REUTER - WORLD NEWS SUMMARY

DAMASCUS - US hostage Jesse Turner, released in Lebanon after 1,731 days, arrives in Damascus and is handed over to US ambassador to Syria.

BELGRADE - Yugoslav army and Croatian rebels fight on. Leaders of all 6 Yugoslav republics are due to hold more talks with European Community officials in The Hague.

PYONGYANG - South Korean Prime Minister Chung leads delegation to North Korea's capital aimed at opening era of reconciliation and co-operation of the 2 Koreas.

AFP: LE MONDE EN BREF

HARARE - Les 50 Etats membres du Commonwealth ont décidé de lever les sanctions contre l'Afrique du Sud dans les domaines de l'éducation, du sport, de la culture, des relations scientifiques et du tourisme mais de maintenir l'embargo sur les ventes d'armes et les investissements, a-t-on appris à Harare à l'issue du 28ème sommet de l'organisation.

NEW DELHI - Au moins 661 personnes ont trouvé la mort dans le tremblement de terre qui a secoué dimanche les contreforts de l'Himalaya, dans l'Etat d'Uttar Pradesh (nord de l'Inde), selon un nouveau bilan.

EUROPEAN COMMUNITY - EUROPEAN FREE TRADE ASSOCIATION

REUTER: EC-EFTA strike deal on world’s largest common market

LUXEMBOURG - "The European Community and EFTA struck an accord on Tuesday on the world’s biggest common market, a 19-nation European Economic Area (EEA) stretching from the Arctic to the Mediterranean, senior EC and EFTA officials said. ‘This is a tremendous achievement. It opens the way to the creation of the largest and most integrated common market in the world’, Finland’s External Trade Minister, Pertti Salolainen, told a news conference after 16 hours of tough negotiations.

His country holds the rotating presidency of the EFTA bloc, which also comprises Austria, Iceland, Norway, Sweden, Switzerland and Liechtenstein.

To clinch the deal, Europe’s 2 trading blocs overcame 3 problems -- free trade in fisheries products, EFTA’s financial contribution to the EC and Alpine truck transit... Under the common market deal, EFTA countries will from 1993 implement hundreds of EC rules in their national legislation in areas such as the free movement of goods, capital and services and areas such as EC competition policy. The 2 blocs will also set up a joint ministerial council and a joint court to settle disputes."

SOUTH AFRICA - JAPAN

REUTER: Japan says S.African reforms "irreversible", ends sanctions

TOKYO - "Japan announced on Tuesday it was lifting economic sanctions against Pretoria, saying it wanted to help restore growth to the South African economy now that the reform process was ‘irreversible’. Japan was already South Africa’s fifth largest trading partner, and now virtually the last obstacles to full trade and other exchanges were to go, official spokesmen said. The spokesmen made clear that the time was not yet ripe for the 2 countries to establish full diplomatic relations."

EASTERN EUROPE

HERALD TRIBUNE: Gorbachev insists he controls the Army

MOSCOW - "President Mikhail S. Gorbachev, putting his best face on a boycott of the Soviet Union’s new transitional parliament by 5 of the
country's remaining republics, said Monday that he would use his constitutional powers to prevent the breakup of the Soviet Army along ethnic lines. Addressing the opening session of the new legislature, Mr. Gorbachev called for 'decisive' economic changes to hasten the country's transition to a market economy. He said measures should be taken to stabilize the ruble, privatize large sections of state-owned industry and abolish state controls over prices 'in the near future'."

WALL STREET JOURNAL: US confirms plan by the G7 on Soviet debt

WASHINGTON - "US Treasury Under-secretary David Mulford confirmed that the G7 is considering deferring principal payments on the Soviet Union’s foreign debt for 6 months or a year while making a loan to the Soviets, possibly secured by gold. Mr. Mulford said such a package would give the Soviets 'some temporary breathing space' and avoid a default that might leave them and the republics unable to borrow for years. Mr. Mulford’s comments were the most specific public account of a US plan offered at the recent meetings of the G7 leading industrialized countries in Bangkok."

