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TEXT

TAGS: NONE

SUBJECT: DAILY MEDIA REACTION REPORT

PARIS - TUESDAY JULY 25

LEADS: RESHUFFLINGS IN TOKYO, LONDON; ACCORDS BETWEEN MEXICO AND THE BANKS; ELECTIONS FOR PRESIDENT OF EUROPEAN PARLIAMENT; STRIKES IN THE U.S.S.R. AND GORBACHEV'S SECOND APPEAL IN TWO DAYS..

(A) STORIES COVERED IN REPORT:

1. PRESIDENT BUSH AFTER PARIS SUMMIT
2. MEXICO'S ACCORD
3. FELIX BLOCH
4. CAMBODIAN TALKS IN PARIS
5. RESHUFFLING IN TOKYO
6. RESHUFFLING IN LONDON

(B) SUMMARY OF TYPE OF COVERAGE:

1. WEEKLY CONSERVATIVE LE POINT SAYS ARCHE SUMMIT SHOWED BUSH AS A DETERMINED LEADER, A SERIOUS COMPETITOR FOR GORBACHEV AND A "FULL-FLEDGED STAR."
2. ACCORD BETWEEN MEXICO AND THE BANKS, HEADLINED AS "HISTORIC" BY LES ECHOS AND LIBERATION, GETS FRONT-PAGE COVERAGE IN FINANCIAL AND ECONOMIC PAPERS AND SIGNIFICANT COVERAGE IN OTHER DAILIES. ACCORD IS DESCRIBED AS SUCCESS AND TOPIC OF RELIEF FOR SECRETARY BRADY AND PRESIDENT BUSH. OUTCOME IS ALSO DESCRIBED AS "TEST" FOR OTHER ENDEBTED COUNTRIES INVOLVED IN BRADY PLAN.
3. FELIX BLOCH AFFAIR GETS SIGNIFICANT COVERAGE ON MORNING TELEVISION NEWS PROGRAMS WITH WARNINGS BY STATE DEPARTMENT AND REMARKS BY PRESIDENT BUSH.
4. DEADLOCK OF FIRST CAMBODIAN CONVERSATIONS IN PARIS GETS SIGNIFICANT COVERAGE. KHMER ROUGES ISSUE IS SEEN AS MAIN BONE OF CONTENTION.
- 5 AND 6. RESHUFFLINGS IN LONDON, TOKYO, WHICH ARE HEADLINED ON TELEVISION NEWS PROGRAMS, GET EXTENSIVE COVERAGE IN MAIN PAPERS.

(C) HEADLINES:

1. PRESIDENT BUSH AFTER PARIS SUMMIT:

"SIX MONTHS AFTER HIS ELECTION, BUSH TAKES THE LEAD"
(LE POINT)

2. MEXICAN DEBT:

"MEXICO AND THE BANKS REACH ACCORD ON REDUCTION OF THE

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DEBT" (LE MONDE)
"ACCORD INAUGURATES REDUCTION OF DEBTS" (LA TRIBUNE)
"DEBT: MEXICO OPENS THE WAY" (LES ECHOS)
"HISTORIC ACCORD BETWEEN MEXICO AND THE BANKS"
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(LIBERATION)

3. FELIX BLOCH:

"INVESTIGATION OF DIPLOMAT SUSPECTED OF INTELLIGENCE
LEAK" (LE MONDE)
"GORBACHEV'S FIRST U.S. SPY" (LA TRIBUNE)

4. CAMBODIAN TALKS IN PARIS:

"BIG CAMBODIAN MANEUVERS" (LES ECHOS)
"DISAGREEMENT ON KHMER ROUGES" (HUMANITE)

6. RESHUFFLING IN TOKYO:

"HARD TO UNDERSTAND" (QUOTIDIEN)

6. RESHUFFLING IN LONDON:

"LAST CHANCE CABINET" (FIGARO)

(D) SUPPORTING TEXT:

1. PRESIDENT BUSH AFTER THE PARIS SUMMIT:

WEEKLY CONSERVATIVE LE POINT ON PAGE 36-37 BY REPORTER
MICHEL COLOMES: "SIX MONTHS AFTER HIS ELECTION, HE
SHOWS HIS TRUE SELF. AT THE PARIS SUMMIT, HE OPPOSED
A 'NEW EUROPEAN WORLD' TO GORBACHEV'S 'COMMON HOUSE'.
AT HOME HE RELAUNCHED THE CONQUEST OF SPACE...IN HIS
OWN, MODEST SMILING WAY--LESS IDEOLOGICAL THAN THAT OF
REAGAN, BUSH IS DETERMINED TO YIELD NOTHING TO
GORBACHEV. ESPECIALLY NOT AT A MOMENT WHEN, FOR THE
FIRST TIME SINCE 1985, A U.S. PRESIDENT IS RESUMING THE

