

.... July 2 Juillet 1990

.... LE TEMPS - Région parisienne: Matinée
plus fraîche. Ciel très incertain.
Quelques rayons de soleil perceront les
nuages. Il fera 21°.

.... ... SG/PRB/D(90)

AFP: LE MONDE EN BREF

BONN - Le chancelier ouest-allemand Helmut Kohl a lancé dimanche aux Allemands de l'Ouest un appel à la solidarité avec les Allemands de l'Est pour que l'union monétaire entre la RFA et la RDA, qui est entrée en vigueur le même jour, porte ses fruits.

VARSOVIE - Le Premier ministre polonais Tadeusz Mazowiecki s'est proposé, dans une allocution prononcée dimanche à Varsovie, de rencontrer "la semaine prochaine" M. Lech Walesa, pour "voir ensemble ce qu'il est possible de faire pour que les querelles ne détruisent pas la Pologne, ni les acquis de Solidarité qui sont notre bien commun".

OTTAWA - Environ un millier de Québécois indépendantistes ont manifesté dimanche après-midi contre la visite de la reine Elizabeth II à Hull, dans la banlieue québécoise d'Ottawa, à l'occasion de la fête nationale du Canada.

REUTER - WORLD NEWS SUMMARY

MOSCOW - Soviet communist delegates questioned Mikhail Gorbachev's leadership of the Party before a crucial congress opening on Monday that may decide the future of communism in the Soviet Union.

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EAST-WEST GERMANY

FINANCIAL TIMES: Changes in E. Germany

BERLIN - "- D-Mark replaced East German Mark as the official currency, with the Bundesbank in charge - All border controls for Germans lifted between East and West Germany - All price controls ended, apart from rents and public sector charges (energy, transport, etc...) - Main elements of West German social security system brought in - West German VAT and other consumer taxes levied. Partial introduction of West German income tax. Corporation tax to be introduced in January - West German wage bargaining system and labour and banking laws brought in, property rights introduced - Bonn budgetary procedures implemented."

FINANCIAL TIMES: Public sector spending urged

BERLIN - "The West German Bundesbank, which yesterday brought in the D-Mark as legal tender for 16m East Germans, issued a strong call for curbs in public sector spending to help finance the merger of the two Germanys. Mr. Johann Wilhelm Gaddum, the Bundesbank directorate member responsible for the central bank's new East German operations, said that conditions for investment in East Germany would be aided by 'stronger restraint in public sector budgets in the Federal Republic'. Mr. Theo Waigel, the Bonn Finance minister, in East Berlin yesterday for the first day of German economic and monetary union, said the currency changeover would not lead to extra inflation. 'We are following a stability-orientated policy', he said, pointing out that next year's central government spending was due to rise only 3.9%."

FINANCIAL TIMES: The pains of GEMU

"Now is the time to praise regulatory competition. A week that began with a discussion of economic and monetary union at the European Council and will end with German monetary union is the occasion for appreciating a force common to both... East German gross national product is only 10% of that of West Germany. Given the small size of the East German economy and the limitations upon its immediate capacity to absorb resources, West Germany is not likely to be dramatically affected by GEMU. In its latest Economic Outlook, the OECD suggests that, in 1991, the current account

deficit of East Germany would make the surplus of an integrated German economy only \$9bn smaller than that of West Germany alone. Similarly, there is no reason why GEMU should lead to a long-lasting increase in inflation. The total D-Mark broad money supply should not rise by more than 12% and much of this is likely to be viewed as precautionary."

GATT

REUTER: Dunkel's term extended until end 1992

GENEVA - "The GATT trade forum on Friday extended the appointment of its Swiss director-general, Arthur Dunkel, until the end of 1992 to allow him to implement decisions from current world trade negotiations. The GATT decided on the extension 'to ensure implementation of the Uruguay Round results, particularly on the institutional side', GATT spokesman David Woods told a weekly news briefing. It was the second extension in 2 years for Dunkel, 57, who has been GATT director-general since 1980."

