

BY BAQ.  
SAVING TELEGRAM

UNCLASSIFIED

FRAME ECONOMIC

FROM PARIS SAVING TELNO 69 OF 12 DECEMBER 1984

TO FCO

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CONSULATES-GENERAL FRANCE

FRANCE : ECONOMIC REPORT FOR NOVEMBER 1984

SUMMARY

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1. After a rather encouraging October, the snapshots of the French economy published in November were rather bleak. There was a fairly large balance of trade deficit, the small rise in industrial production over previous months was seen to have stopped, unemployment on an adjusted basis resumed its rise and on an/adjusted basis continued to increase, the Government confirmed that the 1984 budget deficit will be higher than it had forecast, and external borrowing continued at a high level. The decrease in the annual rate of inflation was marginal. There was good news, however, on industrial investment, which is showing a substantial rise in 1984 and on the social security account, which is forecast to end this year in surplus.
  2. The trade balance, which had shown a surplus in the third quarter, recorded a large deficit in October. In October the surplus on manufactured goods was well below the monthly average for 1984.
  3. A survey of industrialists shows that investment in industry in 1984 is rising by 9% in volume terms, a satisfactory result although less than the 12% figure they had been forecasting earlier. The employers' federation believes the figure will be a good deal lower. The federation also draws attention to the great disparity in the financial health of companies.

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4. The Government has published details of the likely increase in the 1983 budget over the planned figure, and figures published by OECD show that France continues to raise large sums on the international money markets.

5. France's foreign currency reserves are greatly increased, and the money supply figures published in August are still on target.

/DETAIL