**REUTERS - WORLD NEWS SUMMARY**

**BELGRADE** - U.N. plans to relieve hungry Sarajevo were again set back after a mortar bomb attack which killed 19 civilians and wounded 87.

**WASHINGTON** - The US Congress and the Bush administration square off in a politically-charged fight over the close nature of US ties to Iraq before the Gulf War.

**JERUSALEM** - Israel's "big issues" election campaign has fizzled out with hardline Likud Prime Minister Yitzhak Shamir and Labour rival Yitzhak Rabin hoping floating voters will pull them ahead in a neck-and-neck race.

**ATLANTA, Georgia** - The 4 larget US airlines said they would pay $412.5 million in cash and ticket vouchers to settle a lawsuit charging they conspired to fix prices.

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**AGRICULTURE**

**HERALD TRIBUNE:** A peasant revolt in France

**ECUBLE, France** - "... Angry farmers have vowed they will blockade Paris with tractors and farm equipment to protest a European Community agricultural agreement that they say will lead to the impoverishment and depopulation of rural France... The farmers, members of a militant grass-roots organization called Rural Coordination, said they would attempt to seal off the capital by blocking major roads and highways with some 2,000 tractors at points about 50 kilometers from the city. The Ministry of the Interior has deployed 3,000 police officers and gendarmes to keep the roads open, and has warned that lawbreakers could face up to 2 years in prison... The farmers are protesting changes in the EC Common Agricultural Policy. The changes, adopted May 21, call for a 30% drop in grain prices over the next few years and other measures, including the putting aside of 15% of farmland to fallow."

**AFP:** La Commission de Bruxelles défend la politique agricole commune

**BRUXELLES (CEE)** - "La réforme de la politique agricole commune (PAC) décidée le 21 mai par les ministres des Douze a été mal comprise et elle mérite d’être défendue estime la Commission de Bruxelles dans un argumentaire de ses services destiné à l’information des organisations d’agriculteurs. La réforme corrigeras les inégalités entre grands et petits agriculteurs... La Commission rappelle que l’agriculture française produit 2,2 fois plus de céréales que le pays n’en consomme, avec une croissance de 2% par an, et des rendements qui sont passés de 36 à 66 quintaux à l’hectare en vingt ans. Il faut d’ores et déjà ‘exporter sans cesse sur les marchés mondiaux à coup de subvention’. Si on ne corrige pas la tendance, la Communauté devra écouter 3 à 4 millions de tonnes d’excédents céréaliers chaque année sur un marché mondial saturé où la part de la CEE est passée de 6 à 20% en vingt ans... C’est pourquoi la CEE a choisi de jouer sur les 3 instruments: baisses de prix pour les céréales, aides à l’hectare ou par tête de bétail, maîtrise de la production flexible par le gel des terres qui peut être ajusté aux besoins du marché... Elle ajoute encore que par la panoplie des mesures décidées, la réforme est particulièrement favorable à la diversité de l’agriculture française."

**WORLD COMPETITIVENESS REPORT**

**WALL STREET JOURNAL:** Japan is most competitive

**GENEVA** - "Japan remains the world’s most competitive country, just ahead of Germany, according to a report by 2 Swiss-based economic consulting firms. The World Competitiveness Report said Germany rose to second from
third place despite the costs of absorbing eastern Germany and doubts about its future performance. Switzerland was third, but the report said its performance was clouded by high inflation, rising unemployment, recession and uncertainty about its role in Europe. The report rated Denmark as the most improved and moved it to fourth place from eighth. The report said the US dropped to fifth place because of the depth of its recession and structural problems in its economy.

