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FM PARIS 181510Z APR 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 323 OF 18 APRIL

INFO BONN, OTTAWA, ROME, TOKYO, UKREP BRUSSELS, WASHINGTON.

mf

YOUR TELNO 159: BONN SUMMIT, 2-4 MAY.

## SUMMARY.

1. FRENCH WILL HAVE TWO MAJOR POSITIVE AIMS FOR THE SUMMIT, AND TWO DEFENSIVE ONES. THEIR POSITIVE AIMS WILL BE TO EXTRACT COMMITMENTS SATISFACTORY TO THEM ON THEIR MONETARY CONFERENCE PROPOSAL AND ON EFFORTS TO SUSTAIN WORLD RECOVERY. THEIR DEFENSIVE AIMS WILL BE TO PREVENT THE AMERICANS HAVING IT ALL THEIR OWN WAY ON THE DESIGN OF THE NEXT TRADE ROUND AND TO RESIST AMERICAN PRESSURE ON TRADE IN AGRICULTURE.

## DETAIL.

2. WITH BEREGOVY AND HIS SENIOR OFFICIALS IN WASHINGTON FOR THE IMF AND IBRD MEETINGS, AND THE FINAL SHERPA MEETING STILL TO TAKE PLACE, THE FRENCH APPROACH TO THE SUMMIT HAS NOT YET FINALLY CRYSTALLIZED, BUT BERNARD (DIPLOMATIC ADVISER, MATIGNON) TOLD MINISTER THAT THE PRIORITIES FOR THE FRENCH AT BONN WOULD BE MEASURES TO SUSTAIN THE RECOVERY, A COMMITMENT TO A MONETARY CONFERENCE IN RETURN FOR A NEW GATT ROUND NEXT YEAR AND A FIRING-UP OF THE PRESSURES ON JAPAN TO ADMIT IMPORTS. THERE WOULD BE LITTLE TO SAY ON ENERGY. THE FRENCH POSITION ON TERRORISM WAS WELL-KNOWN AND FIRM.

3. WITH THEIR ECONOMY DEPENDENT ON EXPORTS FOR GROWTH AND THE US ECONOMY SLOWING DOWN, THE FRENCH ARE LOOKING TO OTHERS, PARTICULARLY THE GERMANS, TO SUSTAIN WORLD RECOVERY. IT IS CRUCIAL FOR THE PROSPECTS OF THE SOCIALIST PARTY IN THE LEGISLATIVE ELECTIONS OF NEXT MARCH THAT THE MAJOR ECONOMIC STATISTICS WHICH HAVE BEEN IMPROVING SHOULD NOT GET WORSE IN THE INTERVENING PERIOD (THE ONE EXCEPTION IS UNEMPLOYMENT, WHICH THE GOVERNMENT CANNOT EXPECT TO HOLD DOWN). AT THE VERY LEAST, MITTERRAND WILL WISH TO BE SEEN TO HAVE TRIED TO SECURE COMMITMENTS FROM SUMMIT COUNTRIES ABLE TO STIMULATE THEIR ECONOMIES IN THE SHORT-TERM TO DO SO.

4. IT WOULD

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4. IT WOULD BE IN CHARACTER FOR THE FRENCH TO DEMAND SATISFACTION ON THE MONETARY CONFERENCE AS THEIR PRICE FOR ACCEPTING A PRECISE COMMITMENT TO THE NEW TRADE ROUND. BUT AS VIDAL TOLD BRAITWAITE IN LONDON ON MONDAY AND AS THE GERMANS LEARNED IN THE MARGINS OF THE OECD MINISTERIAL (BONN TELNO 358), IT IS NOW ACCEPTED IN PARIS THAT THERE WILL BE A NEW ROUND NEXT YEAR. IN THIS CONTEXT AND MORE WIDELY THEY ARE DETERMINED TO RESIST US PRESSURE TO WRITE THE RULES OF AGRICULTURAL TRADE TO SUIT THEIR OWN SYSTEM OF SUBSIDIES.

5. I SHALL REVERT IF SOUNDINGS NEXT WEEK GIVE A MORE PRECISE PICTURE OF FRENCH PRIORITIES.

FRETWELL

LIMITED

HO/ERD

HO/PLANNING STAFF

HS/FED

HS/IECD(1)

HO/ECDE

HO/NAD

HO/WED

PS

MR BRAITWAITE

SIR L HARDING

MR DEREK THOMAS

MR FERGUSON

MR JENKINS

MR RENWICK

MR MAUD

MR DAVID THOMAS

MR WILSON

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MR MADALIN DTI.