BUSINESS: DOMESTIC

Three of Big Four report lower profits

Three of the Big Four brokerage houses Wednesday reported reduced pretax profits for the half-year period that ended Sept. 30, while Yamaichi Securities Co. suffered a pretax loss amid a market 89.8 percent from a year earlislump blamed on the collapse er. of the so-called bubble economy and securities scandals.

Yamaichi Securities's pretax loss amounted to ¥5.4 billion in the April-September period against a ¥30.4 billion profit a year earlier.

Nomura Securities Co. posted an unconsolidated pretax profit of ¥39.7 billion for the first half of fiscal 1991, down 64.4 percent from a year earli-

Daiwa Securities Co. reported a 70.2 percent decline in its unconsolidated pretax six-month period.

Nikko Securities said its unconsolidated pretax profit dropped 64.2 percent to ¥12.05 billion.

The brokerages' poor performances were attributed to a plunge in revenue from stock-trading commission fees, their main source of in-

Yamaichi incurred a loss for the first time since 1972, when it began reporting its interim balance sheet.

Other brokers in red

Nine of 10 second-tier Japanese brokerages Wednesday reported interim balance sheets stained with red ink, resulting from a stock market hit hard by both the slowing of fixed asset inflation and a series of financial scandals.

Only Kokusai Securities Co. posted an unconsolidated pretax profit, reporting ¥2.3 billion for the first half of fiscal 1991 that ended Sept. 30, down

The other companies' pretax losses ranged from ¥1.5 billion to ¥20.2 billion.

Most securities firms, however, expect business performance to improve by the end of fiscal 1991, which ends next

New Japan Securities Co. suffered the worst loss of the group with ¥20.28 billion, its largest interim loss in 16

Officials of the medium-size brokerage houses blamed the poor performances on a profit of \times 20.6 billion for the plunge in revenues from

stock-trading commissions, their main revenue source.

The brokerages said commission revenues dropped 30 to 60 percent in the six months from year-earlier levels, reflecting investor avoidance of the market in the wake of scandals reported in the securities industry earlier this

Revenue from underwriting commissions also dropped sharply due to reduced fundraising by corporations through issuance of bonds with warrants.

Bond-dealing performance at second-tier brokerages was also generally poor because of sluggish trading from April to June, when short-term interest rates were relatively firm, the companies said.

Kaifu calls for securities regulations

Kaifu Wednesday called on the Japanese securities industry to establish self-imposed rules as soon as possible to prevent a recurrence of the securities industry scandal.

In a speech at the national convention of the securities industry, Kaifu also said securities organizations should construct a system and business practices that monitor and punish violations.

He said the self-control system has never functioned well in the Japanese securities industry, mainly because industrial organizations such as reform, creation of selfstock exchanges and the Ja-

