

SAVING TELEGRAM

UNCLASSIFIED

FRAME ECONOMIC

FROM PARIS SAVING TELNO 24 OF 5 JUNE 1985

TO FCO

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MADRID, WASHINGTON, LISBON, TOKYO, UKDEL OECD, UKDEL STRASBOURG,  
CONSULATES GENERAL FRANCE

FRANCE : ECONOMIC REPORT FOR MAY 1985

SUMMARY

1. The results published in May for the French economy are mostly poor and a trend of slight deterioration in the economy since the beginning of 1985 is becoming evident. In April there was a large balance of trade deficit, and the annual rate of inflation increased slightly. Although unemployment decreased again the recent fall seems to have been the result of special measures. Industrial production increased slightly in March. Industrial relations remain calm.
2. There was another large balance of trade deficit in April (F4.2 bn s.a.) and further indications that French exports are losing price competitiveness in some important markets.
3. The annual rate of inflation rose slightly in April to 6.5%, reversing a downward trend which had lasted for 14 months.
4. Registered unemployment decreased again in April to 2.4 million s.a., but the fall over the last 3 months is largely due to special government measures and a severe purge of the registers. An INSEE reports shows that in 1984, as in 1983, almost a quarter of a million jobs were lost, and there is no sign that this trend has been reversed. Industrial production increased slightly in March, to the level of March 1984.

5. Although the franc remains firm against most currencies except the dollar the poor trade and inflation figures have encouraged discussion by the press of another devaluation of the franc.

INDEX