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December 23, 1985

To: Members of the Executive Board

From: The Secretary

Subject: Debt Strategy - Statement by French Commercial Banks

The following statement issued on December 13, 1985 by the Association Française des Banques on behalf of the French banks has been received in the Fund:

The "Baker Initiative"
Statement of the French Banks

French banks are aware of the proposals relating to the handling of the present phase of world debt problems put forward by Mr. Baker, Secretary of the U.S. Treasury, at the Annual Meetings of the IMF and IBRD in Seoul. They are also informed of the support for these proposals given by the Governors of the Central Banks of the Group of Ten at their last meeting in Basle on November 11 and 12.

The French banking community, which in the last few years made an especially important effort in favor of the most indebted countries, considers that a satisfactory implementation of these proposals depends on the will of all countries concerned, both debtors and creditors, to promote the necessary conditions in the management of their own economy as well as world economy, in particular with regard to growth, trade and payment balances and interest rates.

At this stage, French banks view Mr. Baker's initiative as a constructive approach. They consider joining it, on a case-by-case basis, without a country priority list and provided that all other parties concerned, governments and intergovernmental institutions simultaneously play their part in an increase of net contributions.

Given the nature and magnitude of the problem, French banks do emphasize the indispensable part to be played by governments as well as by the IMF, the World Bank and all other institutions dealing with development assistance. In this respect, French banks wish that the breakdown of efforts envisaged in Mr. Baker's plan be amended.

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Department Heads

