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PRIME MINISTER

DINNER WITH FRENCH BUSINESSMEN

You are dining at the French Embassy on Sunday night to meet twelve leading French businessmen. You go there straight from the British Fashion Week reception at Lancaster House. It is not black tie.

You will find notes in the folder on the main guests (who include Jimmy Goldsmith). All have come over specially from France. The French Ambassador tells me he issued twelve invitations, expecting at least some to be unable to attend: in fact all accepted. They are an outstanding group.

The Ambassador's plan is to meet informally before dinner, and then try to have a more general discussion over dinner itself. Bearing in mind the enormous influence of this group in France, I think you should take the opportunity to talk about our wish to draw closer to France in the face of growing German economic and financial power. You will want to say that you have proposed this to President Mitterrand and detailed discussions are going on. You are personally committed to making a success of them. Other subjects on which they will want to hear your views are:

- Britain's economic prospects and - although they will probably be too polite to ask directly - the Government's political prospects. All their companies are major investors here. You will want to bear in mind that France is now our third largest market (and we are theirs) with exports growing at over 14 per cent a year.
- your views on Europe and especially on economic and monetary union and British membership of the ERM. While there are of course Anglo/French differences over Europe, I would counsel you not to dramatize them on this occasion but to talk also about the factors which draw us together - for instance our common interest in making the Germans open up their economy.

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- the implications of German unification.
- Japan and, in particular, the question of cars, on which there is scope for lively debate (particularly given the presence of the Chairman of Peugeot).

But I come back to my main point: there is no need to paper over real differences of opinion, it would be very helpful if they all went off feeling pretty positive about the prospects for Britain, for their investments here and about Anglo/French relations.

In addition to the personality notes, you will find in the folder:

- a background letter from the FCO;
- a note on Japanese cars;
- a note on take-over activity by French firms;
- a background note on Anglo-French trade;
- a despatch by Ewen Fergusson: "Economic Liberation: Where Do The French Stand?".

C.D.T.
C. D. POWELL

9 March 1990

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the department for Enterprise

checkup
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Date 9 March 1990

See Charles

**BRIEFING FOR PRIME MINISTER'S DINNER WITH FRENCH BUSINESSMEN
ON 11 MARCH**

We spoke about briefing for the Prime Minister's dinner with French businessmen on 11 March.

I attach briefs as follows:

- Annex A Takeover activities of major French state-owned industrial companies, May 1988-March 1990
- Annex B Acquisitions of UK companies by Foreign state-owned companies (largely French)
- Annex C Orkem's acquisition of Coates, in which both M Tchuruk and M Fourtou have an interest
- Annex D Japanese cars, on which M Calvet has taken a rigidly protectionist stance
- Annex E Anglo-French trade, as background.

I understand the FCO will provide background material on each of the guests and their companies.

I am copying this letter and the enclosures to Stephen Wall (FCO).

Your ever
Ben Slocock

BEN SLOCOCK
Private Secretary



Recycled Paper



Foreign and Commonwealth Office

London SW1A 2AH

8 March 1990

cc P/E
Handwritten signature
Dear Charles,

Prime Minister's Dinner with French Businessmen: 11 March

Thank you for your letters of 16 February and 2 March. Our Embassy in Paris have provided rather fuller information (copy enclosed) than that sent to you by the French Ambassador (your letter of 2 March).

The French Ambassador has got together a very good group representing the public and the private sectors, industry and finance, all with interests in Britain, and all with influence in France extending well beyond their own companies. They will be particularly interested in the Prime Minister's views on prospects for the British economy, and on a range of European issues, including:

- the Single Market;
- the Japanese threat (which should be a lively discussion with Calvet of Peugeot present);
- the prospect for economic and monetary union and for sterling's joining the ERM (which was the main topic of discussion at Mr Ridley's lunch with businessmen in Paris last week);
- the implications of German unification.

The Prime Minister in turn might ask the businessmen about the prospects for the French economy (1988 growth 3.7%, inflation 3.6%, unemployment 9.4% and a current account deficit of about FF 20 billion) and press them on:

- the competitiveness of French industry;
- the openness of the French economy (more open than it was but less open than ours);
- what Britain and France can do together to press the Germans to open their economy;
- how far public ownership helps or hinders French nationalised companies and to what extent they are subject to state control;

/- the



- the trend to liberalism and deregulation (abolition of exchange and price controls, development of financial market) in recent years, and how irreversible it is.

The British and French economies are increasingly linked, with each country's exports to the other growing faster than its exports overall, investment growing in both directions and British service industries increasingly active in France. UK visible exports to France totalled £9.5 billion in 1989, up 14.4% over 1988 (up 21.2% excluding oil). French exports to Britain last year totalled £10.8 billion, up 14.9%. France is our third largest market, after the United States and Germany, taking 10.1% of our exports; and we in turn are their third largest market. We have a 7.1% share of the French market; they have a 8.9% share of ours.

/ I enclose a copy of a recent despatch from Sir E Fergusson on "Economic Liberalism: where do the French stand?".

I am copying this letter and enclosures to Ben Slocock (Department of Trade and Industry).

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street



FRENCH AMBASSADOR'S DINNER FOR THE PRIME MINISTER, 11 MARCH

Summary guest list

Bernard Arnault. Chairman of LVMH, world's largest luxury goods group - champagne, brandy, perfume etc. Close links with Guinness. Private sector.

Claude Bébéar. Chairman of Axa Financial group, mainly insurance. Owns Equity and Law. Private Sector.

André Benard. Chairman of Eurotunnel, after a career with Shell.

Jacques Calvet. Chairman of Peugeot SA, third largest European car producer (Peugeot and Citroen) behind VW-Audi and Fiat. Produces at Ryton and Stoke. Private sector.

Alain Gomez. Chairman of Thomson, consumers and defence electronics company. Public sector.

Jean Pierre Desgeorges. Chairman of GEC-Alsthom: heavy capital goods sector. Alsthom-GEC merger in 1989. Private sector.

Jean-René Fourtou. Chairman of Rhône-Poulenc. France's leading chemical group. Owns Barker and May (Dagenham) and RTZ Chemicals. Public sector.

Sir James Goldsmith. Founded and built up Générale Occidentale, French conglomerate with international interests. Left France in 1987. Current French interests unclear.

Jean-Luc Lagardère. Chairman of Matra (defence electronics/missile) and Hachette, France's largest publishing/media group. Private sector. (Matra nationalised in 1982, privatised in 1988).

Lindsay Owen-Jones. British Chairman of L'Oréal, world's leading cosmetics company. Private sector.

Renaud de la Genière. Chairman, Compagnie Financière de Suez, financial conglomerate. Former Governor of the Bank of France. Private sector (nationalised 1982, privatised 1987).

Serge Tchuruk. Chairman of Total CFP, France's second largest oil company. Minority but controlling state interest.

