCT 01	ADS 00	AID-07	INR-10	SS-15	CTAE-00	LB-08
	ICA 11	DODL 00	H-01	NSC-05	NSAE-00	COME-00	HA-06
	L-03	LAB-04	TRSE-00	PM-09	OPIC-07	PA-01	CEA 01
	OMB-01	STR 11	SIL-01	FRB-03	XMB-02	SP-02	SPRS-02
	/123 W						

"REFORM OF VOCATIONAL TRAINING" (DECEMBER). THE ONLY DIRECT APPROACH WITH PROMISE WOULD BE A JOB CREATION EFFORT LINKED TO THE COMMITMENT (PROPOSITION NO. 16) TO LAUNCH A LARGE PUBLIC WORKS PROGRAM.

R 021047Z SEP 81
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0750
INFO ALL EC CAPITALS

17. COMMENT

~~CONFIDENTIAL~~ SECTION 06 OF 07 PARIS 26120

(E) SOCIAL SECURITY AND UNEMPLOYMENT COMPENSATION

ON ANY FAIR READING OF THE SCORECARD, IT MUST BE CONCEDED THAT THE SOCIALISTS HAVE BEEN AS GOOD (ALMOST) AS THEIR WORD. BUT WHETHER THE PANACHE OF MITTERRAND'S FIRST HUNDRED DAYS CAN BE SUSTAINED IS ANOTHER MATTER. IN LABOR'S OPTIC, HIS POSITIVE PERFORMANCE TO DATE WILL TEND TO EXTEND THE PERIOD OF "GRACE" WHICH THE TRADE UNIONS HAVE THIS FAR ACCORDED HIM. FEW ARE INCLINED TO FAULT HIM FOR NOT HAVING FOUND AN INSTANT SOLUTION TO THE PROBLEM (UNEMPLOYMENT) WHICH HAUNTS KEYNESIANS AND SUPPLY SIDERS Alike. SOME SYMPATHIZERS FEAR HOWEVER THAT, WHILE WRESTLING WITH THIS INTRACTABLE PROBLEM, MITTERRAND MAY BE TEMPTED TO "NON BUDGETARY," IDEOLOGICALLY MOTIVATED DIVERSIONS WHICH COULD DIVIDE HIS ELECTORATE AND WEAKEN THE ECONOMIC STRUCTURE OF THE COUNTRY.

CURRENT PROJECTIONS ARE FOR A FF 7 BILLION DEFICIT IN THE SOCIAL SECURITY ACCOUNT AND A FF 6 BILLION DEFICIT IN UNEMPLOYMENT COMPENSATION FUNDS FOR 1981. THE SOCIAL SECURITY DEFICIT PROJECTED FOR 1982 IS FF 20 BILLION. THE FINANCING OF THE SOCIAL SECURITY AND UNEMPLOYMENT COMPENSATION SYSTEMS ARE TO BE THE SUBJECT OF LEGISLATION SCHEDULED FOR CONSIDERATION IN SEPTEMBER. THE MOST LIKELY POSSIBILITIES FOR REFORM IN SOCIAL SECURITY FINANCING ARE RESUMPTION (IN MODIFIED FORM) OF THE RECENTLY SUPPRESSED GISCARD BARRL ONE PERCENT INCREMENT IN CONTRIBUTIONS, AND REMOVAL OF THE WAGE CEILINGS ON WHICH MOST CONTRIBUTIONS ARE CURRENTLY CALCULATED. THE REFORM IN UNEMPLOYMENT COMPENSATION FUNDING COULD INCLUDE HIGHER CONTRIBUTIONS (WITH PERHAPS AN INCREASED GOV SUBSIDY), AND "SOLIDARITY" CONTRIBUTIONS FROM CIVIL SERVANTS HERETOFORE EXEMPTED BECAUSE THEY HAVE VIRTUALLY ABSOLUTE JOB SECURITY. IN BOTH CASES, HOWEVER, THESE ADDED CONTRIBUTIONS WOULD REPRESENT DEBITS AGAINST PURCHASING POWER -- WHICH WOULD REAPPEAR AS WAGE DEMANDS, WITH CLEAR IMPLICATIONS FOR INFLATION. ANOTHER POSSIBILITY, SUGGESTED BY FORCE OUVRIERE SECRETARY GENERAL ANDRE BERGERON, IS THAT OF TAKING A LONG-TERM LOAN IN AN AMOUNT SUFFICIENT TO TIDE THE FUND OVER WHAT BERGERON REGARDS AS A TEMPORARY CRISIS WHICH WILL EVENTUALLY BE REVERSED BY DEMOGRAPHIC CHANGE.