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DELICATE GAME OF CONQUERING PUBLIC OPINION. ALTHOUGH THE ARCHE SUMMIT CELEBRATED THE MEDIA-DIPLOMATIC APOTHEOSIS OF FRANCOIS MITTERRAND, IT ALSO SHOWED GEORGE BUSH AS A FULL-FLEDGED STAR. SIX MONTHS AFTER HIS ARRIVAL AT THE WHITE HOUSE AND AFTER TWO EUROPEAN VISITS AND THREE PROPOSALS, THE U.S. PRESIDENT APPEARS TO BE A SERIOUS COMPETITOR TO THE GORBACHEV'S ONE-MAN SHOW...THE SUBTLE WAY IN WHICH HE BROUGHT HIS PARTNERS AT THE SUMMIT TO AGREE TO A COORDINATED PLAN TO AID EASTERN EUROPE PROVED THAT HE IS BOTH CAPABLE OF INITIATIVE AND OPEN TO COMPROMISE. THE CONCEPT OF A 'NEW EUROPEAN WORLD,' OPPOSED TO GORBACHEV'S 'COMMON HOUSE,' SHOWED THAT HE DOES NOT LACK IMAGINATION. HIS ANNOUNCEMENT ON JULY 20 OF NEW SPACE PROGRAMS PROVED THAT THIS PRESIDENT IS CAPABLE OF INTERESTING HIS COMPATRIOTS IN AMBITIOUS PROJECTS...THE SOLUTION ON AID TO EASTERN EUROPE HAS SHOWN THAT, CONTRARY TO HIS PREDECESSORS, HE CAN SHOW HIMSELF AS A PARTNER RATHER THAN AS A LEADER. IT WAS ALSO AN OPPORTUNITY TO SHOW THAT RELATIONS WITH MITTERRAND OR KOHL ARE AS IMPORTANT TO HIM AS THE TRADITIONAL PRIVILEGED RELATIONS WITH THE BRITISH PRIME MINISTER."

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2. MEXICO AND THE DEBT:

FINANCIAL LA TRIBUNE FRONT-PAGE ARTICLE BY REPORTER DANIELE GERVAIS: "AN ACCORD IN PRINCIPLE WHICH MUST BE ENDORSED BY PRIVATE CREDIT INSTITUTIONS AS A WHOLE. THEY WILL NOT DISAVOW THEIR REPRESENTATIVES AFTER CONDUCTING LONG-TERM COORDINATION...IT REMAINS TO BE SEEN IF THE EFFORT MADE BY THE BANKS WILL BE GAUGED AT ITS CORRECT VALUE BY THOSE WHO SEE THEM AS LARGELY RESPONSIBLE FOR THE DEBTS OF THE THIRD WORLD. THESE VOICES MISCALCULATE THE DANGER FOR AN INDEBTED COUNTRY OF TOO GREAT A CANCELLATION OF ITS DEBT. THERE WILL BE A RISK OF DIMINISHING ITS INTERNATIONAL CREDIT AND PROGRESSIVE DIMINUTION OF NEW NEEDED LOANS."

