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INFO DESKBY 262000Z UKMIS NEW YORK
INFO DESKBY 270800Z UKDEL NATO
INFO PRIORITY UKDEL OECD, EUROPEAN COMMUNITY POSTS, ODA, WARSAW
INFO PRIORITY BUDAPEST
INFO ROUTINE MOSCOW, OTHER OECD POSTS, UKMIS GENEVA
INFO SAVING OTHER EASTERN EUROPEAN POSTS

FRAME EXTERNAL
FRAME AGRICULTURE

UKMIS NEW YORK FOR SECRETARY OF STATES PARTY

WESTERN ASSISTANCE TO POLAND AND HUNGARY: G24 COORDINATING GROUP,
26 SEPTEMBER: SUMMARY

1. THE SECOND IN THE SERIES OF MEETINGS OF SENIOR OFFICIALS FROM THE G24 WAS CHAIRED TODAY IN BRUSSELS BY THE COMMISSION, WHO TOOK THE HIGH GROUND BY LAUNCHING A NEW ACTION PLAN FOR THE COMMUNITY (MY TELNO 2803 - NOT TO ALL) INTENDED TO STIMULATE FURTHER CONTRIBUTIONS FROM OTHERS. NEW PLEDGES OF ASSISTANCE WERE ANNOUNCED BY SWEDEN, DENMARK, NORWAY AND FINLAND (ALL WITH A HEAVY ENVIRONMENT FLAVOUR). POSITIVE NOISES EMERGED FROM JAPAN AND AUSTRALIA, BUT NO CONCRETE CONTRIBUTIONS WERE FORTHCOMING. THERE WAS PRESSURE, PARTICULARLY FROM THE COMMISSION, ON THOSE WHO HAD NOT YET PROMISED SPECIFIC NEW AID. THE US KEPT A LOWISH PROFILE, BUT REVEALED THAT PRESIDENT BUSH WAS CONSIDERING THE US RESPONSE TO THE POLISH FINANCE MINISTER'S REQUEST FOR A US DOLLARS 1 BILLION STABILISATION LOAN.

2. THE MEMBER STATES RESPONDED POSITIVELY TO THE COMMISSION ACTION PLAN, ALTHOUGH THE UK AND THE NETHERLANDS INDICATED THAT FURTHER DISCUSSION WOULD BE NEEDED OF SOME ITEMS PARTICULARLY EIB ASSISTANCE AND EXTENSION OF GSP, AND OF THE BUDGETARY ASPECTS. THERE WAS A GENERAL EXPECTATION WITHIN THE COMMUNITY THAT DECISIONS ON THE PLAN WOULD BE TAKEN AT THE 3 OCTOBER FAC, FOLLOWING FURTHER DISCUSSION IN COREPER TOMORROW.

3. THE PARLOUS STATE OF THE POLISH ECONOMY (AND TO A LESSER

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EXTENT THAT OF HUNGARY) WAS HIGHLIGHTED, WITH REPORTS ON RECENT DISCUSSIONS IN WASHINGTON AND CONTRIBUTIONS FROM THE IMF AND THE WORLD BANK. THERE WAS GENERAL RECOGNITION OF THE PROBLEMS INHERENT IN TRYING TO SQUARE THE POLITICAL AND ECONOMIC CIRCLES WHICH WOULD AVOID POPULAR UNREST WHILE PRODUCING A RADICAL RESTRUCTURING OF THESE ECONOMIES. THERE WAS ALSO CONSENSUS ON THE KEY ROLE TO BE PLAYED BY AN IMF PROGRAMME, AND A BROAD WELCOME FOR THE ROLE ALREADY PLAYED BY THE IFIS AND OTHER MULTI-NATIONAL ORGANISATIONS.

4. THE MEETING CONCLUDED WITH AN AGREED PRESS STATEMENT (SEE MY THIRD IFT), WHICH MENTIONED INTER ALIA ANOTHER CO-ORDINATING GROUP MEETING BEFORE MID-NOVEMBER, AND THE POSSIBILITY OF A LATER MEETING AT MINISTERIAL LEVEL. MEANWHILE, THE WORKING GROUPS WOULD CONTINUE TO MEET.

5. MY 2 IFTS REPORT THE MAIN POINTS MADE DURING THE MEETING, AND THE DISCUSSION OF THE POLISH AND HUNGARIAN ECONOMIC SITUATIONS.

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