FRENCH AMBASSADOR'S DINNER FOR THE PRIME MINISTER, 11 MARCH 1990

ANNOTATED GUEST LIST

Bernard Arnault

Chairman of Louis Vuitton Moet Hennessy (LVMH)

Born 1949 in Roubaix, Northern France. Businessman in France and United States before taking control of LVMH - itself the result of a 1987 merger between Louis Vuitton and Moet Hennessy - in 1989 through Jacques Rohrer, a holding company owned jointly with Guinness PLC. A shrewd and tough businessman who in some very public battles has outmanoeuvred the heads of the original Louis Vuitton and Moet Hennessy family businesses.

LVMH is the world's leading luxury goods group, whose brand names include Dom Perignon and Veuve Clicquot Champagne, Hennessy and Hine cognacs, Louis Vuitton luggage and Christian Dior and Givenchy perfumes. In addition to its financial stake - the company, Guinness has important distribution agreements with LVMH in the United States and the Far East.

Claude Bébéar

Chairman of Axa Financial Group

Born 1935 in Dordogne. Educated at Ecole Polytechnique. Chairman of Axa since 1989 after a career in insurance.

Axa is a financial holding company with banking and - primarily - insurance interests, notably Axa-Midi, France's second largest insurance company and the largest private sector insurance company. (The other top three insurance companies in France, UAP, AGF and GAN are all state owned). Axa-Midi was formed in 1989 by a merger of Axa and Compagnie du Midi, which bought the UK insurer Equity and Law in 1987. Axa-Midi has ambitions to expand its activities in Europe and elsewhere, and to climb from 30th to the top 15 or so insurance companies worldwide.

Andre BenardChairman of Eurotunnel

Born 1922 just outside Paris. Son of a banker. Educated at Ecole Polytechnique. Before joining Eurotunnel, had spent almost all his career with Shell. He was posted to London with them from 1949-50, was Managing Director of Shell (France) from 1967-70 and Director General of the Royal Dutch Petroleum Company from 1971-83.

He replaced Jean-Paul Paraye as Co-Chairman of Eurotunnel in 1986, working alongside Alistair Morton. Following a restructuring of the company in February 1990 M. Benard assumed the role of sole Chairman of the Eurotunnel Group, whilst Alistair Morton became Deputy Chairman and Chief Executive.

Jacques CalvetChairman of Peugeot SA (ie joint Peugeot-Citroen holding company)

Born 1931 in Boulogne. Graduate of ENA. Outstanding career as civil servant up to 1979, including three spells in the Private Office of Giscard. President of the Banque Nationale de Paris 1979-82. Chairman of PSA since 1984. Outspoken advocate of tough line on Japanese car imports into the EC.

Peugeot-Citroen is currently the third largest car producer in Europe (behind VW-Audi and Fiat). A private sector company. Following major restructuring they have been profitable since the mid-80's. They took over Chrysler plants at Ryton and Stoke in 1979.

Jean-Pierre DesgeorgesChairman GEC/Alsthom

Born 1930, Paris. Educated at Ecole Polytechnique. Much of his career has been with Alsthom, of which he became Chairman in 1981 before becoming Chairman of GEC/Alsthom when the combined company was formed in 1989.

Alsthom is one of the world's leading manufacturers of heavy capital goods for the energy and transport sectors, with over 40,000 employees and a 1988 turnover of FF28 billion (£2.8 billion). 50% of turnover is exported, and it has a worldwide network of subsidiary companies. In 1989 Alsthom merged most of its activities with GEC's Power Systems Group, creating a new company jointly producing and distributing equipment for power generation and distribution, rail transport and industrial automation. The company also owns Chantiers de l'Atlantique at St Nazaire in Brittany, the only major private French shipyard specialising in cruise liners but having recently won orders for French warships, hitherto built only in public yards.

Jean-René FourtouChairman of Rhone-Poulenc

Born 1939 near Bordeaux. Graduate of the Ecole Polytechnique. Career in industry. Appointed to his present post by the Chirac government but reappointed last year by the Rocard government.

Rhone-Poulenc is France's leading chemical group and ranks fifth in Europe. A public sector company. UK operations include Barker and May (Dagenham) and RTZ Chemicals.

Sir James Goldsmith

Businessman and financier of international renown, Sir James Goldsmith has dual British/French nationality. He is probably now more prominent in the UK than France where he founded in 1969 Générale Occidentale SA. He built it up into a company with widespread interests in food distribution, publishing and oil production operating through subsidiaries in the Bahamas, USA, Netherlands and Switzerland. The nationalised French insurance company UAP has a 6% stake. Sir James stood down as Chairman and Managing Director in 1987 and his present interests in the company, if any, are unclear. So too is the connection between it and General Oriental Investment Ltd which is based in the Cayman Islands. Sir James has been Chairman and Managing Director of this company since 1984.

Sir James has been in the UK business headlines for some months following his controversial bid for BAT industries.

Alain GomezChairman, Thomson

Born 1938 in Paris. Educated at Sciences-Po, Havard Business School and ENA. Chairman of Thomson since 1982 after a career primarily in business. Dynamic, engaging and approachable, Gomez has been associated with the political left, but has won respect for his stewardship of Thomson in recent years.

Thomson, a state owned company, is one of the world's leading electronics groups, with turnover split equally between consumer electronics and defence systems. Thomson's strategy is to become a leading player on the world stage through acquisitions and alliances. It is already the largest European defence electronics company. It is collaborating closely with British Aerospace.

Jean-Luc Lagardere

Chairman of Matra/Hachette

Born 1928 in South western France. Electrical engineer. Career in industry. Joined Matra in 1963, became chairman in 1977 and acquired control of Hachette in 1981. Regarded in France as a dynamic entrepreneur, one of the rare French captains of industry not to have graduated from a prestigious 'grande ecole'.

Matra is essentially a defence electronics and missile producer, but with interests too in telecommunications, information technology and transport - eg light railways. Hachette is one of France's largest publishing/media groups. Matra was nationalised in 1982 and privatised in 1988. It recently agreed a 5% share swap with GEC Marconi.

Renand de La Geniere

Chairman Compagnie Financière de Suez

Born 1925, Le Mans. Educated at ENA. Early career in the Ministry of Finance, before becoming Deputy Governor (1974) and Governor (1979-84) of the Bank of France. In his present post since 1986. A highly respected figure in the financial world, associated with the political right.

Founded by de Lesseps in 1958 to dig and operate the Suez Canal, Suez turned itself into a major financial group after the nationalisation of the Suez Canal in 1958. It was nationalised by the French government in 1982, privatised 1987, and acquired a majority interest in Société Générale de Belgique in 1987, thereby becoming one of Europe's largest - and currently most active - financial/industrial holding companies. Suez is hoping to expand its operation in the United Kingdom. Having lost out to Deutsche Bank in a bid to buy Morgan Grenfell, it is looking for other partners. It has recently denied that it is interested in extending its share in Hambros, but is rumoured to be about to buy Gartmore, the fund management arm of the British Commonwealth Group.

Mr Lindsay Owen-Jones

Chairman and Managing Director of L'Oréal since 1988.