KNOWLEDGEABLE OBSERVERS HAVE SAID ALL ALONG THAT THE NEW REGIME'S FIRST REAL TEST WILL COME IN THE FALL. FALL HAS COME.

(F) EMPLOYMENT CREATION

CLEARLY THE MOST EMBARRASSING AND DIFFICULT PROBLEM FACING THE NEW SOCIALIST REGIME IS UNEMPLOYMENT -- NOW AT 1.849 MILLION (APPROXIMATELY 8 PERCENT OF THE WORKFORCE) AND LIKELY TO TOP A NEW PSYCHOLOGICAL THRESHOLD OF 2 MILLION BY THE END OF THE YEAR. IN THE WORDS OF THE PRIME MINISTER, THE IMMEDIATE OBJECTIVE IS CONTAINMENT, IMPROVEMENT BEING AT LEAST 18 MONTHS AWAY. THE 210,000 PROJECTED PUBLIC SERVICE JOBS FIGURE AS SCARCELY MORE THAN A PR GESTURE. MAUROY HAS SAID ON SEVERAL OCCASIONS THAT HE EXPECTS TO NET 900,000 ADDITIONAL JOBS WITH THE REDUCTION OF THE WORKWEEK TO 35 HOURS. BUT, AS THE 35-HOUR WORKWEEK HAS RECEDED INTO THE INDEFINITE FUTURE, SO HAVE THE 900,000 JOBS. FRUSTRATION ON THIS SCORE HAS PRODUCED SOME INTERESTING ALIBIS: HIGH US INTEREST RATES, EMPLOYER PERFDY, ETC. BUT, FOR FORM'S SAKE AT LEAST, GOVERNMENT WILL WANT TO BE SEEN TO BE ACTIVE IN THIS FIELD. IN THE COMING MONTHS A NUMBER OF REGULATORY MEASURES ARE TO BE DISCUSSED: "COMPUTERIZATION AND EMPLOYMENT" (OCTOBER); "YOUTH AND WORK" (NOVEMBER); AND THE

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Department of State

INCOMING
TELEGRAM

61

PAGE 01

PARIS 26120 07 OF 07 021123Z

0168

ACTION EUR-12

INFO	OCT-01	ADS-00	AID-07	INR-10	SS-15	CIAE-00	EB-08
	ICA-11	DODE-00	H-01	<u>NSC-05</u>	NSAE-00	COME-00	HA-06
	L-03	LAB-04	TRSE-00	PM-09	OPIC-07	PA-01	CEA-01
	OMB-01	STR-11	SIL-01	FRB-03	XMB-02	SP-02	SPRS-02
	/123 W						

-----243771 022136Z /70

R 021047Z SEP 81

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0751

INFO ALL EC CAPITALS

~~C O N F I D E N T I A L~~ SECTION 07 OF 07 PARIS 26120

CHAPMAN

~~CONFIDENTIAL~~

50086

68

OP IMMED
DE RUEHC #7288 2590046
O 252355Z SEP 81
FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE 8574

~~C O N F I D E N T I A L~~ STATE 257288

E.O. 12958: GDS 9/25/87 (HOLMES, R. ALLEN) EUN

TAGS: ECON, FR, US

SUBJECT: POSSIBLE MITTERRAND INITIATIVE AT CANCUN

*File
Mex Summit
(Country positions)
France
JWS*

1. ~~C~~ - ENTIRE TEXT.

