REUTER - WORLD NEWS SUMMARY

WASHINGTON - The United States is worried about its growing trade deficit with China and intends to start discussions with Beijing over trade and currency policies that discourage imports, the Treasury department said.

JOHANNESBURG - The African National Congress said it would decide whether to continue power-sharing talks with the government or pull out in protest at South Africa’s endemic township violence.

***************

USSR

FINANCIAL TIMES: Gorbachev in secret G7 offer

MOSCOW - "President Mikhail Gorbachev has made a secret appeal to the Group of Seven leading industrial nations for extensive financial and technical support in return for a root and branch economic reform in the Soviet Union. The plan was disclosed by Mr Grigory Yavlinsky, a former deputy prime minister of the Russian Federation, who has emerged as an informal mediator between Mr Gorbachev, Mr Boris Yeltsin, leader of the Russian parliament and western financial institutions. This unprecedented initiative, if followed through, would mean that economists from the World Bank, the IMF and other institutions would directly work on the reforms with Soviet officials."

AFP: M. Sherbakov nommé ministre de l’Economie

MOSCOU - "Le parlement soviétique a nommé jeudi M. Vladimir Sherbakov au poste de ministre de l’Economie et premier vice-Premier ministre. M. Sherbakov, qui était chef de la fédération des syndicats officiels, a immédiatement demandé aux pilotes de ligne et aux contrôleurs de la circulation aérienne de ne pas engager le mouvement de grève prévu pour le 21 mai. Lors d’une conférence de presse après sa nomination, M. Sherbakov a souligné que les grèves dans l’aviation civile étaient illégales, et qu’il était déterminé à faire valoir le droit."

HERALD TRIBUNE: US gives bleak forecast for economy

WASHINGTON - "The economy of the Soviet Union faces a decline in output of 10%, an inflation rate exceeding 100% and the likelihood of a ‘radically worse’ year in 1991, US intelligence agencies said Thursday. The forecasts were contained in the annual report to Congress on the state of the Soviet economy drafted by the Central Intelligence Agency and the Defense Intelligence Agency... The CIA envisioned various scenarios: Even in the best case — with improvement in relations between the central government and the republics and a renewal of reform efforts — Soviet output would ‘probably still fall some 10%’, the study says. In the worst case, repressive steps ‘to control the republics, to enforce state orders and to stabilize the economy’ would speed ‘the downward spiral’, it says. In that case, the study says, ‘the decline would eventually equal or exceed the 30% drop in GNP and the 25% unemployment rate experienced in the United States during the Great Depression of the 1930-33’."

REUTER: WHO to study long-term impact of Chernobyl

GENEVA - "The World Health Organisation (WHO) on Thursday backed a multi-million-dollar programme to investigate the effects of the Soviet Union’s 1986 Chernobyl nuclear disaster over 15 to 20 years. Wilfried Kresidel, head of the organisation’s environmental health department, told reporters the programme would cost an estimated $150 to 200 million, with funding coming from voluntary contributions. There would be a substantial contribution from the Soviet Union, and Japan had already pledged $20 million."
BAISSE DES TAUX EN ESPAGNE

LA TRIBUNE: Prélude à la détente en France

"Après l'Italie, qui a baissé son taux d'escompte d'un point à 11,5% le 10 mai, l'Espagne a fini par céder à la pression internationale, en réduisant de 3/4 de point à 12,75% son taux directeur, pour la 3ème fois cette année. Malgré la persistance de tensions inflationnistes - l'objectif d'une hausse des prix limitée à 5% cette année sera difficile à tenir -, cette décision était devenue comminatoire, la peseta espagnole menaçant de crever son cours plafond face au franc français."

ECONOMIES OCDE

France

LES ECHOS: Le gouvernement sous l'oeil de Bérégovoy

"Le gouvernement d'Edith Cresson compte 29 ministres, dont 5 nouveaux, contre 32 dans l'équipe Rocard... Globalement, c'est une formation où les fidèles de François Mitterrand occupent une place de choix. Ainsi, Pierre Bérégovoy est non seulement reconduit comme patron de l'Économie, des Finances et du Budget, mais il aura sous sa houlette la charge de l'Industrie, du Commerce extérieur et des PTT... Cette reconduction du 'Pinay de la gauche' a été saluée par les milieux d'affaires."

Japan

WALL STREET JOURNAL: April trade surplus expanded

TOKYO - "Japan's trade surplus widened 79% in April from a year earlier, marking the fourth consecutive monthly expansion and providing further evidence that the surplus has reversed its long decline. Finance Ministry officials cited several 'irregular' factors behind the latest increase, to $6.31bn from the year-earlier $3.52bn. Many private economists say that the surplus has entered a long-term expansion, and that the question now is how much and how fast it will grow. Japan's trade surplus with the US remains an exception to the broad trend. The April bilateral surplus of $2.26bn, measured on a customs-cleared basis, shrank 7.2% from a year-earlier level... Japan's trade surplus with the EC, meanwhile, widened 77.1% to $2.49bn."

Germany

HERALD TRIBUNE: Losing a powerful advocate in Pöhl

FRANKFURT - "With the departure of Karl Otto Pöhl as Bundesbank president, Germany will lose a powerful advocate of its economic interests at a time when its clout in the international financial world is already weakening. Analysts and economists said Thursday that Germany's economic turbulence over the last year would make it harder for the next Bundesbank president to repeat Mr Pöhl success in playing a central role in laying the foundations of European economic and monetary union... Mr Pöhl confirmed on Thursday that he would step down sometime later this year, possibly after the October meeting of the IMF."

FINANCIAL TIMES: DM36bn credits for East Germany

FRANKFURT - "Credits totalling DM36bn ($21bn) will be channelled to East Germany via 3 government development banks during the course of this year, the Finance Ministry calculated yesterday. The loans, through a variety of programmes with varying degrees of subsidy, are expected to preserve or create a total of about 500,000 jobs. Some DM20bn of the funds will come via the Kreditanstalt für Wiederaufbau, which has already approved mainly long-term credits of DM10.4bn (distributing DM4.2bn of those)... The Deutsche Ausgleichsbank, the other development bank charged with administering the programme, has approved DM8.4bn worth of credits, including in the energy field, out of an expected total of DM12bn. The third is the Berliner Industriebank."

United States

REUTER: April housing surge spurs hope worst is over

WASHINGTON - "A strong 6.2% rebound in new-home and apartment construction in the US during April spurred hopes among builders and
lenders that the battered industry has begun a slow recovery. The Commerce department reported on Thursday that starts on new homes picked up to an annual rate of 957,000 units from 901,000 in March when building activity was still locked in recession’s grip."

United Kingdom

THE INDEPENDENT: Unemployment reaches 7.6%

"The UK unemployment rate jumped sharply again last month by 84,100 to reach 2.2 million, the highest since August 1988. The rise boosted the unemployment rate to 7.6%, from 7.4% in March. The number of unemployed in Britain, adjusted for seasonal changes, has increased by 568,100 since the rate first reversed its 3 1/2 year fall in March 1990. April’s figures, the smallest increase in unemployed in 3 months, represent the 13th consecutive monthly rise in the jobless total."

Australia

REUTER: Government gives public servants pay rise

CANBERRA - "Australia’s Labor government gave its 400,000 federal public servants an extra $12 (9 US) a week from Thursday, despite a ruling by the main wage-fixing body that the country cannot afford the rise. The government’s action was in line with its policy of freeing the centralised wage-fixing system, which has controlled pay rises for the 8.5 million workers for the past 8 years."