He is British but, in keeping with the company's tradition, has spent his entire working life at L'Oréal. Unlike some cosmetics companies, L'Oréal sets great store by technical innovation with strong emphasis on research and development. The challenge to Mr Owen-Jones in the top position is to preserve that policy and at the same time generate greater international growth.

L'Oréal was created in 1907 to manufacture and sell hair care products. It is now the world's leading cosmetics company with a turnover in 1988 of FF24.4 billion (£2.6 billion). In addition to its core business of cosmetics, L'Oréal has interests in pharmaceuticals, baby and feminine hygiene goods, film production, publishing and a 7% stake in Canal Plus, the French pay television channel. Its brand names include Lancome, Elnett, Ambre Solaire and Guy Laroche. It acquired Helena Rubinstein in 1988. Outlets in the UK include Sainsbury, Tesco and Boots.

Serge Tchuruk

President of Total CFP

Born 1937 in Marseille. Graduate of the Ecole Polytechnique. Career in the oil and chemicals industries. Credited with an impressive turnaround of previously loss-making Orkem between 1986 and 1989. Present post since February 1990.

Total is France's no 2 oil company behind its arch-rival, Elf-Aquitaine. The French state has a minority (35%) but nonetheless controlling interest. Traditionally strong in the Middle East. 33.3% stake in Alwyn North, one of the largest North Sea fields, and 13% stake in Frigg. About to acquire the UK assets of Orkem, (including recently acquired Coates Bros.) which is being broken up and shared out between Elf and Total.

British Embassy
Paris
7 March 1990

PRIME MINISTER'S DINNER WITH FRENCH BUSINESSMEN: 11 MARCH

THE FRENCH POSITION ON JAPANESE CARS

M Jacques Calvet, Chairman of Peugeot SA, has been a prominent and outspoken campaigner for a rigidly protectionist stance against Japanese cars, and has no doubt been an influence behind the French Government's position in the current debate on EC policy towards Japanese cars. M Calvet has called for a long period of continued protection against exports from Japan after 1992; and for cars made in the Community (and elsewhere) by Japanese-owned firms to be subject to restraint as though they were made in Japan. The French Government have adopted this position. Mme Cresson has spoken privately and in public in terms of stopping "Japanese" (including UK-made) cars at the French border if necessary.

2 The vital point for the UK is to ensure that cars made in the UK by Japanese-owned firms are allowed to circulate freely within the single EC market just like any other EC-made goods, and that their treatment is in no way linked to that of cars imported from Japan. The issue is a rerun of the battle we fought and won in 1989 over British-built Nissan cars.

3 The Commission are still talking in vague terms of the need to "take into account" the output of Japanese-owned car plants in the EC during the proposed "transitional period" of post-1992 restraint.

4 Peugeot SA is the parent of Peugeot-Talbot Ltd, the Coventry-based UK subsidiary currently producing cars at an annual rate of about 100,000, for the UK market and for export.

Points to make

- Wholly unacceptable to count cars produced in the UK by Japanese-owned firms towards French ceiling on imports from Japan;
- Would conflict with Treaty of Rome; UK will not hesitate to take matter to the ECJ if necessary;
- If UK-built cars are not admitted to France free of restraint, what about the products of the many Japanese investments in France and elsewhere in the Community? Seriously damaging consequences for the internal market as a whole;
- UK wants to end protection in the car market as soon as possible, both for the sake of consumers and for the sake of the European vehicle industry, which is likely to continue lagging behind the Japanese so long as it remains cosseted by protection.

ANGLO-FRENCH TRADE BRIEF

The French Economy

1. Following the May 1988 general election and the appointment of the Rocard administration, a statement was made that the priorities would be the control of inflation and of the budget deficit, while accepting the previous administration's budgetary commitments. There would be no re-nationalisation or further privatisations. With effect from 1/1/90 virtually all exchange controls have been abolished.

2. Inflation in 1989 rose to 3.6% and unemployment down to 9.5%. Economic growth was at its highest since 1976 at 3.6%. However, in 1989, the unemployment rate fluctuated, reaching a high of 10% in July but falling back to reach 9.5% again in November. The trade account was in deficit by F8.1 billion in October in adjusted terms but public sector industrial action has made accurate figures unobtainable. The original prediction for the whole of 1989 was therefore highly optimistic. Annual inflation rose to 3.6% and bank rates rose in October in response to the rise in German interest rates.

Bilateral Trade

3. France is the UK's third largest export market after USA and FRG. In 1989 British exports to France reached £9.50 billion (£8.5 billion excluding oil), while French exports to the UK were worth £10.8 billion. The deterioration in the overall balance from surplus to deficit after 1985 (see below) is due almost entirely to the fall in world oil prices. Similarly, fluctuations in the overall balance since 1985 correspond fairly closely to fluctuations in the value of our oil exports. Between 1986 and 1988 the balance on our non-oil trade with France has remained little changed. Overall exports rose by 6% in 1988 and 14% in 1989. Excluding oil, the rises were 14% and 16% respectively, faster in both years than the rise in imports from France (12% in 1988 and 15% in 1989).

£ billion	1985	1986	1987	1988	1989
UK non-oil exports	4.8	5.2	6.4	7.3	8.5
UK oil exports	3.0	1.0	1.4	0.9	1.0
UK non-oil imports	6.4	7.3	8.3	9.3	9.8
UK oil imports	0.3	0.1	0.1	0.1	1.0
All exports	7.8	6.2	7.8	8.3	9.5
All imports	6.6	7.4	8.4	9.4	10.8
Balance	+1.1	-1.2	-0.6	-1.1	-1.3
Non-oil balance	-1.6	-2.1	-1.9	-2.0	-1.3

UK Market share

4. The UK was France's fifth largest supplier in 1988 with 7.3% of total French imports. This represented about 10.2% of the UK's global exports including oil, (9.7% of non-oil exports).

UK Exports

5. There are few sectors of manufacturing industry in which British exports achieve annual sales of less than £10 million. Major growth areas include transport equipment, telecommunications and power generating equipment, scientific instruments, clothing and chemicals and certain foodstuffs. Invisibles are an important export earner. Although the privatisation programme has halted there are still opportunities for UK companies in the invisibles sector, particularly for financial services and insurance. Three British merchant banks have already begun to market their expertise.

Investment

6. More than 2000 British companies are known to have established subsidiaries in France or some form of partnership with French companies. UK outward direct investment in France in 1987 (the latest available figure) totalled £ 232 Million.

7. Following the relaxation of foreign investment restrictions, French industry has sharply increased its direct overseas investment; in 1988 it reached FF 30.2 billion in the UK from a figure of FF 9 billion in 1987.

current examples include:-

PEUGEOT-TALBOT

In May 1987 Peugeot invested a further £20M in an expansion project at Ryton, Coventry which created an additional 550 jobs bringing the total number to in excess of 2000.