2. WHITE HOUSE IS CONCERNED BY REPORT THAT FRENCH HAVE ASKED THAT MITTERRAND PARTICIPATE IN FINAL PRESS CONFERENCE AT CANCUN AT WHICH LOPEZ PORTILLO AND KRISKY HAD BEEN SLATED TO PRESIDE. SURMISE IS THAT MITTERRAND PLANS TO SPRING SOME IMPORTANT INITIATIVE AT CANCUN THAT WOULD JUSTIFY HIS APPEARANCE TO ELUCIDATE UPON AT THE PRESS CONFERENCE.

3. IT IS UNCLEAR TO US WHETHER ANY SUCH NEW FRENCH INITIATIVE MAY BE IN THE CARDS AND EXACTLY WHAT IT COULD BE, ESPECIALLY IF IT WOULD HAVE FINANCIAL IMPLICATIONS FOR A GOV WHOSE DOMESTIC PROGRAM ALONE COULD ENTAIL SERIOUS ESCALATION OF THE FUTURE FRENCH BUDGET DEFICIT.

4. EMBASSY SHOULD TAKE DISCREET SOUNDING AT THE ELYSEE TO PROBE WHETHER WE SHOULD EXPECT SOME NEW INITIATIVE FROM MITTERRAND AT CANCUN, AND IF SO WHAT IT MIGHT ENTAIL. HAIG ET

DECLASSIFIED

NLRR M07-081 #57086

BY CN NARA DATE 5/26/10

SIT: NAN COL JP VP
TOB: POATS FONT TYSON NAU
WBSR COMMENTS:

PAGE 01 OF 01 SECSTATE WASHDC 7288

DTG: 252355Z SEP 81
TOR: 269/0058Z

PSN: 004890
CSN: RCE211

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

MCMINN, DOUGLASS: FILES

Withdrawer

SMF 2/6/2008

File Folder

MEXICO-COUNTRY PROFILES: FRANCE

FOIA

S2007-081

NOUZILLE

Box Number

10

121

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
50092	CABLE	3	10/2/1981	B1
	RE FRENCH PARTICIPATION IN INITIATIVE			B3

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

EOB795

*****~~C O N F I D E N T I A L~~***** COPY

IN

50087 72

OP IMMED
STU6721
DE RUFHFR #9734 2788959
O 050959Z OCT 81
FM AMEMBASSY PARIS

RP HAS SEEN ✓

HN HAS SEEN

OTHER

TO SECSTATE WASHDC IMMEDIATE 2421
INFO AMEMBASSY MEXICO IMMEDIATE 0192

~~C O N F I D E N T I A L~~ PARIS 29704

E. O. 12865: GDS 10/5/87 (CHAPMAN, CHRISTIAN A.) OR-M
TAGS: ECON, FR, US
SUBJECT: CANCUN SUMMIT: POSSIBLE MITTERRAND INITIATIVE
AT CANCUN
REFS: (A) STATE 257298 (NOTAL), (B) STATE 259857

*File
Mex. Summit
(country positions)
France*

1. (~~C O N F I D E N T I A L~~ - ENTIRE TEXT)

2. WHEN QUERIED CONCERNING REPORTS (REFTELS) THAT MITTERRAND WANTED TO PARTICIPATE IN FINAL PRESS CONFERENCE AT CANCUN WITH CO-PRESIDENTS LOPEZ PORTILLO AND KREISKY, ELYSÉE SECRETARY-GENERAL PIERRE BEREGOVY FLATLY DENIED THIS REPORT AND TOLD MINISTER OCTOBER 2 THAT WE WERE MISINFORMED. BEREGOVY SAID THAT THERE HAD BEEN NO QUESTION OF SUCH PARTICIPATION. MITTERRAND, HE ADDED, WOULD GIVE HIS OWN PRESS CONFERENCE ON OCTOBER 23 AND WILL NOT BE PRESENT ON OCTOBER 24. CHAPMAN
BT

DECLASSIFIED

NLRR ~~067-081~~ #50087

BY CR NARA DATE 5/26/10

SIT:
EOB: MAU, FONT
WHSR COMMENT:

PAGE 01 OF 01 PARIS 0704

DTG:050959Z OCT 81
TOR: 278/10072

PSN:010702
CSN:HCE774

*****~~C O N F I D E N T I A L~~***** COPY