

.... October 17 Octobre 1990

.... LE TEMPS - Région parisienne: Ciel
assez nuageux et brumeux. Eclaircies
cet après-midi. 20'.

.... SG/PRB/D(90)170

REUTER - WORLD NEWS SUMMARY

WASHINGTON - Majority Democrats closed ranks behind a plan to raise taxes for rich Americans in defiance of a veto threat from President George Bush. The Democrat-controlled House of Representatives approved a tax amendment on a partisan vote of 238 to 192 before turning to final debate on the 5 year, \$500bn deficit reduction bill.

UNITED NATIONS - U.N. Secretary-General Javier Perez de Cuellar has been encouraged by Security Council members to send an investigative team to Jerusalem despite Israel's refusal to cooperate with the mission, a senior Council source said.

BEIRUT - Syrian troops and Lebanese soldiers loyal to president Elias Hrawi are destroying fortifications which have divided the city through 15 years of civil war. Main crossing points between Moslem West Beirut and the Christian East were opened by the forces that overthrew renegade Christian General Michel Aoun.

NOBEL PRIZE FOR ECONOMICS

HERALD TRIBUNE: Three Americans win Nobel

STOCKHOLM - "The Nobel Memorial Prize in Economic Sciences was awarded Tuesday to three Americans whose pioneering work helped explain how prices for corporate securities are established in financial markets. The three winners are Harry M. Markowitz of the City University of New York, William F. Sharpe of Stanford University and Merton Miller of the University of Chicago. Collectively, their theories explain how risks and rewards can be balanced in a given investment portfolio; how this weighing of risks and rewards helps determine securities prices, and how factors like tax changes or bankruptcy affect the price of a company's securities."

THE GULF CRISIS

REUTER: OPEC ministers warn of crisis, urge action by West

JAKARTA - "OPEC President Sadek Bousenna said on Tuesday a fundamental, long-term oil crisis could arise unless producers and consumers started to behave differently. Other OPEC ministers at a Jakarta energy conference accused the West of dragging its feet in dealing with speculators who have sent prices skywards since Iraq invaded Kuwait ...Three other OPEC Oil ministers, Ginanjar Kartasasmita of Indonesia, Celestino Armas of Venezuela and Jibril Amino of Nigeria asked the West's oil watchdog, the International Energy Agency, for more action. Armas said the West excused itself by saying it did not want to 'manage' the oil price... 'Before the crisis OPEC... was treated with poorly concealed hostility by some of the largest consuming nations and was not even considered deservant of a dialogue by the International Energy Agency...', said Amino. 'Since OPEC has the oil that IEA will need... the 2 organisations will have to talk'. An IEA official was due to address the conference on Wednesday."

HERALD TRIBUNE: Japanese cabinet backs a gulf force

TOKYO - "The Japanese cabinet approved a plan on Tuesday to send armed personnel to the Gulf in the country's first military foray abroad since the end of World War II, but the measure immediately ran into a storm of opposition both at home and among Japan's Asian neighbors. The bill that Japan's parliament began debating in a heated session would enable the country to send thousands of forces to support US troops based in Saudi Arabia. But a key element of the law, closely following the wording of the Japanese Constitution, stipulates that the forces sent abroad as a newly formed Peace Cooperation Corps would be barred from 'the threat or use of force'. Nonetheless, in a country where memories of war, devastation and

occupation are still raw, opposition parties have vowed to kill the plan when it reaches the upper house."

EXCHANGE MARKETS

HERALD TRIBUNE: Dollar at new low, gold plunges

NEW YORK - "The dollar tumbled to a record low against the Deutsche mark Tuesday and touched its lowest levels against the yen in more than 1 1/2 years as traders saw nothing but bad news coming from the US economy. Gold also plunged, hitting its lowest level since Iraq invaded Kuwait. Dealers reported that Middle Eastern investors sold gold for British pounds, which they said bolstered sterling and added to the dollar's weakness. The dollar closed at 1.5105 DM after trading as low as 1.5070. The dollar also fell to 126.65 yen, down from 127.75 Monday and the lowest level since February 1989."

GATT: AGRICULTURE

LES ECHOS: La CEE se divise en trois camps

LUXEMBOURG - "Après une journée de nouvelles négociations, les ministres européens de l'Agriculture n'avaient toujours pas réussi, hier soir à Luxembourg, à rapprocher leurs positions sur l'offre agricole à présenter au GATT, pour la fin des négociations de l'Uruguay Round. Aussi ont-ils décidé de se retrouver vendredi à Luxembourg pour tenter de trouver un compromis... Au fil des tentatives de compromis, 3 camps sont apparus, hier. D'un côté le Royaume-Uni, les Pays-Bas et le Danemark estiment qu'il faut réduire d'au-moins 30% les soutiens communautaires à l'agriculture, et plus encore les restitutions à l'exportation, afin d'éviter un affrontement avec les Etats-Unis. A l'opposé, la France, la RFA et la Belgique exigent des engagements précis sur les mesures de compensation octroyées aux agriculteurs les plus pénalisés, par une limitation du soutien, des subventions et des restitutions moins brutales."

FINANCIAL TIMES: Japan rejects US proposal for reforms

TOKYO - "The Japanese government has rejected a US proposal for agricultural trade reforms and insisted that a ban will remain on rice imports, despite the present trade liberalisation talks."

USSR

WALL STREET JOURNAL: Gorbachev unveils compromise programme

MOSCOW - "Soviet President Mikhail Gorbachev's latest attempt to combine 2 contradictory economic reform programs has yielded a general outline that critics say leaves some key points unresolved and others unacceptable... (The plan) takes elements from both the moderate, slower-paced plan designed by Prime Minister Nikolai Ryzhkov's government and the more radical 500-day program of economist Stanislav Shatalin. The outline reflects the government's position in its moderate pacing and firm base in a unified federal national structure... Radical cuts in the budget deficit would start next month, as would a reform of the state banking system into a 'state reserve system' to include the central state bank and republican state banks. A budget-deficit ceiling of 2.5% to 3% of GNP is set for next year."

OECD ECONOMIES

Japan

WALL STREET JOURNAL: Wholesale prices: sharpest gain in a decade

TOKYO - "Higher oil prices pushed Japan's domestic wholesale prices to their sharpest gains in a decade during September, sparking concern that the inflation outlook could be worsening. The domestic component of Japan's wholesale price calculation rose 0.5% in September from August, the biggest month-to-month jump since a 0.5% rise in August 1980, the Bank of Japan said."

Germany

WALL STREET JOURNAL: Germany uncovers swindle

FRANKFURT - "German authorities believe a group of currency swindlers exploited a vulnerable link in German monetary union to defraud the Bonn

government of at least 500 million Deutsche marks (\$328 million). The Berlin state attorney's office said it arrested 4 people suspected of falsifying trade accounts to qualify for a conversion of transfer rubles into deutsche marks after the West German currency became East Germany's official currency July 1."

Canada

GLOBE AND MAIL: Air Canada cuts 2,900 workers

"Air Canada is laying off about 2,900 employees in an across-the-board cost-cutting measure that will affect everyone from ramp handlers to customer service agents and pilots... The Montreal-based airline is also cutting some of its money-losing international routes, including those to Athens, Lisbon and Madrid originating in Toronto, and the London-Bombay-Singapore run."

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