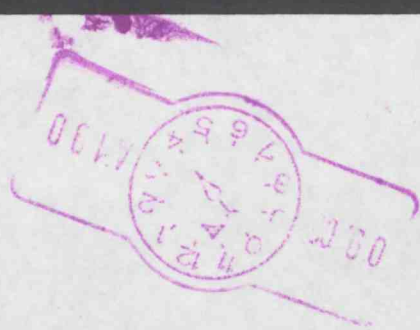
MONTUPET SA

In December 1988 Montupet SA made a decision to invest £90M in a project in Northern Ireland to manufacture cylinder heads. This will create 1000 new jobs.

PLASTIC OMNIUM

During 1988 Plastic Omnium invested a further £9.5M at their Telford plant making plastic components.

Exports to Europe Branch
January 1990



TAKEOVER ACTIVITIES OF MAJOR FRENCH STATE-OWNED INDUSTRIAL COMPANIES MAY 1988 - MARCH 1990

Information supplied by British Embassy, Paris is as follows: Embassy officials emphasise that this table is based on that available in the public domain. It cannot be guaranteed to represent the full picture.

BULL

Extent of state ownership: 92%

Foreign acquisitions: 26.6% of Honeywell HN (US) FF1 billion
Zenith (US) FF4 billion

Government equity injections: FF1.5 billion (a further FF1 billion is thought likely to be forthcoming later in 1990)

Money raised on financial markets: FF1.2 billion (perpetual bonds)

Profits in 1988: FF300 million

ELF

Extent of state ownership: 55.8%

Foreign acquisitions: RTZ Oil and Gas (UK) FF3.2 billion
25.2% of Enterprise Oil (UK) FF3.7 billion
Pennwalt (US) FF6.5 billion

Government equity injections: FF1.6 billion

Money raised on the financial markets: FF1.6 billion (equity)

Profits in 1988: FF7.2 billion

ORKEM

Extent of state ownership: 100%

Foreign acquisitions: Coates Brothers (UK) FF3 billion approx

Bostik Adhesives (UK) FF2 billion

Government equity injections: FF1.1 billion

Money raised on the financial markets: ?

Profits in 1988: FF3 billion

PECHINEY

Extent of state ownership: 82% of total stock

100% of voting rights

Foreign acquisitions: American Can (UK) FF6 billion (net of asset disposals)

Government equity injections: FF1 billion

Money raised on the financial markets: FF5.3 billion (equity and certificates of Investment)

Profits in 1988: FF2 billion

RHONE POULENC

Extent of state ownership: 75% of total stock

100% of voting rights

Foreign acquisitions: RTZ Chemicals (UK) FF5.7 billion

GAF (US) FF3.2 billion

Rorer (US) FF2 billion (takeover not yet completed)

Connaught (Canada) FF5.2 billion (takeover not yet completed)

Government equity injections: zero

Money raised on the financial markets: FF7.4 billion (various types of bond)

Profits in 1988: FF3.4 billion

THOMSON

Extent of state ownership: 100%

Foreign acquisitions: the defence interests of Phillips (Netherlands) FF2 billion

Government equity injections: zero (FF2 billion likely to be forthcoming later in 1990)

Money raised on the financial markets: FF1.2 billion

Profits in 1988: FF2.37 billion

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ACQUISITIONS OF UK COMPANIES BY FOREIGN STATE OWNED ENTERPRISES

<u>1987</u>	<u>Country</u>	<u>Product Range</u>	<u>Value of Bid</u>
Elf Aquitaine/Tricentrol	France	oil exploration production	£135m
<u>1988</u>			
Orkem/Coates (40%)	France	chemicals, inks, coatings	£301m
KIO/Burnett and Hallamshire Holdings	Kuwait	coal production and distribution	assets £113m
KIO/BP	Kuwait	oil	
Elf Aquitaine/assets of RTZ	France	oil and gas exploration	£308m
Rhone Poulenc/assets of ICI	France	silicones	assets £12m
<u>1989</u>			
Elf Aquitaine/Enterprise Oil	France	oil and gas exploration	not known
Thomson/Inmos	France	VSLI semi-conductors	assets £44m
Rhone Poulenc/assets of Monsanto	France	bulk analgesics	assets £70m
Repsol/Carless	France	oil and gas	assets £46m
Rhone Poulenc/Assets of RTZ	France	speciality chemicals	£265m
[Orkem/Coates (remaining 60%)]	France	chemicals, inks, coatings	]

ANNEX B

Ames C

BRIEFING FOR PRIME MINISTER ON ORKEM / COATES

ORKEM'S ACQUISITION OF COATES - UK COMPETITION CONSIDERATION

LINE TO TAKE (IF RAISED)

- You may know that the Secretary of State for Trade and Industry is now considering this case under the Fair Trading Act 1973. In the circumstances there is no further comment I can make.

BACKGROUND - COMMERCIAL IN CONFIDENCE AND MARKET SENSITIVE

1. The Secretary of State is presently considering the acquisition by Orkem, a French state-owned chemicals company of Coates, a UK company carrying on an international speciality chemicals business: the bid was declared wholly unconditional on 22 December 1989. M. Serge Tchuruk, who is attending the dinner on 11 March may have an interest in this matter, for he has been a director of an Orkem group company since 1987 and has been a director of Coates since 1988. He was also previously on the board of Rhone Poulenc, another interested company. Rhone Poulenc's Chairman and CEO, M. Jean Rene Fourtou, is also attending the dinner.
2. The merger involves competition concerns in the market for radiation curing resins, in which there is now a significant French government interest through Craynor (a joint venture company owned, prior to the merger, by Orkem and Coates) and through Radcure (another joint venture, in which Rhone Poulenc, another French state-owned company, have a 49.9% stake). Because of the French Government's involvement in both joint ventures, there may not be full competition between the enterprises, and the companies might be considered to be under the ultimate common control and strategic direction of the French Government. However, the Director General of Fair Trading has recommended that the merger should not be referred to the MMC because in his view the particular circumstances of the market do not confer market power, even if the two companies, Craynor and Radcure, seek to act in concert. The Secretary of State for Trade and Industry is still considering the merger, and is expected to announce his decision shortly.
3. While it is not a new policy, the Secretary of State is currently considering the possibility of making an announcement to the effect that acquisitions by state owned and privately owned companies will be treated in the same way as companies under common ownership as a group.

Competition Policy Division
Department of Trade and Industry
7 March 1990

ECONOMIC LIBERALISM: WHERE DO THE FRENCH STAND?

Summary

1. The French used to be archetypal interventionists and protectionists (and at one time were admired as such by some in Britain). They have, however, come a long way since a change of course in 1983. Central planning has been abandoned; subsidised credit has dwindled to a trickle; state aids have been cut; capital movements have been liberalised; the financial market has been modernised and liberalised; restrictions on foreign investments have been eased; stock market takeovers have been made easier; prior approval for redundancies is no longer necessary; competition policy has been sharpened up. Public sector managers now have more autonomy than in the past (paras 1-5).

2. There are several reasons for this trend towards greater economic freedom; budgetary pressures, the Single Market programme, EC competition policy, economic self-interest. Above all, underlying attitudes are evolving, a process underpinned by social change and an upsurge of interest in overseas markets (paras 6-11).