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INFLUENTIAL LE MONDE ON BACK PAGE: "ANNOUNCED LAST MARCH BY THE U.S. TREASURY SECRETARY, THE BRADY PLAN ACKNOWLEDGED FOR THE FIRST TIME THE NEED TO LIGHTEN THE BURDEN OF THE SO-CALLED INTERMEDIARY COUNTRIES...MEXICO APPEARED AS THE BEST CANDIDATE FOR THE IMPLEMENTATION OF THE BRADY PLAN. THE ACCORD SIGNED LAST SUNDAY CONSTITUTES A 'BREAKTHROUGH' FOR THE OTHER INDEBTED COUNTRIES....IT REMAINS TO BE SEEN WHAT WILL BE THE KEY ATTITUDE OF THE CREDITOR BANKS WHICH ARE REPORTEDLY MORE FAVORABLE TO NEW LOANS THAN TO A TRUE REDUCTION OF THE DEBTS. IN ACCEPTING THE REDUCTION, THE BANKS ACCEPT THE DEFEAT OF THE STRATEGY OF LOANS TO THE THIRD WORLD...IN LENDING MORE MONEY, THEY INDICATE ON THE CONTRARY THAT THEY CONTINUE TO HAVE FAITH IN THE ABILITY OF COUNTRIES LIKE MEXICO TO REIMBURSE HEAVY DEBTS. THIS REASONING, WHICH WAS THAT OF FORMER TREASURY SECRETARY JAMES BAKER, IS NO LONGER FASHIONABLE IN THE INDUSTRIALIZED COUNTRIES. THE PARIS SUMMIT UNDERLINED THE NEED TO CONTINUE THE STRATEGY OF DEBT REDUCTION. WITH OR WITHOUT THE REDUCTION, THE ELIMINATION OF THE DEBT PROBLEM HINGES ON THE IMPROVEMENT OF THE INDEBTED COUNTRIES' ECONOMIES....THE NEW DEBT STRATEGY IS PROGRESSING AND THE MEXICAN ACCORD IS CLEAR IN THAT REGARD. BUT FOR PROGRESS TO SPREAD, SIMILARITIES BETWEEN THE POINTS OF VIEW OF THE INDEBTED COUNTRIES, OF THEIR BANKERS, OF THE GOVERNMENTS OF THE CREDITOR COUNTRIES AND INTERNATIONAL ORGANIZATIONS IS INCREASINGLY NECESSARY."

CONSERVATIVE FIGARO ON PAGE 15 BY REPORTER CHRISTOPHE LABARDE: "THREE MONTHS OF INTENSIVE NEGOTIATIONS AND A CONSIDERABLE STAKE....COMMERCIAL BANKS ARE BITTER. A FINANCIAL EXPERT WHO REFUSED TO BE IDENTIFIED SAID THEY HAD NO ALTERNATIVE."

ECONOMIC LES ECHOS FRONTPAGE ARTICLE BY REPORTER JACQUES HUBERT-RODIER: "AFTER THREE MONTHS OF DIFFICULT NEGOTIATIONS, MEXICO AND THE CONSULTATIVE COMMITTEE REPRESENTING HUNDREDS OF CREDIT BANKS REACHED A 'HISTORIC ACCORD.'...THIS WILL BE THE FIRST OPPORTUNITY TO IMPLEMENT THE BRADY PLAN...THE TASK WILL NOT BE EASY...IN ANY EVENT, THE MEXICAN ACCORD CONSTITUTES AN UNCLAS SECTION 04 OF 06 PARIS 24191

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EXAMPLE FOR THE OTHER HEAVILY INDEBTED COUNTRIES, MAINLY THE PHILIPPINES, VENEZUELA AND MOROCCO."

LEFT-OF-CENTER LIBERATION ON PAGE 9 BY REPORTERS MARIE-LAURE COLSON AND FREDERIC FILLOUX: "IN WASHINGTON, A KEY FIGURE IN THE BUSH ADMINISTRATION MUST BE FEELING CONSIDERABLY BETTER TODAY, I.E. SECRETARY BRADY WHO GAVE HIS NAME TO THE PLAN....THE TREASURY SECRETARY MADE A BIG GAMBLE IN THESE NEGOTIATIONS. HE RISKED HIS CREDIBILITY IN THE ADMINISTRATION AND HIS PRESTIGE IN THE BANKING WORLD WHICH IS HOSTILE IN PRINCIPLE TO THE IDEA OF A REDUCTION OF THE DEBT. POLITICALLY, THE AFFAIR WAS NOT WITHOUT RISK FOR BUSH EITHER....THE U.S. PRESIDENT FELT SORRY HE WAS NOT ABLE TO COME TO PARIS WITH A SIGNED ACCORD....FOR MEXICO HOWEVER, THE OPERATION IS ONLY A PARTIAL SUCCESS....AT ISSUE IS NOT TOTAL CANCELLATION OF PART OF THE DEBT....THE MEXICAN SERIES IS NOT OVER. AS LONG AS THE BANKS HAVE NOT CHOSEN THEIR FORMULA, WE WILL NOT KNOW THE AMOUNT OF THE REDUCTION OF THE MEXICAN DEBT....THE DECISION OF THE BANKS WILL BE A TEST FOR THE OTHER COUNTRIES INVOLVED IN THE BRADY PLAN AND ALSO A TEST OF THE REAL DETERMINATION OF THE BANKS TO PARTICIPATE IN THE PROCESS DEBT REMOVAL."

