

FOLUX 12/01

OO LUXEMBOURG

GR 155

CONFIDENTIAL

FM FCO 011102Z DEC 80

TO IMMEDIATE LUXEMBOURG

TELEGRAM NUMBER 171 OF 1 DECEMBER

FOLLOWING PERSONAL FOR MICHAEL ALEXANDER, PRIME MINMISTER'S PARTY FROM SANDERS, 10 DOWNING STREET.

BEGINS: PETER WALKER HAS REPORTED A CONVERSATION WITH GUNDELACH ON 27 NOVEMBER ABOUT FRENCH EXPECTATIONS ON THE PRICE FIXING.

GUNDELACH HAD HAD SEPARATE CONVERSATIONS WITH BARRE AND GISCARD.

GUNDELACH SAID THAT BARRE HAD BEEN TALKING ABOUT A DOUBLE FIGURE PRICE RISE BUT THAT GISCARD HAD SURPRISED HIM BY SAYING THAT HE WAS LOOKING FOR A MASSIVE READJUSTMENT. GUNDELACH SAID THAT GISCARD'S TARGET WAS VERY MUCH AHEAD OF BARRE'S. GUNDELACH TOOK THIS TO BE FOR ELECTORAL REASONS.

WE UNDERTOOK TO LET YOU HAVE THIS INFORMATION BEFORE THE PRIME MINISTER MEETS GISCARD.

CARRINGTON

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*I have added the percentage figures after talking to London.*

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