3. This is not to say that French policy has become completely liberal. Examples of old style interventionism and protectionism can still be found. Sizeable chunks of the industrial, banking and insurance sectors remain under public control; ministers and officials still think in nationalistic terms and like to direct; French vehicles, textiles, steel, television, footwear and agricultural producers benefit from import restrictions; some of the service sectors and professions are being opened up only slowly and reluctantly (para 12).

4. Many of these remaining restrictions will disappear with the completion of the Single Market, and privatisation will be resumed one day; but mainstream attitudes look unlikely ever to evolve beyond the soft end of liberalism. On the other hand a return to dirigisme looks unlikely (paras 13-17).

5. These changes do not mean France will necessarily seem an easy or congenial place to British businessmen. Yet British exports have a larger share of the French market than of the FRG or US markets, and recently France has been the second largest recipient of British corporate investment after the US (para 18).

6. Conclusions: we should keep in mind how far the French have moved and see EC trade and industrial policy differences in perspective. The rhetoric of a Socialist government will not be liberal, but we may find them ready to work with us against protectionism elsewhere in the EC. We should react to specific examples of anti-competitive practice but avoid throwing stones (para 19).

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The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign
and Commonwealth Affairs
LONDON

21 February 1990

Sir

ECONOMIC LIBERALISM: WHERE DO THE FRENCH STAND?

"France's reputation for interventionism is centuries old but now unjustified" - Roger Fauroux, French Minister for Industry, June 1989

1. Not long ago, a Minister in the Foreign Office spoke to me with some envy of the Ecole Nationale d'Administration, the mobility of whose former students helped to bridge the gap between government service and business. In the 1970's many of those who were dismayed by Britain's relatively poor post-War industrial performance, were attracted by the French paradigm. French success in building up their industry after the War suggested that there must be useful lessons from the French industrial policy model, characterised by indicative planning of investment in major industries, the centralisation of credit control and a broad range of support programmes. The Government prompted businessmen (often ex-ENA-trained civil servants) to start up new industries, ensured that capital was available, subsidised

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credit, contributed to R&D, subsidised exports, and erected barriers against unwelcome foreign competition. The French concept of "The Plan" carried widespread prestige.

2. Even under Labour governments, and despite the intellectual attraction to many of the French model, there remained a wide gap between British and French approaches. After the May 1979 elections, which moved British policy in a different direction, the gap between our practices and those of the French widened. Monsieur Mitterrand's election in 1981, the Mauroy government's commitment to a strong public sector and the nationalisation programme of 1982 contributed to this.

3. It was only in 1983 that France came to a turning-point. Socialist policies, applied to a production system that had been weakened by the oil shocks of 1973 and 1979, unexpected changes in demand for industrial products and the emergence of new industrial nations, had brought on a crisis. Government spending had risen to 48% of GDP, the trade deficit had sunk to FF 90 billion, the Franc had been twice devalued within the European Monetary System in two years. A change of course was decided.

4. This new course has brought France much greater economic freedom. Among the landmarks that have been passed:

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... - Old-style

- Old-style central planning and inductive targetting have been abandoned. The Ninth Plan (1984-88) prepared by the Socialists in 1983 was short on specifics and was put to one side by the Chirac government in 1986. The tenth Plan (1989-1992), prepared after the Socialists' return to power in May 1988, is little more than a statement of government economic policy. It is not a working document, either for officials or for business.

- Subsidised credit to the corporate sector has dwindled to a trickle. Leaving aside export credits (where subsidies are governed by OECD consensus rules) the cost to government of subsidising interest payments on loans taken out by French industrial companies has shrunk from FF 36 billion in 1984 to FF 2.5 billion in 1989. The only beneficiaries now are small and medium sized companies, many of them in Corsica and France's overseas territories. The government's aim is to eliminate all credit subsidies.

- State aids to the corporate sector have also been cut back, from a high-point in 1984-85 (the result of commitments made in the 1981-83 period). Some British industrialists seem convinced that their French competitors get a much better deal than themselves (eg Sir Robert Haslam of British Coal who has recently talked about "huge subsidies" to the French nuclear industry). Seen from here there is not much evidence of this. The only industries now

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in receipt of operating subsidies are the coal industry (FF 3 billion approximately in 1989) and the shipbuilding industry (just over FF 1 billion in 1989). The main emphasis is on support for civil R&D (FF 17 billion in 1989) as opposed to equity injections into public sector industrial groups (FF 4.1 billion in 1989) or regional and small and medium sized business support (FF 4 billion approximately in 1989). Total spending last year, excluding aids to exporters, was probably not very different from that of the United Kingdom where in 1988-89 central government spent over £ 2 billion on sectoral, regional and general industrial support and around £ 1 billion on the advancement of technology.

- Capital movements have been liberalised progressively. The process began in 1986. The last remaining exchange controls were lifted on 1 January 1990.

- The French financial market has been modernised and liberalised. Investment banking has boomed thanks to the lifting of credit controls in 1984, the 1986-88 privatisation programme, and a surge in mergers and acquisitions activity. Foreign owned banks have been able to win a good share of this business. French stockbroking firms have now been opened up to foreign capital, fixed commissions have been abolished and limited market-making has been introduced. Futures and options markets have been established and are flourishing.

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- Restrictions on foreign investments in France have been progressively eased, most recently in September 1988 and January 1990. No prior authorisation is required for green-field investments, and apart from three reserved sectors (defence, public order and public health) established European Community companies can now acquire French companies without obtaining prior authorisation from the Ministry of Finance, while for non-European Community companies the Ministry has only one month to withhold authorisation. In 1988 United Kingdom acquisitions in France were worth £ 934 million and involved 56 different deals. From mid-1987 to end 1988, 3000 non-European Community companies sought permission to acquire French companies: fewer than a dozen were refused. Even the Japanese are generally welcome. More than 60 Japanese companies now have industrial plants in France and an effort is being made to attract more. The public attacks on the Japanese by the Minister for European Affairs, Madame Edith Cresson, give a false impression of government policy, though her main target, the vehicles sector, is a special case (see below).

- Stock market rules on takeovers have been clarified, some barriers have been removed, and hostile takeovers have become a feature of the French market. Various barriers remain, eg golden shares in companies privatised between 1981-88, defensive cross-shareholdings and double voting rights. But a study of European Community markets commissioned from Coopers and Lybrand showed that France was at the top end of the spectrum, well ahead of the German and Dutch

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- A requirement that employers seek prior authorisation for redundancies was scrapped by the Chirac government and has not been reintroduced by the Rocard government.

- A new competition law was enacted at the end of 1986 and competition policy has been sharpened up. A Competition Council imposed fines of FF 358 million in 1989. In recent months, two cartels involving companies bidding for public interest contracts have been exposed and heavy fines imposed. It has been made clear that action against anti-competitive agreements and abuses of monopoly power is regarded as an essential feature of economic policy.