3. FELIX BLOCH:

INFLUENTIAL LE MONDE ON BACK PAGE: "ACCORDING TO THE WASHINGTON POST, THIS IS REPORTEDLY ONE OF THE MOST IMPORTANT INTELLIGENCE AFFAIRS INVOLVING THE STATE DEPARTMENT SINCE THE 50S....VIENNA IS THE SITE FOR NEGOTIATIONS ON CONVENTIONAL DISARMAMENT IN EUROPE AND ALSO A PRIVILEGED AREA FOR EAST-WEST MEETINGS. THE POSITION OF DEPUTY AT THE EMBASSY WAS ESPECIALLY IMPORTANT BECAUSE THE AMBASSADOR WAS NOT A CAREER DIPLOMAT....BLOCH HAD BEEN NOTICED FOR HIS SUPPORT TO **KURT WALDHEIM** WHEN THE U.S. ADMINISTRATION DISTANCED ITSELF AFTER THE POLEMIC AROUND THE AUSTRIAN PRESIDENT AND HIS ACTIVITIES IN THE GERMAN ARMY DURING WW II."

FINANCIAL LA TRIBUNE COMMENT ON BACK PAGE BY CORRESPONDENT IN WASHINGTON, JEAN-MARIE MACABREY: "A PERFECT, BORING, MOROSE, QUIET AND CAPABLE BUREAUCRAT. THIS IS HOW FELIX BLOCH'S COLLEAGUES DESCRIBE THE 50-YEAR OLD SMALL BOLD DIPLOMAT COMPROMISED IN AN INTELLIGENCE AFFAIR CURRENTLY STIRRING AMERICA. HE IS SUSPECTED OF HAVING WORKED FOR THE SOVIETS DURING THE LAST 10 OR 15 YEARS. HE REPORTEDLY WAS FILMED A FEW

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MONTHS AGO IN PARIS HANDING A BRIEFCASE TO A SOVIET AGENT....BLOCH HAD NO ACCESS TO THE MOST SECRET DOSSIERS OF DEFENSE AND U.S. INTELLIGENCE BUT HIS KNOWLEDGE OF DIPLOMATIC CABLES MADE HIM A POTENTIAL AND VERY VALUABLE SOURCE FOR THE SOVIETS....THE INTERESTING POINT WITH BLOCH IS THE FACT THAT HE WAS A DIPLOMAT. THE AMERICANS HAVE HAD MANY INTELLIGENCE CRISES IN RECENT YEARS BUT THE TRAITORS WERE COMING FROM MANY SECTORS--NAVY, SECRET SERVICE OR SECURITY SERVICES IN UNCLAS SECTION 05 OF 06 PARIS 24191

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THE EMBASSIES--ALL WITH THE EXCEPTION OF THE STATE DEPARTMENT."

4. TALKS ON CAMBODIA IN PARIS:

TELEVISION ANTENNE 2 AT 1 P.M. ON JULY 24 WITH FOREIGN AFFAIRS REPORTER GILLES RABINE: "THE FRENCH FOREIGN MINISTER, WHO IS STILL TIRED FROM THE BICENTENNIAL AND THE SUMMIT, KNOWS THAT HE HAS ONLY 48 HOURS TO FIND A COMPROMISE WHICH THE CAMBODIAN PARTIES WERE UNABLE TO FIND IN TWO YEARS....IT'S THE FIFTH TIME THAT THE TWO MEN ARE MEETING AND STUMBLING OVER THE SAME QUESTION: WHAT TO DO WITH THE KHMER ROUGES?"

ECONOMIC LES ECHOS EDITORIAL: "BECAUSE THEY HAD SET THEIR POSITIONS IN ADVANCE, THE TWO MEN WERE UNABLE TO AGREE.....THE FICKLE SIHANOUK, WHOSE GOVERNMENT ENJOYS A GREATER INTERNATIONAL RECOGNITION THAN THE PHNOM PENH REGIME, WANTS TO REINTRODUCE THE KHMER ROUGES IN THE POLITICAL GAME....WITH A REASONABLE CASE, HUN SEN REFUSES THE RETURN OF THESE SINISTER PEOPLE ON THE CAMBODIAN POLITICAL SCENE. AND THE CAMBODIANS, WHO ARE AFRAID OF A REVIVAL OF THE CIVIL WAR DO NOT WANT THEM TO RETURN EITHER....THERE IS STILL THE COMMON SENSE SOLUTION PROPOSED BY FRANCE AND INDONESIA WHICH CONSISTS OF THE RENOUNCIATION BY THE PARTIES OF 'ANY POLICY OR PRACTICE WHICH LED IN THE PAST TO THE

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GENOCIDE OF THE KHMER PEOPLE.' A HUGE AGENDA WHICH WILL REQUIRE IMPORTANT CONCESSIONS IN THE TWO CAMPS BEFORE THE END OF THIS WEEK."

