

.... October 19 Octobre 1990

.... LE TEMPS - Région parisienne: Bien gris
et humide. Quelques brèves éclaircies.
Il fera 16'.

.... SG/PRB/D(90)172

LONDON - British Prime Minister M. Thatcher's ruling Conservatives lost a by-election in the traditionally Conservative stronghold of Eastbourne.

WASHINGTON - The US House of Representatives voted to overturn President George Bush's decision to continue favourable tariff treatment for Chinese exports for another year and approved a bill imposing strict human rights conditions in 1991.

PARIS - France has asked the United Nations to investigate urgently allegations of executions and atrocities by Lebanese and Syrian troops against sympathisers of defeated Lebanese Christian leader Michel Aoun.

REUTER - WASHINGTON - The US Senate approved a plan early on Friday morning to cut the huge federal government budget deficit by \$252.5bn over 5 years by cutting spending and raising taxes.

OIL AND THE GULF CRISIS

HERALD TRIBUNE: Oil supply stabilizing

LONDON - "There is little economic justification for the sharp increase in the price of oil since the Iraqi invasion of Kuwait 11 weeks ago, though the loss of Kuwaiti and Iraqi refining capacity has tightened the supply of some oil products, according to energy officials, economists and executives gathered in London... Stephen Marris, a Paris-based senior fellow of the Institute for International Economics in Washington, pointed out that each sustained \$10 rise in oil prices cuts half a percentage point off growth and adds 3 quarters of a percent to inflation in countries that belong to the OECD... Yet there was no consensus that the members of the Paris-based IAE should begin to release oil stocks to put downward pressure on prices. G. Quincey Lumsden, the director of oil market developments at the IEA acknowledged that the oil market 'is driven by political and military uncertainty'."

FINANCIAL TIMES: Oil prices fall sharply

LONDON - "World crude oil prices fell sharply yesterday as the fear of war in the Middle East receded and traders reacted to growing evidence that markets are abundantly supplied... The abundance of crude oil supplies was confirmed by revised supply estimates yesterday from the IEA... The IEA estimated September OPEC production at 22.2m barrels a day, up from a previous estimate of 22m b/d. The IEA also raised significantly its estimates for the availability of crude oil through the winter... Its fourth quarter estimate of OPEC production has been raised by 200,000 b/d to 22.4m b/d."

WALL STREET JOURNAL: Iraq offers \$21-a-barrel oil

NICOSIA - "Iraq said it was willing to sell its oil to all sides in the Persian Gulf conflict, including the US, for \$21 a barrel, the OPEC benchmark price before the invasion of Kuwait. A Nicosia-based oil industry analyst, who requested anonymity, said the move appeared to be a tactic by Baghdad to evade the embargo by tempting poorer countries to buy Iraq oil."

TRADE TALKS

REUTER: Continents drift apart

BRUSSELS - "With an agreement on world trade in the 21st century at stake, the EC executive is caught between its trading partners demands for sharp cuts in farm subsidies and the needs of its 10 million farmers..."

The EC was the only major party to the 105-nation talks to miss Monday's deadline for submitting proposals on how to cut farm subsidies, blamed for enticing farmers in wealthy countries to produce a glut of cereals, beef and dairy products which are then sold at artificially low prices on world markets. Poorer farm-exporting nations which also owe much of the Third World's debt, like Brazil and Argentina, have insisted for years that their ability to repay is hurt by the low prices they reap for their produce."

FINANCIAL T.: Near collapse over farm subsidies row

GENEVA/BRUSSELS - "The Uruguay Round trade talks were in danger of breaking down yesterday... Mr. Felipe Sola, Argentina's Farm minister described the cuts as 'absolutely insufficient' and said that his country would walk away from the talks if the EC did not improve its offer to cut farm subsidies. The German chancellor, H. Kohl, on the other hand, in a blunt telephone call to the Commission president, warned that Brussels must modify its proposal to make it more acceptable to European farmers."

FINANCIAL T. US blocks telecoms deal at last minute

GENEVA - "The US has unexpectedly blocked a trade-liberalising agreement on telecommunications in the Uruguay Round talks just as negotiators had almost reached full agreement on how this sector should be organised. The disagreement concerns the draft text of an annexe on telecommunications to be added to a General Agreement on Services (Gats). At the last moment, and to the fury of other delegations, the US announced that it wanted a derogation - the right to exemption - for its telecommunications from the most-favoured-nation (MFN) principle embodied in the Gats framework agreement."

PAYS DE L'EST

LIBERATION: Bush promet l'aide du FMI à l'Est

"George Bush l'a promis hier au Premier Ministre hongrois Jozsef Antall, en visite officielle à Washington: les Etats-Unis demanderont au FMI d'accroître ses crédits aux pays d'Europe de l'Est, pour les aider à surmonter les effets de la crise du Golfe. Cette augmentation pourrait, selon Bush, atteindre 5 mrd\$ de dollars."

REUTER: EBRD expects loss in start-up year

LONDON - "The newly founded European Bank for Reconstruction and Development (EBRD), set up to promote economic reform in Eastern Europe, expects to lose about \$44 million in 1991, its first year of operations. Confidential financial projections drawn up by staff setting up the bank show it could move into the black in 1992. But monetary officials said the figures also showed it would take several years to generate enough income from lending and investments to cover expenses and build up appropriate reserves."

OECD ECONOMIES

United States

WALL STREET J.: September consumer prices up 0.8%

WASHINGTON - "The oil-price shock brought on by Iraq's invasion of Kuwait sent US consumer prices surging 0.8% in September for the second month in a row, the Labor department reported. The latest jump in the government's consumer price index pushes inflation to 6.2% over the past 12 months, compared with 4.7% for calendar year 1989. Barring a sudden resolution of the Middle East turmoil, analysts said, inflation for 1990 will almost certainly exceed 6%, by far the highest in 9 years."

Japan

FINANCIAL TIMES: Slower growth

TOKYO - "Yasushi Mieno, the Bank of Japan's governor, hinted Thursday that Japan may face a modest economic slowdown due to tightening domestic credit conditions, helping push the yen to a 22-month high against the dollar. In remarks made at an annual meeting of regional Japanese banks, Mr. Mieno also said the yen's recent gains against the dollar were reducing the economic effects of higher oil prices."

United Kingdom

FINANCIAL TIMES: Earnings rise

"... Figures released yesterday showed that earnings rose 10.25% in August, with an increase particularly evident in the service sector, which accounts for more than half of the British workforce. The department of Employment also announced yesterday that seasonally-adjusted unemployment rose by 13,300 in September, amounting to 5.8% of the workforce."

END-OF-TEXT