REUTER: Kohl calls for more aid for Eastern Europe

SANTIAGO - "German Chancellor Helmut Kohl on Monday urged rich countries like the United States and Japan to help eastern European nations help themselves, saying this would be less expensive in the long run. ‘I know of no country in the West that has helped and is helping the states of... eastern Europe on the road to democracy more than Germany’, said Kohl who arrived on Saturday for a 4-day visit to Chile. He said failure to support democratic reforms like those in the Soviet Union could turn out to be more expensive than savings in aid."

OECD ECONOMIES

Italy

FINANCIAL TIMES: Unions in show of force over spending cuts

ROME - "Italian industry and public services will be paralysed today by a 4-hour general strike called by the country’s 3 main union federations in protest at public spending cuts proposed in next year’s budget. The strike is going ahead despite concerted efforts by the government to appease the unions and several changes already made to the budget presented on September 30. The government has halved the increase in prescription charges, one of the most unpopular items... This is the first general strike since May 1989 and the fifth in 11 years. It has been called by the CGIL, the main federation controlled by former Communists, the Christian Democrat-run CISL and the Socialist/Social Democrat UIL... The stoppage will last from 9am to 1pm. Banks, schools and public offices will not open and no newspapers will appear. In industry the stoppage is due to be observed for 4 hours at the beginning of each shift."

Finland

WALL STREET JOURNAL: Unions agree to 7% pay cuts

STOCKHOLM - "Finnish unions grudgingly accepted pay cuts of more than 7% under a 1992 wage agreement that promises to be a crucial step toward turning around the country’s ailing economy. The surprise breakthrough in wage bargaining ended weeks of uncertainty clouding the political future of Premier Esko Aho and his minority center-right government. Mr. Aho staunchly has backed Finland’s central bank and has rejected calls from parts of industry for a hefty devaluation of the markka. The premier insisted that draconian wage reductions, plus a tight 1992 government budget, were the proper medicine to restore the international competitive strength of Finnish companies... In a political master-stroke on Monday morning, Mr. Aho tapped Kalevi Sorsa, a respected former Social Democratic prime minister, as mediator in the pay talks. Unions spurned Mr. Sorsa’s offer. But they changed their opinion and accepted in the afternoon, after being called on the carpet and subjected to a round of arm-twisting by Finland’s President Mauno Koivisto. It was a rare intervention in domestic political affairs by the normally aloof Mr. Koivisto - but a step that underlined the troubled state of the Finnish economy. Next year’s pay contract calls for a 3% decrease in nominal wages - plus a shift in pension contributions to employees from employers that represents a further reduction of roughly 4%, analysts said."
FRANKFURT - "Germany’s 5 leading economic think tanks and the Bundesbank said in separate reports released Monday that they believed the economy in Eastern German has bottomed out and would show improvement next year. But the institutes also predicted that Western Germany’s inflation rate would rise to 4% in 1992 from 3.5% this year, largely due to the strains of reunification, while the Bundesbank warned that state borrowing at current levels could fundamentally weaken the German economy... The institutes foresaw growth of 12% in 1992 for Eastern Germany in the wake of a drop of 19.5% this year. The Bundesbank said the area’s economic decline has ended and the progressive forces ‘seem to have the upper hand’. Eastern Germany’s major problem remains unemployment, which the Bundesbank said had not yet shown signs of improvement and which the 5 institutes said would rise to 1.4 million people in 1992 from 950,000 this year."

United Kingdom

THE GUARDIAN: CBI calls for beefy approach to manufacturing

"The government’s hands-off approach to manufacturing was criticised by the Confederation of British Industry in a report aimed at turning UK factories into world-beaters by the end of the century. In an 84-page study, the CBI said the Treasury and the Bank of England had failed to understand the problems of business and said a beefed-up Department of Trade and Industry should be given a positive role in promoting long-run international competitiveness. The study was dismissive of conservative ministers who had suggested in the early 1980s that manufacturing did not matter, adding that 5 million people were employed in manufacturing and another 5 million jobs were dependent on it. ‘Success in manufacturing is central to the continuing prosperity of the people in the UK. It is no coincidence that the world’s most successful post-war economies, Germany and Japan, also have the strongest manufacturing industries’."

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