5. The nature of government's relations with public sector managers has changed too. Public sector managers now have greater autonomy than they did in the past. The government's policy is to encourage them to run their companies as though they were commercial enterprises. They are required to agree general strategies with Ministers and to operate on the basis of a corporate plan which includes manning, financial and investment targets. Government does not, however, interfere in day-to-day management. Monsieur Alan Gomez of Thomson has made this point forcibly to me (though "he would, wouldn't he"). A strong and confident personality at the head of a public

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.. section

sector group, as most of them are, can set the pace in his dealings with Ministers, in the knowledge that a good case will generally find acceptance. Moreover political affiliations have ceased to count for much; only two of the Chairmen appointed by the Chirac government have been ousted since the Socialists returned to power; several others have been reappointed. That said, there is little doubt that public sector companies do not have quite the same freedom of action as those in the private sector, notably in the area of fund-raising or where rapid decision-making may be desirable.

6. What lies behind this trend towards greater economic freedom? One important factor has been the pressure to cut back government spending to which government has felt subject. Since 1983 reducing the burden of taxation, particularly on the corporate sector, and settling the PSBR at non-inflationary levels, have been cardinal objectives of French macroeconomic policy, the aim being to keep the Franc pegged to the DM and to improve the competitiveness of French producers.

7. More recently, the pressure exerted by the liberal Single Market programme, and by the more vigorous competition policy which the Commission has pursued, has been important. Though French Ministers and officials may fight hard in individual instances to adulterate or delay the coming

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into effect of new proposals, they do so in the knowledge that in the last analysis President Mitterrand requires the political commitments made in the Single European Act to be honoured. The French record on implementation, nearly as good as our own, bears this out. In the field of state aids, a ruling made by Monsieur Rocard in the autumn of 1988 requires a 'transparency' in dealings with the Commission that was not always a feature of the French approach.

8. Economic self-interest is a third factor. The liberalisation of the French financial market is the prime example. The aim has been to improve the terms on which French business can gain access to capital and to turn Paris into a major (invisibles earning) financial centre. The logic of the easing of restrictions on foreign investments is to create new employment and to compensate for possible outflows of French capital following capital movement liberalisation. The sharpening up of competition policy reflects an awareness that liberalised markets require tough and attentive regulation (cf our own monopolies and mergers policy).

9. Beyond all this, underlying attitudes are evolving. Leaving aside the Left of the Socialist Party and the Communists, where thinking continues to be influenced by Hegelian and Marxist ideas, there is now a greater

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readiness among politicians, senior officials and leading businessmen to believe that it is in French interests for economic policy to be based on more liberal principles than in the post-War period. Doubts about interventionism were sown by the failure of French policy between 1973 and 1983. The impact of liberal policies on the United States and United Kingdom economies has been noted. Above all, it is increasingly recognised that opening up the French economy to outside forces is essential to its health and dynamism. The broad political base of this emerging orthodoxy helps explain why the trend towards liberalism began and has continued under Socialist governments, notwithstanding that it gathered pace between 1986 and 1988 when Monsieur Chirac was Prime Minister and several members of the radically free-market Parti Republicain were in his government.

10. The process is underpinned by social change. Among the under-40s esteem for the entrepreneur has grown at the expense of the civil servant. Many of the young flyers who join the Civil Service after graduating from ENA or the Ecole Polytechnique now do so only to qualify for membership of a useful club (which is what the elite 'corps d'Etat' are). They often leave for the private sector once this aim has been achieved. There they find a new type of French businessman who has been to business school, studied in the United States and travelled the

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world, who is less wary of foreign competition than preceding generations, more confident of his ability to handle the consequences of liberalism. Indeed to this younger generation liberal economic policies seem the natural order of things in a way that they did not to the post-War generations. They have acquired a taste for business. Moreover the prestige of the ENArque in industry is in decline. Those moulded in a pattern evolved for the purpose of centralised government direction have the reputation, whatever their intellectual abilities, of being slow to adapt to modern entrepreneurial skills, marketing, risk-taking and the competitive instincts likely to be at a premium in the Single Market after 1993.

11. Further underpinning is provided by an upsurge in interest in overseas markets on the part of French industrialists. A recent survey of thinking in the boardrooms of 300 major French companies revealed that 95% of them believed that their main strategic objective must be to develop their activities outside France. The net figure of direct overseas investments in 1988 was FF 76.1 billion. Between January and June 1989 French acquisitions in other European Community states were worth more than any other single country's acquisitions in those states. French industrial and service sector acquisitions in the United States in 1989 are thought to have been worth US\$ 6 billion, 50% up on 1988, and 1989 figures follow the corresponding Japanese figures.

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12. It is time to look at the other side of the picture. To say that the French economic policy has become more liberal is not to say that it has become completely liberal. Examples of old style interventionism and protectionism can still be found:

- sizeable chunks of the industrial, banking and insurance sectors remain under public control. The privatisation programme launched by Monsieur Chirac and his Finance Minister, Monsieur Balladur, was abandoned in May 1988. President Mitterrand's by now famous ruling that there were to be no further privatisations or re-nationalisations until the completion of the Single Market (ie before 1993) was designed to limit the risk of damaging doctrinal squabbles within the Socialist camp. However, it has had the effect of ensuring that a significant part of the French economy remains off limits to foreigners, and gives the companies concerned the benefit of an implicit state guarantee.

- Though the national plan has become a dead letter, Ministers and officials still like to think in terms of market share goals for specific industrial and service sectors and of national champions. They have proprietorial feelings towards large French companies, private as well as public sector, that are generally absent in the United States or the United Kingdom. Their instinct if a company

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like CGE or Peugeot-Citroen were to be the object of a hostile takeover would be to attempt to block it, though it is not to be excluded that liberal principles would end up dominant (once the EC Merger Control Regulation is in force there should be little they can do). They have close links with the business community that can compensate for the absence of formal powers. Even now most leading bankers and industrialists were once civil servants, went to the same schools as Ministers and officials, especially the Ecole Nationale d'Administration, and share their values and outlook. They seem to me to be more responsive to direction than their Anglo-Saxon counterparts; and it occurs to the French Government to direct in a way that would not seem easily thinkable to British Ministers. When Monsieur Chirac was Prime Minister and British Airways' purchase of a new generation of aircraft was at issue, he found it impossible to understand that Lord King, at the head of a recently privatised company, could not be "influenced" by the Prime Minister to buy Airbus. If she did not pick up the telephone, it could only be because she lacked the political will.

- There are still a number of sectors in which French producers are protected from non-European Community competition by import restrictions and local content requirements for inward investments. The instinct to protect the producer rather than the consumer remains strong. The vehicles

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sector is the prime example. Japanese car producers are allowed only 3% of the French market, and have been told that they must achieve a local content of 80% at or shortly after start-up if they want to build plants in France. Even the Minister for Industry, Monsieur Fauroux, one of the most liberal members of the present government, considers the vehicles industry a special case. For the best part of a year the French tried to enforce a ruling that UK-made Nissan Bluebirds should count as Japanese until a European Community content of 80% was achieved. They are arguing for continuing restrictions on Japanese imports into the European Community well beyond the date when we are content to abandon our own Voluntary Restraint Agreement with the Japanese producers. The other economically important sectors where French producers continue to benefit from import restrictions are textiles (under the Multi-Fibre Arrangement), steel (under a European Commission-administered VRA system), television (specific QR's) and footwear (specific QR's) and agriculture (under the Common Agricultural Policy).

