

AVING TELEGRAM

UNCLASSIFIED

FRAME ECONOMIC

FROM PARIS SAVING TELNO 62 OF 9 NOVEMBER 1984

TO FCO

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CONSULATES-GENERAL FRANCE

FRANCE : ECONOMIC REPORT FOR OCTOBER 1984

SUMMARY

1. A month of encouraging news on the French economy: there was a small trade surplus, the annual rate of inflation continued to fall, unemployment was stable, industrial production increased, the money supply figures are on target and hourly wage rate increases are decelerating.
2. In September there was a surplus on the balance of trade for the second month running. It was smaller than in August, but has contributed to a third quarter surplus on foreign trade, thus reversing the trend. The surplus on trade in manufactured goods has averaged F8 billion per month so far in 1984. The unadjusted deficit on current account in the first 9 months of 1984 was only F5 billion.
3. The annual rate of inflation fell to 7.1% in September continuing the steady downward trend begun at the beginning of the year. The Government target for the end of 1984 is 6.7%.
4. Unemployment was stable in September. Industrial production is estimated to have continued to rise slowly in July and August and industrialists forecast that the trend will continue over the coming months.
5. Figures for the money supply (M2R) published in October after a gap in publication, show that it is on a course for the Government's target for 1984 of 5.5% to 6.5%. M. Bérégovoy has described in broad outline changes in the system for controlling credit.
6. The Dalle report on the car industry called for the cutting of 70,000 jobs by the end of 1985. 16,000 of these have already

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