

RESTRICTED

015544
MDHIAN 9477

RESTRICTED

FM WARSAW

TO DESKBY 151700Z FCO

TELNO 362

OF 151500Z JUN 89

INFO IMMEDIATE PARIS

INFO PRIORITY BONN, WASHINGTON, UKREP BRUSSELS

INFO ROUTINE OTHER EAST EUROPEAN POSTS, ACTOR

VISIT OF PRESIDENT MITTERRAND TO POLAND

SUMMARY

1. WIDE RANGING PLAN FOR FRENCH ASSISTANCE PUBLISHED DURING MITTERRAND'S VISIT. COVERS DEBT, CREDITS, EC/POLAND AGREEMENT, MANAGEMENT TRAINING AND BILATERAL COOPERATION IN A NUMBER OF SECTORS.

DETAIL

2. FOLLOWING ARE THE MAIN POINTS OF A 'FRENCH PLAN FOR POLAND' CIRCULATED TO THE MEDIA DURING PRESIDENT MITTERRAND'S VISIT WHICH BEGAN YESTERDAY AFTERNOON:

A. FINANCIAL ISSUES

(I) DEBT.

THE TWO FINANCE/ ECONOMY MINISTERS SIGNED AN AGREEMENT RESCHEDULING CREDITS WORTH FF 7.5 BILLION. FRANCE HAS UNDERTAKEN TO BE POLAND'S MOST 'ACTIVE ADVOCATE' IN THE IMF AND THE WORLD BANK AND TO TRY TO OBTAIN 'AS GENEROUS AS NECESSARY' A RESTRUCTURING OF DEBT IN THE PARIS CLUB. FRANCE ALSO CONSIDERS THAT POLAND SHOULD BENEFIT FROM SUPPORT MECHANISMS ALONG THE LINES PROPOSED BY MITTERRAND IN HIS UNGA SPEECH, AND DESIGNED TO REDUCE DEBT OR DEBT SERVICE.

(II) CREDIT GUARANTEES.

FRANCE IS PREPARED TO MAKE AVAILABLE FF 150 MILLION IN SHORT TERM CREDITS AND FF 500 MILLION IN MEDIUM CREDITS - THE LATTER TO FINANCE SPECIFIC PROJECTS IN THREE PRIORITY AREAS: FOOD PROCESSING, INDUSTRY, HOTELS/TOURISM. THE MEDIUM TERM CREDITS CAN BE DRAWN ON SIGNATURE OF AN AGREEMENT WITH THE IMF.

(III) FRENCH INVESTMENTS.

FOLLOWING SIGNATURE OF THE INVESTMENT PROTECTION AGREEMENT EARLIER

THIS YEAR, FRENCH TREASURY GUARANTEES WILL BE AVAILABLE TO FRENCH INVESTMENTS IN POLAND.

(IV) JOINT VENTURES.

CREDIT LYONNAIS/BANK HANDLOWY WILL SIGN A PROTOCOL AIMED AT PROMOTING JOINT VENTURES.

B. EC/POLAND RELATIONS

IF NEGOTIATIONS ON A POLAND /EC AGREEMENT ARE NOT CONCLUDED BEFORE 30 JUNE, FRANCE UNDERTAKES TO BRING THEM TO A POSITIVE CONCLUSION DURING ITS PRESIDENCY. THE KEY OBJECTIVES OF THE AGREEMENT ARE IDENTIFIED AS : 'THE MOST COMPLETE LIBERALISATION POSSIBLE' OF TRADE, INCLUDING THE 'RAPID ELIMINATION WITHIN A FIXED TIMETABLE' OF ALL SPECIFIC QRS. FRANCE UNDERTAKES TO UNILATERALLY ABOLISH HER OWN SPECIFIC QRS: AND TO SUPPORT MUTUAL CONCESSIONS IN THE AGRICULTURAL SECTOR. FRANCE EXPECTS POLAND TO IMPROVE CONDITIONS FOR COMMUNITY BUSINESSMEN AND TO ENSURE NON-DISCRIMINATORY TREATMENT FOR THEM. FINALLY, FRANCE HOPES THAT THE COMMUNITY WILL CONSIDER, THROUGH THE EIB, THE POSSIBILITY OF FINANCIAL COOPERATION WITH POLAND: SHE WILL MAKE PROPOSALS TO HER PARTNERS TO THIS END.

