

# French Objectives for the 2002 Kananaskis G8 Summit

## Political Data

### Government

President of the Republic	Jacques CHIRAC
Prime Minister	Jean-Pierre RAFARRIN
Minister for the Economy, Finance and Industry	Francis MER
Minister of State for the Budget, attached to the minister for the Economy, Finance and Industry	Alain LAMBERT
Minister of State, attached to the Minister for the Economy, Finance and Industry, with responsibility for Industry	Renaud DUTREIL
Minister of Foreign Affairs	Dominique GALOUZEAU De VILLEPIN
Minister of Defence	Michèle ALLIOT-MARIE
Minister of State for European Affairs, attached to the minister for Foreign Affairs	Renaud DONNEDIEU De VABRES
Keeper of the Seals	Dominique PERBEN

### Parliament

#### National Assembly (Legislature):

Total 577 Deputies elected for a 5-year term.

#### Senate:

Total 321 elected for a 9-year term on a rotating basis every 3 years.

## Economic Data

France is in the midst of transition, from an economy that featured extensive government ownership and intervention to one that relies more on market mechanisms. The government remains dominant in some sectors, particularly power, public transport, and defence industries, but it has been relaxing its control since the mid-1980s. The Socialist-led government has sold off part of its holdings in France Telecom, Air France, Thales, Thomson Multimedia, and the European Aerospace and Defence Company (EADS). The telecommunications sector is gradually being opened to competition. France's leaders remain committed to a capitalism in which they maintain social equity by means of laws, tax policies, and social spending that reduce income disparity and the impact of free markets on public health and welfare. The government has done little to cut generous unemployment and retirement benefits which impose a heavy tax burden and discourage hiring. It has also shied from measures that would dramatically increase the use of stock options and retirement investment plans; such measures would boost the stock market and fast-growing IT firms as well as ease the burden on the pension system, but would disproportionately benefit the rich. In addition to the tax burden, the reduction of the work week to 35-hours has drawn criticism for lowering the competitiveness of French companies.

<b>GDP:</b> purchasing power parity	\$1.448 trillion (2000 est.)
<b>GDP</b> - real growth rate	3.1% (2000 est.)
<b>GDP</b> - per capita: purchasing power parity	\$24,400 (2000 est.)
<b>GDP</b> - composition by sector	agriculture: 3.3% industry: 26.1% services: 70.6% (1999)
<b>Inflation Rate</b> (consumer prices)	1.7% (2000 est.)
<b>Unemployment Rate</b>	9.7% (2000 est.)
<b>Budget</b>	revenues: \$210 billion expenditures: \$240 billion, including capital expenditures of \$NA (2000 est.)
<b>Exports</b>	\$325 billion (f.o.b., 2000 est.)
<b>Imports:</b>	\$320 billion (f.o.b., 2000 est.)
<b>Debt</b>	external: \$106 billion (1998 est.)
<b>Economic Aid</b>	donor: ODA, \$6.3 billion (1997)

(Source: CIA 2001 World Factbook)

Presently, France is at the forefront of European states seeking to exploit the momentum of monetary union to advance the creation of a more unified and capable European defence and security apparatus.

## Summit Objectives for France

### 1. African Development

Given that the Canadian government has set the agenda for this year's summit, there are limited areas in which France may hope to make progress. France has been a champion of African development for

decades and has given New Partnerships for Africa's Development (NEPAD), as well as related issues, priority for this year's summit.

France was the first of the G8 countries to name their representative, Mr. Michel Camdessus, the former managing director of the IMF. France has hosted a number of bilateral meetings with African heads of state with the intention of gaining some perspective prior to Kananaskis. In addition, Mr. Camdessus has met with his G8 counterparts in a series of discussions over the past year that is expected to lead to the signing of program for African development at Kananaskis by all G8 members.

At the International Conference on Financing for Development in Monterrey, Mexico in March 2002, French President Jacques Chirac identified five projects towards which he proposed the international community work over the next 10 years. They were:

- to allocate 0.7% of the wealth of the industrialized countries to the development of poor countries;
- an agreement on new funding for poor country development;
- the creation of an Economic and Social Security Council for the sustainable management of global public goods;
- the fulfilment of Kyoto objectives and the establishment of a World environment Organization; and
- the conclusion of a Convention on cultural diversity.

## **2. Official Development Assistance**

President Chirac indicated in Monterrey that France would increase public spending on official assistance to 0.5% in five years and up to 0.7% in ten years. He made it clear that France supported the initiatives for financing for development and that he would continue his efforts at the G8 Summit in Canada.

With respect to Official Development Assistance (ODA), France has cancelled all ODA debts from Highly Indebted poor Countries (HIPC) that have qualified and are completely refinanced by grants. The EU has contributed \$181 million to the HIPC Trust Fund and France is pushing for expansion of the plan to highly indebted middle-income countries.

France is also a key supporter of aid for education and has strengthened bilateral programs through collaborations with government and NGOs such as UNESCO. France sat on the G8 Education Task Force, which will present its findings and recommendations in Kananaskis.

## **3. Global Health Fund**

France believes that with development aid, there are issues such as the AIDS epidemic and other moral obligations that must be addressed. By May 2002, France had contributed over \$133 million US to the Global Health Fund, which was launched in Genoa. The Fund is now operational and has begun to support programs that provide essential medicines and prevent the spread of highly infectious diseases such as HIV/AIDS, tuberculosis and malaria, which have crippled African development.

## **4. Trade Liberalization**

Other obligations include issues dealing with the liberalization of trade. France believes that it is not sufficient to open up borders, but that developing countries need proper investment flows and encouragement in promoting labour standards. France is heavily involved in African matters and stated at the Doha trade round that access to developed countries' markets by disadvantaged countries was a priority. The EU collectively supports a new trade round as laid out in the Doha Development Agenda, and maintaining a balance between openness and sustainability. A sticking point for France dealt with pre-arrangements in agriculture and services.

## **5. Terrorism**

One of the few issues involving the G8 countries this year that lies somewhat outside of the African theme deals with terrorism. The events of September 11, 2001 have left the world thinking of security measures. France has done its part in stepping up security by reinstating the domestic plan, VIGIPIRATE, that secures public areas. France reported an outline of how it is combating terrorist activity to the UN Security Council in December 2001. It has had some success in stopping the flow of funds to suspected terrorist organizations and supports the G7 Finance Ministers' plan of October 2001.

## **6. Middle East**

France is very concerned about the difficulties in the Middle East and with the continuation of months of violence, it may be difficult to keep this issue off the agenda. A resolution to the conflict in this region is one of the top priorities on France's foreign policy agenda. Indeed, many of the G8 members may wish to use this year's summit as an opportunity to discuss a resolution of the Middle East conflict further.

## **7. Kyoto**

With the ratification of the Kyoto Protocol in May 2002 by the EU, France has stated its intention to intensify efforts in Kananaskis to get the international community to aid developing countries in limiting emissions.

## **8. International Financial System**

France supports the move to strengthen the international financial system through reforms aimed at improving economic flexibility and resilience. France supports the plan authored by former Canadian Finance Minister Paul Martin that forces lenders to agree to restructuring efforts under "collective action" clauses for emerging economies in trouble.

## 9. DOT Force

The DOT Force project continues and France was charged with leading the Implementation Team, which focused on improving connectivity, increasing access and lowering costs. A business plan is being prepared and France continues to encourage the involvement of NGOs and the private sector. The EU member states have committed to having all basic services online by the end of the year.

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