

44-071

R 145057CZCZCZBZRENT

FRN-PIPELINE-FRANCE (2 PAGES)

PARIS, JULY 23 (REUTERS) -- THE FRENCH GOVERNMENT SAID TODAY THAT CONTRACTS MADE BY FRENCH FIRMS FOR THE CONSTRUCTION OF THE GIBERIA-WEST EUROPE NATURAL-GAS PIPELINE MUST BE HONORED.

A STATEMENT FROM PRIME MINISTER PIERRE MAUROU'S OFFICE SAID FRANCE COULD NOT ACCEPT THE U.S. GOVERNMENT'S UNILATERAL DECISION ON JUNE 18 TO BAN THE SUPPLY OF EQUIPMENT FOR THE PIPELINE MADE BY EUROPEAN FIRMS UNDER LICENSE FROM U.S. COMPANIES.

"SUCH MEASURES ARE UNDULY DETRIMENTAL TO EUROPEAN COMPANIES AND ARE DAMAGING COOPERATION BETWEEN THE U.S. AND ITS ALLIES," THE FRENCH STATEMENT SAID.

YESTERDAY, EVAN DALBRAITH, THE U.S. AMBASSADOR TO FRANCE, TOLD JOURNALISTS: "IT WOULD MAKE NO POLITICAL OR COMMERCIAL SENSE FOR COMPANIES TO VIOLATE U.S. LAWS."

HE SAID THAT EUROPEAN COMPANIES, INCLUDING THE FRENCH ENGINEERING GROUP ALSTHOM-ATLANTIQUE, HAD CONCLUDED AGREEMENTS WITH U.S. CONCERNS TO PRODUCE PIPELINE EQUIPMENT UNDER LICENSE, WHICH INCLUDED A PLEDGE TO ABIDE BY U.S. RULES COVERING EXPORTS. 2 MORE 0602 MN

*Handwritten initials and "FR" in the top right margin.*

*Handwritten bracket and checkmark next to the paragraph about the ambassador's statement.*

*Handwritten "AA" in the middle right margin.*

44-072

R 145041LZCZCZBZREYL

FRN-PIPELINE-FRANCE 2 PAGES

TODAY'S STATEMENT BY THE FRENCH GOVERNMENT COMES AFTER WEST GERMAN CHANCELLOR HELMUT SCHMIDT, ON A VISIT TO HOUSTON, TEXAS, YESTERDAY REAFFIRMED HIS COUNTRY'S DETERMINATION TO PROCEED WITH THE PIPELINE PROJECT.

PREVIOUSLY, THE ONLY OFFICIAL FRENCH REACTION HAD BEEN THAT IT WAS STUDYING THE LEGALITY OF THE U.S. DECISION.

U.S. OFFICIALS HAVE CITED CONTINUING MARTIAL LAW IN POLAND AS ONE REASON FOR THE BAN AND SAY THEY FEEL IT WILL MAKE WESTERN EUROPE TOO DEPENDENT ON SOVIET NATURAL GAS.

THEY ALSO ARGUE THAT TO PROVIDE THE SOVIET UNION WITH WESTERN TECHNOLOGY AND CREDITS WOULD ALLOW MOSCOW MORE MONEY TO SPEND ON ARMS DEVELOPMENT.

THE WEST EUROPEAN VIEW HAS BEEN THAT PROJECTS LIKE THE PIPELINE WILL INCREASE COOPERATION WITH THEIR GIANT EASTERN NEIGHBOR.

FRENCH OFFICIALS SAID LAST MONTH THAT THE PIPELINE DISPUTE HAD PLUNGED RELATIONS BETWEEN WESTERN EUROPE AND THE UNITED STATES TO AN ALL-TIME LOW.

ALSTHOM-ATLANTIQUE HAS A CONTRACT WITH THE GENERAL ELECTRIC CO. TO CONSTRUCT TURBINE ROTORS. 2 REUTER 0604 MN