FINANCIAL T.: US-EC: Attempt to break farm deadlock

GENEVA - "A crucial attempt will be launched today to break the deadlock over agriculture between the European Community and the US. The impasse is threatening to bring nearly 4 years of trade-liberalising talks to nothing. Mr. Art de Zeeuw, chairman of the group negotiating on agriculture in GATT's Uruguay Round, will table a programme for the reform of world farm trade that from 1991-92 would start cutting supports for farmers, which cost the Western countries \$251bn in 1989. His draft text is probably the most important document submitted in the Uruguay Round since Trade ministers decided at Punta del Este in 1986 to negotiate the liberalisation of the world trading system over 15 wide-ranging areas."

EC

HERALD TRIBUNE: Belgium backs 2-speed monetary union

BRUSSELS - "Belgium and other EC member states might forge a common monetary policy in less than 5 years, leaving others to join later, Belgian Prime Minister Wilfried Martens said Friday. Mr. Martens and Finance Minister Philippe Maystadt spelled out in a statement the Belgian government view of EC economic and monetary union after the Belgian central bank governor Alfons Verplaetse on Friday endorsed the controversial idea of a 2-speed monetary union."

OECD ECONOMIES

Japan

HERALD TRIBUNE: Surplus falls sharply

TOKYO - "Japan's current account surplus plunged more than 50% in May compared with a year earlier, but many economists doubt the trade measure will narrow further. The Finance Ministry reported on Friday that the unadjusted current account surplus shrank to \$1.46bn in May from \$3.44bn a year earlier... Exports fell 1.3% to \$21.10bn, while imports swelled by 13.9% to \$18.49bn."

LA TRIBUNE: Le déficit caché: la main-d'oeuvre

"Le taux de chômage est resté inchangé en mai au Japon à 2,1% de la population active. Au cours des 12 derniers mois, le nombre de Japonais qui ont un emploi a augmenté de 1,3 M de personnes pour atteindre 63,4 M. Mais l'économie nippone, qui vient d'entrer dans son 43ème mois d'expansion ininterrompue souffre d'un manque chronique de main-d'oeuvre qui risque, à terme, de peser sur la stabilité des prix et sur la croissance."

West Germany

WALL STREET J.: Wider trade, current-account surpluses

"West Germany is expected to report this week wider trade and current-account surpluses for May. According to a survey of economists, the nation's trade surplus widened to 10bn Deutsche marks (\$6bn) in May from DM7.6bn (\$4.5bn) in April, while the current-account surplus expanded to DM7.9bn from DM5.7bn. The Federal Statistics Office in Wiesbaden is expected to report the May trade data sometime this week."

Australia - New Zealand

FINANCIAL TIMES: Towards a free trade deal

SYDNEY - "Australia and New Zealand yesterday took a big step towards integrating their economies with the completion of a Closer Economic Relations (CER) agreement which establishes free trade in goods across the Tasman Sea... The 2 countries have been moving towards free trade since 1965 when 1,000 goods were placed on an initial tariff-free list. But progress was slow until the CER took effect in 1983, with the objective of achieving free trade in physical goods by 1995."

United States

HERALD TRIBUNE: Bush on tax stand: not playing politic

WASHINGTON - "President George Bush said Friday that he decided to abandon his 'no new taxes' campaign pledge because a deteriorating economy, a ballooning federal deficit and the collapse of savings and loan institutions had created a 'major problem' for the country that could only be solved through successful negotiations to reduce the budget deficit. Mr. Bush said he 'can understand' those people who argue that his 1988 campaign pledge on taxes was little more than a cynical gesture to help him win election."

France

LA TRIBUNE: 1989, une année de consolidation

"'1989: une économie plus forte', le titre choisi par les experts de l'INSEE pour leur rapport sur les Comptes de la nation 1989 est dénué d'ambiguïté. Si 1988 avait été, pour l'économie française, l'année de la 'croissance retrouvée', 1989 aura été celle de la consolidation de cette croissance. Contrairement à ce qu'anticipaient les prévisionnistes fin 1988, la progression du produit intérieur s'est à peine ralentie l'an dernier. Le PIB marchand a progressé de 3,8%, soit un rythme équivalent à celui de 1988 (+3,9%). Quels ont été les moteurs de cette croissance? Si la consommation a progressé encore vivement l'an dernier, ce sont l'investissement et les exportations qui ont tiré le PIB, comme en 1988."

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END-OF-TEXT