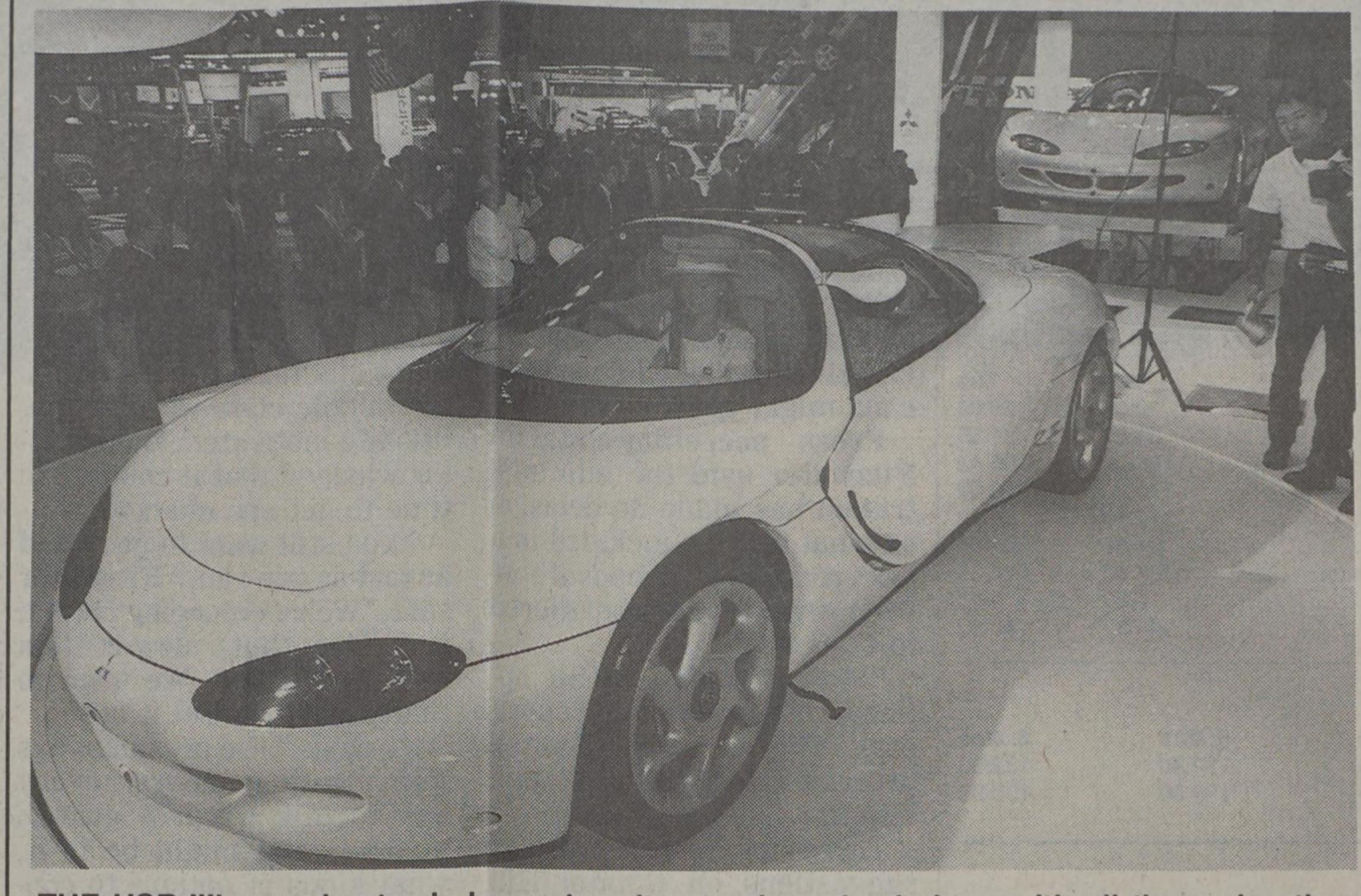
Prime Minister Toshiki pan Securities Dealers Association never recognized the importance of self-restraint.

Kaifu said the industry should abandon its profitsabove-all mentality and rectify its sense of ethics, which he said is a far cry from "sound social common sense."

A revolution in thinking and firmer ethics in the industry are of the utmost importance, he said.

The prime minister pointed to a government advisory panel's recommendation to the industry in September calling for efforts toward selfregulatory rules.

CRUISE CONTROL



THE HSR-III's accelerator is housed on its steering wheel along with all the car's other controls. The car, which attracted attention during Wednesday's preview of the Tokyo Motor Show, will make driving easier for the disabled, Mitsubishi Motor Co. says. YOSHIAKI MIURA PHOTO

Auto opening stalled, U.S. aide says

Michael Farren, U.S. undersecretary of commerce, expressed dissatisfaction Wednesday with the pace of progress in opening the Japanese automobile market and said it will be the leading bilateral trading issue between Japan and the United States next year.

"Despite a series of discussions (between Tokyo and Washington), the trade imbalance continues to grow, he said at a press conference held before a preview of the 29th Tokyo Motor Show in Chiba Prefecture.

Farren said 75 percent of the United States' \$40 billion trade deficit with Japan in show illustrates their com-

1990 was in automotive products — 50 percent in American finished vehicles and 25 percent in auto parts.

"The Japanese market is a notoriously closed market,' he said, warning that frustration has been growing over slow progress.

He said the difficulties the American automobile industry faces are "not a result of product quality but a matter of fairness (in the Japanese market)."

The participation of 30 American auto-parts makers and the Big Three automobile manufacturers in the motor mitment to the Japanese market, he said. In terms of quality, Ameri-

can cars and auto parts are comparable with those produced by Japanese manufacturers, he said.

He added that within a few years, the Big Three carmakers plan to introduce a variety of models equipped with right-hand drive.

"Japanese manufacturers who are doing well in the U.S. should be pleased with such a commitment," he said.

Bringing high-quality American products to Japan at competitive prices benefits the Japanese economy, he

Bank customers unlikely to switch

Over half of Japanese polled said they would deposit large amounts of money in financial institutions they have always done business with rather than those offering higher returns, according to a survey released Tuesday.

The poll taken by Kyodo News Service shows about 53.4 percent of those responding believe long-term relationships are more important than higher returns.

The poll was conducted for a week beginning Oct. 4 among 3,000 men and women aged over 20.