COMMUNIST HUMANITE ON PAGE 9 BY REPORTER MICHEL MULLER: "IS THE INTERNATIONAL CONFERENCE IN JEOPARDY?...DOES SIHANOUK'S ABOUT-FACE MEAN THAT PEACEFUL NEGOTIATIONS ARE NO LONGER IN SIGHT? IN REALITY, IF THE INTERNATIONAL COMMUNITY GUARANTEES A NON-RETURN OF THE KHMER ROUGES TO CAMBODIA, FOLLOWING THE DECISION MADE IN DJAKARTA, THE PRINCE WILL HAVE LIKELY PLAYED THE WRONG CARD."

5. RESHUFFLING IN TOKYO:

RIGHT-OF-CENTER QUOTIDIEN ON PAGE 12 BY REPORTER PAUL CAMBON: "IS THE SECOND WORLD POWER TEMPTED BY SOCIALISM?...JAPANESE ELECTORS HAD CLEARLY HAD ENOUGH...ONE THING IS CLEAR: JAPANESE POLITICAL CIRCLES ARE CONFRONTED WITH THE CHALLENGE OF CHANGE AND PLURALITY...IN THE U.S.-JAPAN TEST OF STRENGTH ON THE REFORM OF THE DISTRIBUTION SYSTEM, ONE CAN HARDLY IMAGINE HOW TOKYO COULD BECOME MORE FLEXIBLE. THE SAME REMARK IS VALID FOR THE LIBERALIZATION OF FARM IMPORTS SO MUCH IN DEMAND BY THE U.S. AND EUROPE. ALL THIS AMOUNTS TO SAYING THAT JAPAN, WHICH UP TO NOW WAS FAR FROM BEING AN EASY PARTNER, RUNS STRONG RISKS OF BECOMING A EVEN MORE DIFFICULT INTERLOCUTOR IN THE COMING MONTHS, MORE DIFFICULT AND LESS UNDERSTANDABLE FOR THE WEST."

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RESHUFFLING IN LONDON:

CONSERVATIVE FIGARO ON PAGE 4 BY REPORTER VINCENT GERARD: "FOR MARGARET THATCHER, THIS IS THE LAST CHANCE CABINET....THE NEW GOVERNMENT WILL HAVE TO IMPLEMENT A

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SERIES OF PARTICULARLY IMPOPULAR REFORMS."

INTERNATIONAL HERALD TRIBUNE - TUESDAY JULY 25

FRONT-PAGE ARTICLES: IHT FROM TOKYO: "UNO RESIGNATION
CLOUDS JAPAN FUTURE;" NYT FROM JERUSALEM: "PLO LINK TO
SHAMIR REPORTED;" NYT FROM MOSCOW: "GORBACHEV MOVES
ELECTIONS UP TO COMBAT SPREAD OF STRIKES;" NYT FROM NEW
YORK: "LATIN DEBTS: LACK OF CONSENSUS;" WP FROM LONDON:
"THATCHER PROMOTES HOWE IN RESHUFFLE."

EDITPAGE: NYT: "A START ON POISON GAS;" WP: "NORIEGA AS
GOLIATH;" NYT: "SLUDGE FROM THE CITY."

COLUMNS: EBAN: "ISRAEL: TALKING TO THE PLO DOESN'T MEAN
APPROVAL;" HANKE AND RABUSHKA: "TO PAY THEIR WAY,
ISRAELIS WILL HAVE TO ABANDON SOCIALISM;" HOAGLAND:
"DRUG TRAFFIC: A CRYPTIC MESSAGE FROM CASTRO'S FIRING
SQUAD;" BENEDICK: "ENVIRONMENT: AN AGENDA FOR THE NEXT
G-7 SUMMIT." KORENGOLD

ADMIN
END OF MESSAGE

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