

BY BAG

SAVING TELEGRAM

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FRAME ECONOMIC

FROM PARIS SAVING TELNO 32 OF 9 MAY 1986

TO FCO

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FRANCE: ECONOMIC REPORT FOR APRIL 1986

Summary

1. Following a good start to 1986, figures for the French economy published in March were mixed. The annual rate of inflation continued to fall and industrial production increased, but the balance of trade deteriorated and unemployment increased.
2. The annual rate of inflation declined to 3.0% in March.
3. The increase in industrial production was due solely to an increase in energy output.
4. There was a large trade deficit in March following surpluses in January and February, and the performance of exports caused renewed expressions of concern.
5. Although unemployment increased in March, the figures published for 1985 show that the rate of job losses has slowed significantly.
6. National Accounts figures for 1985 record another year of low growth and a deterioration of performance in foreign trade; but progress on disinflation was striking, there was some improvement in the situation of companies and a (very) limited recovery of investment. The Government has published an assessment of the state of the French economy by the previous Governor of the Bank of France.

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