The survey was taken to see how people feel about Japan's moves toward financial deregulation.

much better than small ones.

Approximately 28.3 percent of respondents said they were worried financial institutions would treat large investors

About half those surveyed said they know fixed rates on time deposits of ¥3 million and over would be completely deregulated beginning November.

Execs seek successful GATT talks

NAGOYA (Kyodo) Japanese and Australian executives have ended two days of talks with a call for a successful conclusion to the stalled Uruguay Round of multilateral trade talks. The Japan-Australia Business Cooperation Committee

said successful conclusion of the talks, held under the General Agreement on Tariffs and Trade, would create a freetrade structure of benefit to both countries. The group's comments on the GATT talks were included

in a written summary of the discussions, which was released at the end of the meeting in the central city of Na-When queried at a postmeeting news conference about

huge purchases of Australian real estate by Japanese investors, an Australian representative said public criticism has subsided.

Interest in Australian real estate has declined, partly because of the slowing of the Japanese economy. As a result, criticism of the Japanese has died down, he said.

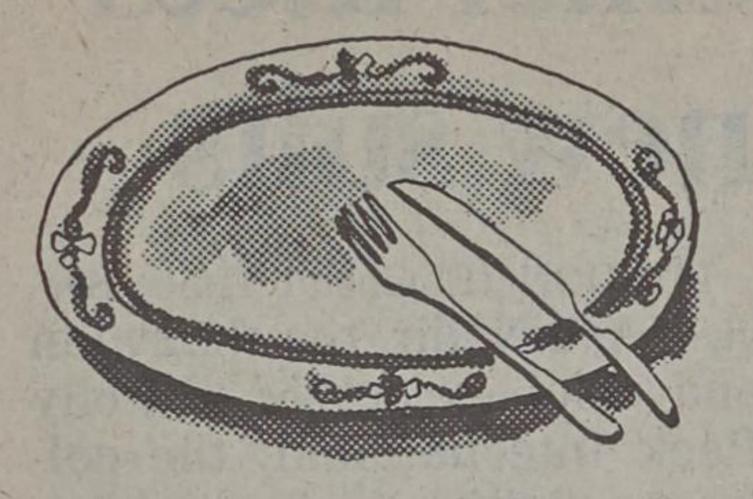
The executives are scheduled to meet again in Melbourne next October.

Seoul's deficit with Japan grows

SEOUL (Kyodo) South Korea's merchandise trade deficit with Japan accumulated to \$63.7 billion in August, since the two countries normalized diplomatic relations in 1965, the Ministry of International Trade and Industry has reported.

Figures provided by the ministry show the deficit has been growing steadily since that year, with deficits of \$2.44 billion between 1965 and 1970, \$16.74 billion for 1971 to 1980, and \$38.37 billion from 1981 to 1990.