C. BILATERAL ECONOMIC COOPERATION

(I) FRANCE WILL ESTABLISH A MAJOR PROGRAMME OF MANAGEMENT TRAINING. AN AGREEMENT BETWEEN THE FINANCE AND ECONOMIC MINISTERS OF THE TWO COUNTRIES PROVIDES FOR COOPERATION IN SUCH AREAS AS PLANNING, TAXATION, ORGANISATION OF FINANCIAL MARKETS AND BANKING SYSTEMS, AND THE MANAGEMENT OF PUBLIC SECTOR ENTERPRISES. AN EXCHANGE OF LETTERS WILL ENABLE THE BANK OF FRANCE TO PROVIDE TECHNICAL ASSISTANCE TO THE BANK OF POLAND. COOPERATION IS ALSO ENVISAGED IN AGRICULTURE, TELECOMMUNICATIONS (RE-ACTIVATING AGREEMENTS SIGNED IN 1970), TOURISM (IMPLEMENTING AN AGREEMENT OF 1979), ENERGY, ENVIRONMENT, TRADE (WHERE FRANCE WILL CONSIDER PROPOSALS FOR THE CREATION OF FRANCO/POLISH INVESTMENT PROMOTION CENTRES IN FRANCE AND POLAND), HEALTH AND RESEARCH.

D. OTHER ISSUES

THESE INCLUDE YOUTH EXCHANGES, IMPROVEMENTS IN THE VISA SERVICE (VISAS TO BE AVAILABLE IMMEDIATELY TO A WIDER RANGE OF PEOPLE IN THE ECONOMIC AND CULTURAL FIELDS, AND THE ENTIRE SERVICE TO BE COMPUTERISED WITH A VIEW TO ISSUING VISAS IN TWO OR THREE DAYS) SEMI CLN GIFTS OF BOOKS.

MDHIAN 015544
9477
RESTRICTED

015544
MDHIAN 9477

COMMENT

THIS IS AN IMPRESSIVE LOOKING PLAN, BUT, AT FIRST SIGHT, IT OWES MORE TO CLEVER PACKAGING THAN TO ANY SUBSTANTIAL NEW INITIATIVES, PARTICULARLY ON THE DEBT/CREDIT FRONT. SUBJECT TO CONFIRMATION WITH THE FRENCH, WE ASSUME (AS THE POLISH PRESS HAVE DONE) THAT THE FF 7.5 BILLION RESCHEDULING AGREEMENT IN FACT REPRESENTS THE SIGNING OF THE OUTSTANDING FRANCO/POLISH BILATERAL PARIS CLUB AGREEMENT. ON THE QUESTIONS OF A WIDER PARIS CLUB RE-SCHEDULING AND AN IMF AGREEMENT THE PLAN IS NOT SPECIFIC AND, IN SO FAR AS THERE IS NO MENTION OF 1989 MATURITIES, DOES NOT GO AS FAR AS THE PRIME MINISTER'S UNDERTAKING TO JARUZELSKI. THE FF 150 MILLION SHORT TERM CREDIT IS LESS THAN IS ALREADY AVAILABLE FROM THE UK SEMI CLN AND THE LARGER MEDIUM TERM CREDIT IS FIRMLY TIED TO AN IMF AGREEMENT.

BARRETT

YYYY

DISTRIBUTION

234

MAIN

234

EUROPEAN POLITICAL (COLLAR)

EED [-]

NNNN