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YRTEL 1209 TO WASHINGTON: PARIS ECONOMIC SUMMIT

SUMMARY

1. MITTERRAND NEEDS A SUCCESS AND WILL BE TEMPTED TO EXPLOIT THE SIMULTANEOUS PRESENCE IN PARIS OF G7 AND OTHER LEADERS, PERHAPS TO PUSH FOR A RENEWED NORTH/SOUTH DIALOGUE. DEBT AND ENVIRONMENT ARE THE KEY SUMMIT ISSUES.

DETAIL

2. THERE IS NOT A GREAT DEAL WE CAN ADD ON FRENCH THINKING TO WHAT YOU WILL ALREADY KNOW FROM THE SHERPAS' MEETING AND FROM OUR RECENT REPORTS TO THE DEPARTMENT. AND WITH THE LAST SHERPAS' MEETING DUE THIS WEEKEND SOME FURTHER EVOLUTION OF FRENCH THINKING IS POSSIBLE. I SHALL BE REPORTING EARLY NEXT WEEK ON MITTERRAND'S POSITION ON THE EVE OF THE SUMMIT, AND ON THE SIGNIFICANCE OF THE BICENTENARY CELEBRATIONS. MEANWHILE, THIS TELEGRAM SUMMARISES FRENCH THINKING ON THE MAIN ISSUES.

GENERAL

3. MITTERRAND WILL WANT A SUMMIT SUCCESS, ALL THE MORE SO GIVEN SOME PUBLIC DISENCHANTMENT AT THE HIJACKING OF A NATIONAL CELEBRATION BY A HOST OF VISITING DIGNITARIES AND GIVEN HIS FAILURE TO WIN THE DAY AT MADRID. ALTHOUGH WE ARE CONSTANTLY ASSURED THAT THERE ARE NO UNPLEASANT SURPRISES IN STORE, THERE WILL BE A STRONG TEMPTATION TO EXPLOIT THE SIMULTANEOUS PRESENCE IN PARIS OF ECONOMIC SUMMIT LEADERS AND AN ASSORTMENT OF OTHERS FROM THE DEVELOPED AND THE THIRD WORLD, PARTICULARLY ON MITTERRAND'S FAVOURITE THEMES OF DEBT AND ENVIRONMENT. A SHOVE TOWARDS A NEW NORTH-SOUTH DIALOGUE CANNOT BE ENTIRELY RULED OUT.

DEBT

4. DEBT AND ENVIRONMENT ARE THE MAIN ISSUES FOR THE FRENCH. ON DEBT, MITTERRAND WILL HOPE FOR PROGRESS ON MIDDLE INCOME DEBT TO PARALLEL THAT AT TORONTO LAST YEAR ON DEBT FOR THE POOREST - FOR WHICH THE FRENCH LIKE TO TAKE THE CREDIT. THEY MAY WANT TO GO FURTHER THAN AN ENDORSEMENT OF THE PRESENT POSITION REACHED IN THE BANK AND FUND

BOARDS FOLLOWING THE BRADY PROPOSALS, AND MAY RESURFACE THEIR EARLIER IDEA FOR A GUARANTEE FUND, FINANCED EITHER BY A SPECIAL SDR ALLOCATION OR BILATERALLY.

ENVIRONMENT

5. THE OTHER FRENCH PRIORITY. WE HAVE NOT HAD A READ OUT FROM LAST WEEKEND'S SHERPA MEETING, BUT THE FRENCH SEEM LIKELY TO WANT A REFERENCE TO THE HAGUE DECLARATION. THEY WILL PRESS THEIR IDEAS FOR A SAHARAN OBSERVATORY AND FOR BANGLADESH FLOOD CONTROL. THEY MAY ADVOCATE SOME LINK BETWEEN OFFICIAL AID AND THE ENVIRONMENT, PERHAPS ARGUING FOR A STATED PROPORTION OF AID TO BE ALLOCATED FOR ENVIRONMENTAL PROJECTS.

MACROECONOMIC ISSUES

6. THE FRENCH HAVE UP TO NOW PUT LESS EMPHASIS THAN WE WOULD LIKE ON THE NEED TO ACT TO CONTROL INFLATIONARY PRESSURES. BUT AT A PRESS CONFERENCE YESTERDAY ATTALI IS REPORTED AS HAVING SINGLED OUT THE NEED FOR CLOSER INTERNATIONAL MONETARY COOPERATION AND THE RISK OF INFLATION AS THE TWO MAIN MACRO ECONOMIC ISSUES TO BE ADDRESSED.

GATT

7. SINCE THE CONCLUSION OF THE GATT MID-TERM REVIEW MEETING IN GENEVA THERE HAS BEEN NO PARTICULAR NEED FOR FRENCH MINISTERS TO FOCUS ON THE GATT AGRICULTURAL ISSUE. OFFICIALS CONTINUE TO ARGUE THAT NO FURTHER COMMUNITY ACTION IS NECESSARY TO MEET COMMITMENTS ON THE SHORT-TERM, AND ON THE LONGER TERM THEY WILL BE CONTENT FOR THE PACE OF REFORM TO BE SLOWER THAN WE WOULD WISH. THIS MAY BE THEIR LINE AT THE SUMMIT.

MONEY LAUNDERING/DRUGS

8. IF ANYTHING A STRENGTHENING PRIORITY, SINGLED OUT BY ATTALI TO THE PRESS YESTERDAY AND BY SAMUEL LAJEUNESSE (TRESOR) TO US TODAY.

FOREIGN POLICY SUBJECTS

9. WE HAVE LITTLE TO ADD TO PREVIOUS REPORTING. THE FRENCH HAVE SIGNALLED THEIR INTEREST IN THE INCLUSION ON THE FOREIGN POLICY AGENDA OF EASTERN EUROPE, CHINA AND HUMAN RIGHTS, ALL SUBJECTS WHICH, GIVEN THE BICENTENNIAL BACKCLOTH, HAVE A SUITABLY STRONG HUMAN RIGHTS CONTENT.

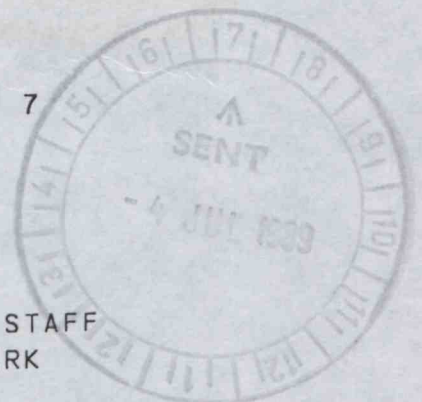
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