

GRS 370 [CULL] RESTRICTED

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DESKBY FCO 181200Z  
FM PARIS 181052Z OCT 82  
TO IMMEDIATE FCO

TELEGRAM NUMBER 978 OF 18 OCTOBER 1982  
INFO ROUTINE UKREP BRUSSELS, ATHENS, BRUSSELS, COPENHAGEN, THE  
HAGUE, LUXEMBOURG, ROME, DUBLIN, BONN.  
INFO SAVING TO CONSULATES GENERAL, FRANCE AND UKDEL OECD (BOTH  
PASSED BY PARIS)

FRENCH BALANCE OF PAYMENTS

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1. THE FRENCH TRADE DEFICIT FOR SEPTEMBER OF 12.2 BN FRANCS  
ANNOUNCED OVER THE WEEKEND IS SECOND ONLY IN SIZE TO THAT  
OF JUNE, WHICH SET A HISTORICAL RECORD. IT BRINGS THE CUMULATIVE  
DEFICIT FOR 1982 TO 73 BN FRANCS AND M JOBERT, FOREIGN TRADE  
MINISTER, SAID THAT THE DEFICIT FOR THE YEAR AS A WHOLE 'WILL  
CERTAINLY REACH 100 BN FRANCS'.

2. THIS NEWS, ALTHOUGH NOT ENTIRELY UNEXPECTED, IS UNHELPFUL  
TO THE FRANC, PARTICULARLY AT A TIME WHEN NEGOTIATIONS FOR  
WAGES AND PRICE RESTRAINT HAVE GOT OFF TO A SLOW START. OFFICIALS  
IN ECONOMIC MINISTRIES TO WHOM WE HAVE SPOKEN IN RECENT DAYS ARE  
VERY GLOOMY. A MEMBER OF JOBERT'S CABINET TOLD FIRST SECRETARY  
(ECONOMIC) THIS WEEKEND THAT HE BELIEVES THAT THE RESPONSE  
TO THE LATEST NEWS WILL NOT BE TO SEEK ANY DEROGATION OF FRANCE'S  
OBLIGATIONS UNDER EC RULES FOR TRADE WITHIN THE COMMUNITY BUT  
THAT THE GOVERNMENT MAY SEEK THE APPLICATION OF SAFEGUARDS  
AGAINST IMPORTS FROM OUTSIDE THE COMMUNITY IN PARTICULAR FIELDS,  
OF WHICH CONSUMER ELECTRONICS WOULD BE ONE.

3. JOBERT WARNED AS LONG AGO AS APRIL THAT FRANCE WOULD HAVE A  
VERY LARGE TRADE DEFICIT THIS YEAR. SO HE HIMSELF HAS NOT BEEN  
CAUGHT ON THE WRONG FOOT. HE HAS SAID PUBLICLY THAT THE URGENCY  
OF THE SITUATION HAS 'FINALLY DAWNED ON THE GOVERNMENT',  
AND THE BUDGET MINISTER ANNOUNCED ON SATURDAY THAT BEGINNING  
IN 1983 ALL ENTERPRISES WHICH EXPORT WILL BE ENTITLED TO BENEFIT  
FROM AN ALLEVIATION OF THEIR TAX BURDEN IN PROPORTION TO THEIR  
EXPORTS. SOME 50 MEASURES, MOST OF THEM ADMINISTRATIVE, ARE  
REPORTED BY THE PRESS TO BE IN PREPARATION TO IMPROVE THE  
ABILITY OF FRENCH COMPANIES TO INVEST AND COMPETE WITH FOREIGN  
FIRMS. SOME OF THESE WILL BE ANNOUNCED LATER THIS WEEK.

4. UNTIL THE MEASURES ARE ANNOUNCED IT WILL NOT BE CLEAR WHAT  
THE EFFECT WILL BE ON BRITISH INTERESTS. BUT AT THE LEAST

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THIS SEPTEMBER DEFICIT WILL GIVE FRESH AMMUNITION FOR ARGUMENTS ABOUT FRANCE'S INABILITY TO HELP THE UK OVER THE EC BUDGET PROBLEM.

5. F.C.O. PLEASE PASS ADVANCE COPY IMMEDIATELY TO S IN J. FRETWELL CARE OF HEADS OF MISSION SECTION OR W.E.D.

PETRIE

FINANCIAL D

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