Times Guide



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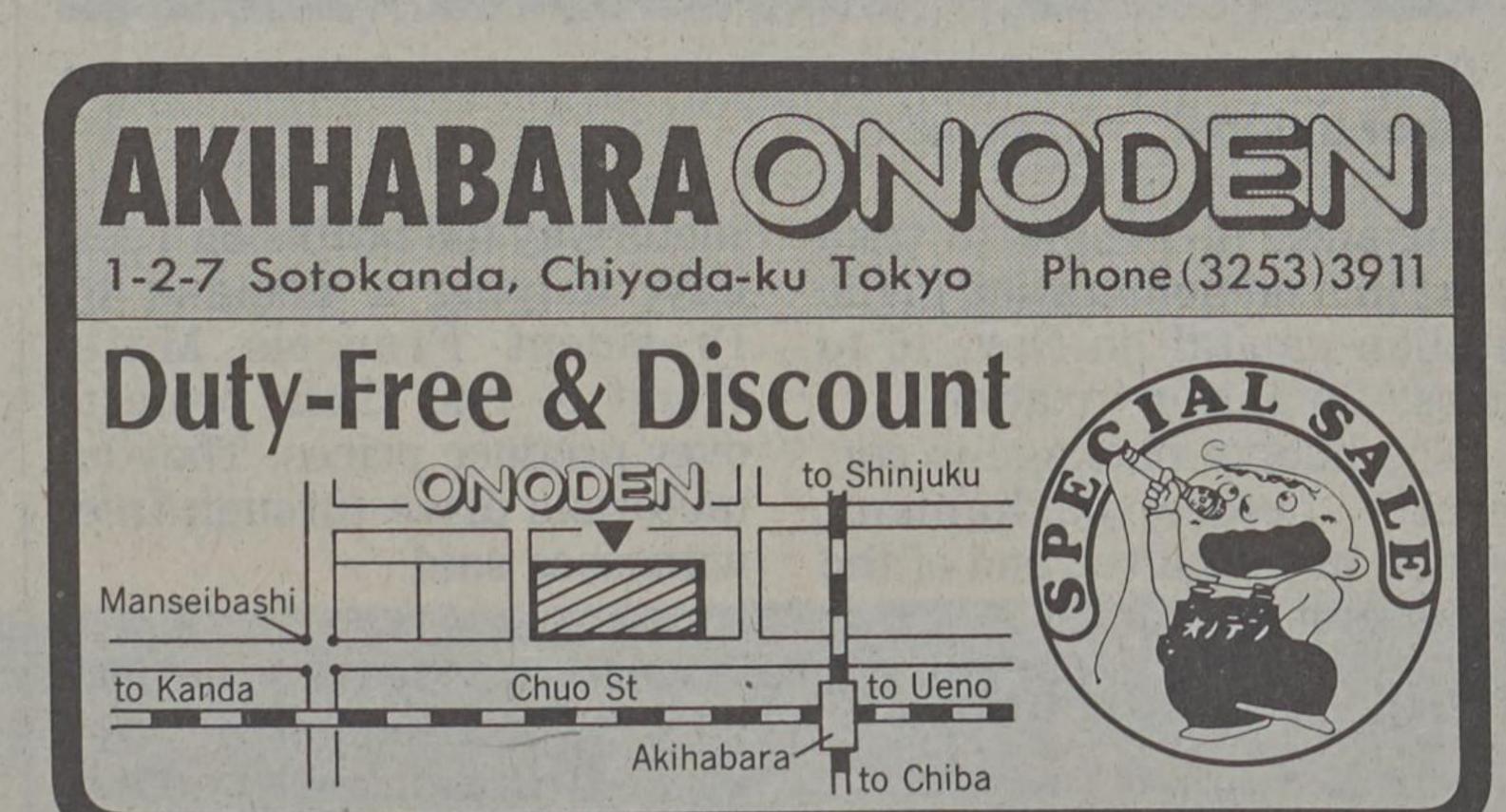
青山3丁目ヒーコックを天現寺方向に折れ最初の信号右折 Mail order accepted

Islamic Restaurant



Electric Equipment Store





stressing stability

The Bank of Japan's monetary policy will continue to focus on price stability, Gov. Yasushi Mieno said Wednes-

Speaking at a national conference of the securities industry, Mieno said the Japanese economy remains highly active, supported primarily by robust capital and consumer spending.

In particular, corporate investment in plant and equipment can still be called "brisk," he said, pointing to the central bank's August quarterly survey of business confidence.

BOJ to continue Permit imports of rice, executives' group says

A powerful business organization urged the government Wednesday to liberalize rice imports and step up Japan's contribution toward world

Japan should take the initiative in bringing about a successful conclusion of the deadlocked Uruguay Round of multilateral trade talks by opening its rice market to imports, the Japan Association of Corporate Executives (Kei-

