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TORONTO ECONOMIC SUMMIT: FRENCH DEBT INITIATIVE.

SUMMARY

1. TRESOR CONFIRM THAT A FRENCH DEBT INITIATIVE WILL BE ANNOUNCED AT OR BEFORE TORONTO. DETAILS NOT YET DECIDED, BUT LIKELY TO BE COMPATIBLE WITH CHANCELLOR'S SUB-SAHARAN AFRICA INITIATIVE. PARTNERS TO BE CONSULTED IN ADVANCE.

DETAIL

2. SAMUEL-LAJEUNESSE (TRESOR) CONFIRMED TODAY THAT THE TRESOR ARE WORKING ON A FRENCH INITIATIVE TO RELIEVE THE DEBT OF QUOTE THE POOREST AND MOST INDEBTED COUNTRIES, ESPECIALLY IN AFRICA UNQUOTE. THE DETAILS HAD NOT YET BEEN SETTLED BUT THE INITIATIVE WAS LIKELY TO COVER THE CANCELLATION OF SOME AID DEBTS AND REDUCTION OF INTEREST RATES ON OTHER DEBTS. IT WOULD THUS BE CONSISTENT WITH THE CHANCELLOR'S SUB-SAHARAN AFRICAN INITIATIVE, COVERING ITS FIRST (CONVERSION OF AID LOANS TO GRANTS) AND THIRD (INTEREST RELIEF ON RESCHEDULED PARIS CLUB DEBT) VOLETS. THE FRENCH WOULD WANT TO SOUND OUT CERTAIN PARTNERS, INCLUDING US, BEFORE THE INITIATIVE WAS ANNOUNCED, BUT IT WAS NOT YET CLEAR WHETHER THEY WOULD BE IN A POSITION TO DO SO AT THIS WEEK'S FINAL SHERPAS MEETING.

3. WE WELCOMED THE PROSPECT OF PRIOR CONSULTATION ON THE FRENCH INITIATIVE AND STRESSED THE IMPORTANCE OF COMPATIBILITY WITH THE CHANCELLOR'S IDEAS.

4. SAMUEL-LAJEUNESSE SAID HE WOULD BE ATTENDING THE AFRICAN DEVELOPMENT BANK MEETING IN ABIDJAN THIS WEEK, AT WHICH THE CURRENT FRENCH IDEAS MIGHT BE DISCUSSED FURTHER.

5. FCO PLEASE ADVANCE TO BRAITHWAITE, RICHARDSON (ERD), LITTLER, MOUNTFIELD (TREASURY).

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