- As in every other major economy, government authorities and publicly owned service providers have tended to discriminate against foreign suppliers in their purchasing practice. Transport, power, telecoms and defence equipment are the principle sectors concerned. At the sub-assembly and component level, however, British companies have been able to supply without restriction.

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- In some of the service sectors and the professions there has been little evidence of readiness to open up the domestic market to foreign competition any faster than necessary under the Single Market programme. Some notable rear-guard battles against liberalisation in the transport and telecommunications sectors have been fought in Brussels. Our auctioneers have so far found themselves banned from holding public auctions in France by a provision in French law which reserves this activity for members of an official corps, the commissaires-priseurs. Our ski instructors have recently encountered a reluctance to recognise the qualifications issued by the Ski Club of Great Britain. Our estate agents can only go into business in France if they have acquired certain French academic qualifications or worked for a certain period for their French counterparts. British lawyers in Paris are currently threatened by a reform of the French legal profession that would require them to qualify for entry into the French profession even if they are intended only to advise on English or EC law.

13. Many of these remaining restrictions will disappear with the completion of the Single Market (eg through mutual recognition of qualifications and public purchasing directives). A resumption of the privatisation programme seems a certainty as and when the Right next forms a government (but "when" could be some time away) and may even happen on an ad hoc

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basis under a Centre-Left government after 1993. There is undoubtedly a limit to how far attitudes will evolve. It is hard to see a majority of French politicians and officials ever abandoning a nationalistic way of thinking about the French economy: it is a habit of thought that is deeply ingrained, part of their mental tradition. They will retain protectionist instincts - and will find it difficult to accept the logic of extending free access to European Community markets so long as their major competitors include those who restrict access to their own markets.

12. Not only Socialists but also many reared in the Catholic tradition in the Centre and on the Right will remain uneasy about the central position of the profit motive in economic liberalism and doubtful whether there is anything intrinsically fair about the market-place. There is a centuries-old mistrust for capitalism ("usury" or "money which corrupts" to quote President Mitterrand). They will see a greater need for interference and regulation than would be acceptable to the free-marketeer. French theoreticians point out that the most successful economies of the post-War period, Japan and the FRG, have been run on anything but free-market principles: they suggest that France should seek to steer a middle-course between the Japanese and Anglo-Saxon models. Businessmen continue to be susceptible to the charms of collaboration in preference to competition. Monsieur Leleu

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the way the British Government tolerated takeover bids. In short, the soft end of liberalism is probably about as far as mainstream opinion in France will get.

15. On the other hand a return to dirigisme looks equally unlikely. Even were opinion to swing back in favour of it, policy makers would find themselves subject to a number of constraints. It must be doubtful, for instance, whether the civil service is still capable of playing the role it did in the post-War period. It has been weakened by the decline in prestige referred to above. Key posts continue to be filled by top quality people but most Ministries now lack strength in depth and there are some signs of demoralisation. Secondly the decentralisation process that began in 1982 has reduced central government's right to intervene. Regional and local governments are jealous of their new-found powers. Dependent for their own careers on local power bases national politicians will be reluctant to take them on.

16. Thirdly, many of the traditional weapons in the armoury of the interventionist are no longer available to French policy-makers or will shortly become unuseable. Controls on capital, state aids, the blocking of takeovers, quantitative restrictions, the reserving of professions for nationals: - the Single Market programme is rendering these instruments of policy obsolete or handing control over their use to

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the Commission - which, since the appointments of Herr Bangemann and Sir Leon Brittan, they no longer perceive as an ally. There has certainly been more to French liberalism since 1983 than simply putting a good face on changes rendered inevitable by their political commitment to the Single Market; but undoubtedly European Community obligations would limit their options if ever they were tempted to go into reverse.

17. Finally, French industrialists and service providers, as they expand overseas, have an increasing stake in ensuring that foreigners can enjoy access to the French market. They know that the sword of reciprocity which they brandish so frequently in their dealings with the Japanese and others could be turned against them if the barriers were to go up again.

18. None of this means that British businessmen will necessarily find France an easy or congenial place to do business. For the time being, employer social benefits contributions and corporate tax rates look set to remain higher than in the United Kingdom. The French place less of a premium on good humour and friendliness in business contacts. Fewer French businessmen speak English than an English businessman might wish, though more and more are doing so better and better. The retail distribution system is more fragmented than in the United Kingdom.

It will take a long time for liberalisation to make the

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have to deal. These difficulties will no doubt continue to make many feel that they are unwelcome here and will fuel a belief that little has changed. But impressions can be misleading. British non-oil exports to France grew by over 20% in 1989, and from an already strong base. British exports to France in 1987 and 1988 represented 1.44% and 1.55% respectively of French GDP. Measured in these terms the French market is more open to our goods than either the German (1.37% and 1.41%) or the American (0.4% and 0.39%) markets. And in recent years France has been the second largest recipient of British fixed corporate investment after the United States.

Conclusions

19. Few French are radical free-marketeers, and there are still many examples of interventionism and protectionism in France. But there has been a pronounced trend towards liberalism in recent French policy, and France is now relatively open to foreigners wishing to sell, invest or practise here, probably more open than several other members states of the European Community, and certainly more open than Japan and most of the Newly Industrialising Economies. When we differ on trade or industrial policy issues in brussels, as we shall undoubtedly continue to do in the period ahead (for instance on policy towards Japanese car imports, air services liberalisation and

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of pan-European infrastructure networks) [these differences should be seen in perspective. We should continue to apply pressure for the removal of the restrictions that remain, and we need never hesitate to take up with the Commission or bilaterally examples of anti-competitive practice. Nevertheless, we need also to keep in mind how far the French have moved in recent years. It would be surprising if a predominantly Socialist government, relying as it does for its political support on the Civil Service and the public sector, were to make public professions of faith in the virtues of economic liberalism. Yet they are not at the opposite end of the spectrum from us and we are likely to find that they are increasingly ready to work with us against protectionism elsewhere in the Community, eg barriers to takeovers in the FRG and state aids in Italy. Nor are they always the obvious target for our attacks. Above all, we should not throw stones if we ourselves are vulnerable.

20. I am sending copies of this despatch to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, Her Majesty's Ambassadors at Washington, Tokyo, Bonn, Rome, Madrid, Brussels and The Hague, to the United Kingdom Permanent Representatives to the EC and OECD, to Charles Powell at No 10 and to the Governor of the Bank of England.

I remain, Sir,

Very faithfully,

Le Premier Ministre

PARIS, 1e 2 Mars 1990

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T45.C/90

Subject CC MOSTER
CC OPS.