EUROPEAN COMMUNITY - JAPAN

REUTER: Japan pledges greater cooperation with EC

TOKYO - "Japan reacted to criticism it neglects relations with the European Community in favour of the United States and pledged on Monday to deepen cooperation with the EC in a wide range of fields. In a paper made available to REUTER, the Foreign Ministry said Japan wanted to expand trade, political and cultural links with the 12 EC countries, and welcomed increased European investment into Japan. 'We are told that Japan attaches more importance to its relations with the US. By issuing this paper, Japan wants to show that it is seriously thinking of ways to strengthen relations with the EC', a Foreign Ministry official said. Japan has taken steps to promote greater foreign investments, including tax measures and an information service, the paper said."

AIR TRANSPORT

WALL STREET JOURNAL: Accord will free airline ticket prices

LUXEMBOURG - "The European Community took its biggest step yet toward opening up EC skies to free pricing and competition among member airlines. Under a landmark accord reached by EC transport ministers Monday, EC airlines will enjoy full freedom in setting their ticket prices starting Jan. 1. On that date they also will be allowed to operate throughout the community under a single EC license and will have the right to stop over in another EC country to pick up extra freight and passengers. Some freedoms, such as operating within another member state, will be subject to restrictions until April 1, 1997, but the accord undoubtedly will usher in a tougher competitive environment for EC airlines and, some argue, lower air fares for European travelers."

CHINA

FINANCIAL TIMES: Revolutionary leader dies

BEIJING - "Veteran Chinese leader Li Xiannan has died in Beijing at the age of 83. Li was president for a 5-year term from 1983, and is the first of China’s 8 ‘revolutionary elders’ to go ‘to meet Marx’. His death was announced yesterday by the official XINHUA news agency... A self-taught economist who favoured central planning, he supported China’s modernisation process after the chaos of the Cultural Revolution but became increasingly concerned about the economic liberalism of the reformers. Li championed a more orthodox economic approach in the traditional Marxist mould, identifying himself with the leftist economic policies of the post-Mao period which are now under official criticism... Born in 1909 to a peasant family in Hubei province, Li worked as a carpenter, joining the communist party at the age of 22. A veteran of the Long March, he became governor of his native province after the Communist victory, moving to Beijing where he became finance minister and a member of the politburo."

OECD ECONOMIES

United Kingdom

THE INDEPENDENT: Trade improvement masks further slide

"A sharp rise in exports and a small fall in imports cut Britain’s visible trade deficit by more than a third in May to £845m, the smallest so far this year, the Central Statistical Office said yesterday. Exports jumped by 3.9% to a record £9.17bn, while imports fell by 1.7% to £10.01bn. However, the underlying trend is still for imports to grow more quickly than exports."

Herald Tribune: Lloyd’s posts £2bn loss

LONDON - "Lloyd’s of London said Monday its syndicates sank £2bn ($3.7bn) into the red in 1989, the worst result in 300 years of trading on
the world’s largest insurance market. The overall loss, due to a string of major catastrophes and complex reinsurance deals, was almost 4 times worse than its £150 million deficit for 1988."

United States

HERALD TRIBUNE: Clinton plan: a million new jobs a year

HOUSTON - "Governor Bill Clinton, the presumptive Democratic presidential nominee, told the nation’s mayors on Monday that his plan to spend $20bn as year for a ‘Rebuild America Fund’ would create a million new jobs annually. ‘It will help do the things you said you wanted’, the Arkansas governor told the annual conference of the US Conference of Mayors. It was the first of a series of speeches in which Mr. Clinton is expected to emphasize the updated economic plan he made public on Sunday. The plan calls for higher taxes on the wealthy to finance middle-class tax relief, billions of dollars in spending, investment incentives and a cut in the deficit of 50% over 4 years... The document, called ‘Putting People First’, is also a challenge to his 2 rivals - President George Bush, criticized for lacking a domestic program, and Mr. Perot, who has promised to provide details of his own economic and budget plans soon... The plan calls for roughly $50bn in public investment annually for 4 years to revitalize the economy. That includes $20bn annually for a ‘Rebuild America’ program of spending on transportation, environmental technology, defense conversion and information technology."