NICOSIA - Kuwaitis fleeing into Saudi Arabia see Iraq’s sudden opening of border as move to obliterate their country’s identity.

PARIS - France expels 29 Iraqis as its army, including desert-trained Foreign Legion soldiers, prepares for duty in Saudi Arabia.

JERUSALEM - Two Israeli ministers who met Soviet leader Gorbachev last week call their talks a breakthrough.

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CRISIS IN THE GULF

THE GUARDIAN: Biggest arms deal in history

WASHINGTON - "A huge new arms race and what threatens to be an irreversible process of militarisation gathered speed in the Middle East yesterday. Another 15,000 troops from Egypt and 4,000 from France were ordered to the Gulf front and the Pentagon approved a Saudi request for more than $20bn of the latest US weaponry. Israel’s Defence Minister, Moshe Arens, alarmed at the impact of the biggest arms deal in history on the regional balance of power, will today plead in Washington for his country to be granted matching military technology... The Saudi arms package will more than compensate for threatened cuts in the Pentagon’s procurement budget and has already been dubbed ‘the defence industry relief act of 1990’.

REUTER: Bush on Iraqi TV

WASHINGTON - "President Bush’s videotaped statement was broadcast on Iraqi television on Sunday. President Bush said: 'I’m here today to explain to the people of Iraq why the United States and the world community has responded the way it has to Iraq’s occupation of Kuwait. My purpose is not to trade accusations, not to escalate the war of words, but to speak with candour about what has caused this crisis that confronts us. Let there be no misunderstanding. We have no quarrel with the people of Iraq. I’ve said many times, and I will repeat right now, our only object is to oppose the invasion ordered by Saddam Hussein’.

HERALD TRIBUNE: Bonn to give $2bn

WAHN-HEIDE, West Germany - "Chancellor Helmut Kohl has announced a $2bn package of measures to support the multinational forces in the Gulf and the nearby states hurt by the global economic embargo against Iraq. But Mr. Kohl maintained that the West German Constitution barred an active military role on the ground of the kind that Britain, France, Italy and Canada have agreed to in recent days. Japan, which has similar constitutional constraints, has pledged $4bn to the effort in the Gulf."

LA TRIBUNE: Reprise de l'inflation

"Avec la 1ère salve d'indicateurs d'inflation portant sur une période postérieure au déclenchement de la crise du Golfe, l’impact du renchérissement de 60% des prix du baril de pétrole trouve une dimension chiffrée. Les chiffres de la 1ère série d’indicateurs d’inflation ‘post-crise’ ne sont que partiellement éclairants: ils ne traduisent qu’un effet mécanique fonction du poids des produits énergétiques dans les différents ‘paniers de la ménagère’ du monde industrialisé... Trois groupes de pays peuvent être distingués: - les vertueux’, qui connaissent une inflation mensuelle inférieure à 0,5%: Japon (+0,2%), Allemagne (+0,3%), Pays-Bas (+0,4%) et Espagne (+0,3%); - les ‘raisonnables’, dont la hausse des prix demeure en deçà de 0,8%: France et Belgique (+0,6%) et
DEVELOPING COUNTRIES

FINANCIAL TIMES: Drop in net flows to LDCs

LONDON - "Developing countries transferred record resources last year to the industrialised world, the World Bank says in its annual report... The World Bank shows that net transfers of resources - the amount by which developing countries debt service payments exceed new flows of funds to them - reached $42.9bn last year, according to preliminary estimates. This is a $5bn increase on the previous record of $37.6bn in 1988. The main reason for the increased flow of resources to the industrialised world was the sharp fall in the flow of new funds to developing countries to the lowest level in the decade. Net flows - new loans less capital repaid - dropped to $16.6bn from $22.8bn."

LE MONDE: Bilan de la conférence PMA

PARIS - "La 2ème conférence sur les pays les moins avancés (PMA), qui s’est achevée le 14 septembre à Paris, n’a pas déçu, dans la mesure où l’on en attendait peu... Le programme d’action pour la prochaine décennie, comparé à celui de 1981, est beaucoup plus concret et, partant, susceptible de mieux mobiliser les énergies. La communication finale insiste sur la restauration de l’appareil productif et la promotion du secteur privé, l’implication accrue de tous les partenaires du développement, les populations et les organisations non gouvernementales (ONG) en particulier... L’avancée la plus significative porte sur le suivi que les participants à la conférence se sont engagés à effectuer régulièrement. Ce contrôle aura pour effet, s’il est efficace, de soulignier la responsabilité collective des pays du Nord face au tiers-monde."

OECD ECONOMIES

United States

FINANCIAL TIMES: US recession feared

WASHINGTON - "US inflation rose sharply last month, largely because of higher oil prices resulting from the Gulf crisis, while both retail sales and industrial activity fell, increasing fears of a recession... The overall picture is of an already weak economy slowing further and an existing high rate of inflation being pushed up sharply for at least a few months. However, most economists do not believe there will be a repetition of the inflationary upsurge of 1974."

HERALD TRIBUNE: Oil profits embarrassing

NEW YORK - "Fearful of a public outcry over the large profits that many oil companies are likely to report for the financial quarter that ends in 2 weeks, industry executives are trying to find ways to hold down those profits. Their strategy takes 2 tacks. One is to hold down the increases in the retail price of gasoline... The oil companies’ second strategy for reducing profits is to increase the amount of money they set aside, or hold in reserve, for future environmental expenses, for refinery and chemical-plant maintenance programs and for potential legal claims. Such a step is commonplace in the industry and conforms with accounting standards."

Canada

THE GLOBE AND MAIL: Wheat board halts grain sales

REGINA - "The Canadian Wheat Board has stopped selling wheat on world markets because current prices have fallen below the amount the board must pay Prairie farmers. A continuing subsidy war between the United States and the European Community, and record wheat production in Canada, the United States, Europe and the Soviet Union, have combined to drive prices to their lowest level since 1931."

European Community

FINANCIAL TIMES: Big aid for USSR

MOSCOW - "The European Community is to consider a four-part programme of
economic aid and co-operation with the Soviet Union, including funds to help make the rouble convertible and support the Soviet balance of payments. The proposals were revealed in Moscow yesterday by Mr. Gianni de Michelis."

United Kingdom

HERALD TRIBUNE: Inflation over 10%

LONDON - "British retail price inflation surged to an 8-year high of 10.6% in August... Economists said the latest figures were a setback for the Chancellor of the Exchequer, John Major, who has kept British bank base lending rates at 15% since last October in an effort to curb inflation... Earlier in the week, the government reported that unemployment grew at the fastest rate in 4 years in August while retail sales data showed a sharp decline in consumer demand."

EASTERN ECONOMIES

USSR

HERALD TRIBUNE: Free market protest

MOSCOW - "Chanting ‘Resign! Resign!’, tens of thousands of protesters marched on the Kremlin on Sunday to demand the replacement of Prime Minister Nikolai I. Ryzhkov and the immediate adoption of a plan to move the Soviet Union to a free market system."

TRADE NEGOTIATIONS

FINANCIAL TIMES: GATT hits snag in services

GENEVA - "Businessmen and trade negotiators warned at the weekend of a critical situation in the international talks on liberalising the $600bn-a-year trade in services... Negotiators confirmed that the lack of decision-making in Washington and Brussels was preventing delegations from making the initial commitments to liberalisation without which the framework agreement under negotiation for 4 years would be meaningless... A formal meeting of the group negotiating on services starts today."