Madame,

L'évolution actuelle des technologies m'a conduit à confier à M. Maurice DU MESNIL, ingénieur général des télécommunications, secondé par les représentants des différents services chargés du recueil et de l'exploitation du renseignement, une mission d'examen des systèmes français d'interception et d'écoute.

A ce titre, je souhaiterais qu'il puisse profiter de l'expérience de pays amis, acquise dans ce domaine. C'est pourquoi, je serais heureux que cette personnalité se rende en GRANDE BRETAGNE au cours du mois de mars afin de s'informer sur les méthodes adoptées par les services britanniques et les moyens techniques mis en oeuvre.

M. DU MESNIL serait accompagné lors de sa visite de M. Jérôme VENTRE de la Direction générale de la sécurité extérieure (D.G.S.E.), M. Jean-Pierre BRUT de la Direction de la surveillance du territoire (D.S.T.), et du colonel de l'armée de terre Georges DIEULAFAIT du Centre d'exploitation du renseignement militaire (C.E.R.M.).

Je tiens à vous remercier pour l'accueil que vous voudrez bien réserver à ma demande et pour les contacts qui pourraient être pris à cette occasion.

Je vous prie de bien vouloir agréer, Madame le Premier Ministre, l'expression de mes hommages respectueux.

Je voudrais en outre, dans la perspective de notre prochaine rencontre, vous assurer de ma profonde gratitude.

M. Rocard

Madame Margaret THATCHER
Premier Ministre du Royaume Uni

Michel ROCARD

DU MESNIL (Maurice)

Né le 21 juin 1923 à Mont-de-Marsan (Landes).

Situation de famille : Marié, 4 enfants

Diplômes : Ancien élève de l'Ecole polytechnique, Ingénieur de l'Ecole nationale supérieure des télécommunications.

Carrière :

1948-57 : Ingénieur des télécommunications à Bordeaux, chargé du service des lignes puis des installations télex et téléphoniques rurales,

1957-66 : Ingénieur en chef des télécommunications à Rouen, Chef du département communication et bâtiments pour la Haute et Basse-Normandie,

1966-72 : Directeur régional des télécommunications à Orléans,

1972-78 : Ingénieur général des télécommunications, Directeur des télécommunications du réseau national,

1977-82 : Chargé de missions par le ministre des PTT,

1980-81 : Rapporteur à temps partiel à la Cour des comptes,

1979-82 : Président du GIE vidéotransmission international,

1982-83 : Directeur des affaires de télécommunications civiles du groupe Thomson

1983-87 : Directeur de l'enseignement supérieur des télécommunications,

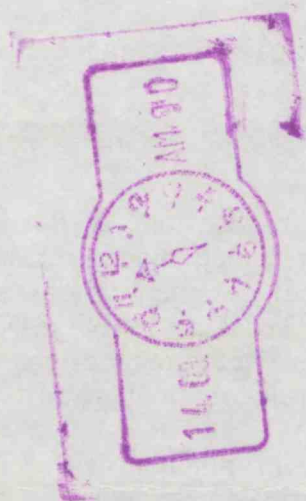
Haut-fonctionnaire de défense auprès du ministre de la Poste et des Télécommunications (depuis 1987 et jusqu'à son départ à la retraite au mois de juillet 1989)

Depuis 1988 : Chef du service de défense et de sécurité du ministère, Vice-président du comité de coordination des télécommunications,

1961-64 : Président de l'Associations française des ingénieurs des télécommunications,

1961-64 : Vice-Président de la Fédération des ingénieurs des télécommunications de la Communauté européenne.

Décorations : Officier de la Légion d'honneur, Commandeur de l'ordre national du Mérite.





10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 March 1990

**PRIME MINISTER'S DINNER WITH THE
FRENCH AMBASSADOR**

The department were kindly going to prepare some briefing for the Prime Minister's dinner at the French Embassy on 11 March, to meet French businessmen. I enclose some notes which the Ambassador has sent me, which the department may find helpful.

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

AMBASSADE DE FRANCE
A LONDRES

L'AMBASSADEUR

1st March

Dear Charles,

Please find herewith

- the curriculum of the French people who will come to dinner on the 11th March (I don't think it necessary to send you something about Jimmy)
- a short memo about their business interests in UK.

I shall call you at the beginning of next week to hear your advice on how to "revive" the conversation

Yours ever

Luc

le 1er mars 1990

BERNARD ARNAUD

As Chairman of Louis Vuitton Moët Hennessy (LVMH), Mr Arnaud entertains important business relations with Guinness which has a share of 24% in LVMH. The two companies have extensive distribution agreements.

Besides, the company owns Moët and Chandon which ranks first in the Champagne market in the UK.

CLAUDE BEBEAR

Mr BEBEAR is Chairman and Chief Executive Officer of AXA-MIDI ASSURANCE, which owns EQUITY AND LAW and has 57% share in WESTGATE INSURANCE.

JACQUES CALVET

PSA Group, manufactures cars in their Ryton plant near Coventry for British and European markets.

JEAN RENE FOURTOU

RHONE POULENC has had for more than 50 years an important subsidiary in this country : RHONE POULENC UK (formerly MAY AND BAKER) which manufactures and sells chemical and pharmaceutical products.

Recently, Rhone Poulenc added to its subsidiary the fine chemicals division of RTZ and the silicon business of ICI both acquired in the course of last year.

ALAIN GOMEZ

THOMSON CONSUMER ELECTRONICS manufactures television sets and video recorders in the UK under the brand name of Ferguson.

Last January, Thomson merged its missile activities with those of British Aerospace to form a new company : EURODYNAMICS.

Further, Thomson agreed to buy half of FERRANTI INTERNATIONAL, SONAR operations, subject to the UK government approval.

Previously, in 1989, Thomson-SGS bought INMOS from THORN-EMI which received in return a 10% stake in the enlarged franco-italian semi conductor group.

RENAUD de la GENIERE

Banque INDOSUEZ, has a branch in London.

JEAN- LUC LAGARDERE

MATRA SPACE and MARCONI AEROSPACE merged in October 89 their missiles operations to form a new company : MATRA MARCONI SPACE.

LINDSAY OWEN-JONES

L'OREAL has a manufacturing plant in Wales.

SERGE TCHURUK

TOTAL has a two third stake in the FRIGG and ALLWYN NORTH fields in the North Sea and various other interests in the UK including oil refining and distribution.

In his previous capacity as Chairman of ORKEM, Mr Tchuruk linked up its printing ink subsidiary LORILLEUX with COATES BROTHERS and set up a partnership with MTM the Liverpool based concerned. Following those first agreements, COATES AND NORSOCHM (joint venture with MTM) have been fully acquired.

JEAN-PIERRE DESGEORGES

GEC ALSTHOM . Has been set up in June 1989 by a merger between ALSTHOM and POWER HEAVY EQUIPMENT division of GEC.

ANDRE BENARD

EUROTUNNEL. Co-Chairman from September 1986 to February 1990. Chairman of Eurotunnel since then.