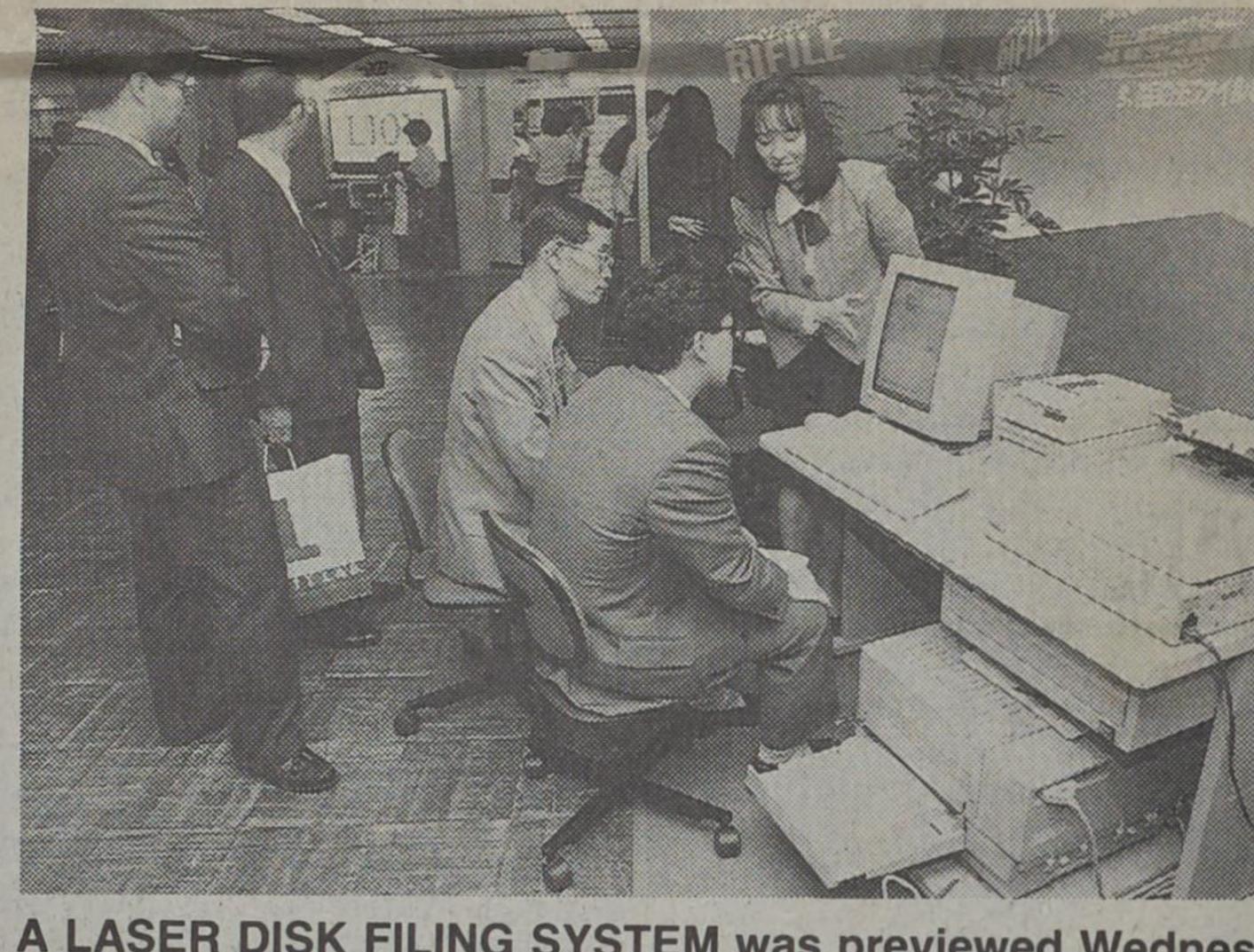
zai Doyukai) said in a report. The report, stressing that Japan should step up its international contributions, pro-

poses a new tax to generate funds for proposed Japanese peacekeeping operations overseas.

The tax should be collected only in times of emergency, with the rate determined through public debate, the report says.

It urges the government to double its external economic aid to help narrow the gap between rich and poor countries, protect the global environment and assist in the economic transformation of the Soviet Union and Eastern Eu-

FLASH FILING



A LASER DISK FILING SYSTEM was previewed Wednesday along with 70,000 other stationary items at the twoday Tokyo International Stationary Fair '91 in Hamamatsucho, Tokyo. Toshiki sawaguchi Photo

By AKO WASHIO

Japanese businesses have generally welcomed what they term a long-awaited government decision tolift the remaining economic sanctions against South Africa and they are expected to gradually expand commerce with the country.

"Although bilateral trade will not be expanded drastically, our business (with South Africa) will be a lot easier because restrictions on trade volume are now removed," said an official of Mitsui & Co. who coordinates and administers the firm's overseas activities. "Lifting the ban on new in-

vestment and loans will also stimulate bilateral economic relations, both psychologically and practically," according to the official, who asked not to be named.

Restrictions lifted

Tokyo on Tuesday ended bans on imports from South Africa of gold coins, steel and iron as well as on direct investment and loans.

The government scrapped its instructions to firms to keep their annual trade volume with South Africa below the previous year's level, a measure adopted in 1988. Tokyo took these steps to al-

leviate international criticism

rica's top trade partner in

The steps were removed following the U.S. decision to es, the Mitsui official said. end its trade embargo in mid-July and the European Community's move to lift its ban on investment last December and on restrictions on steel, iron and gold imports in

"It amounted to terrible pressure for us to be always obliged to report on trade values to the Ministry of International Trade and Industry in accordance with the administrative guidance," the Mitsui official said.

Mitsui to up imports

Mitsui, which has 30 staffers at its office in South Africa, is now considering increasing its coal imports by about a fifth. The company is ca. considering exports of plant and equipment for plastics, steel and other industrial materials and manufacturing

"It will be possible to invest in South Africa, for example, employees. by buying into South African coal firms or by establishing a joint venture company with local firms to produce canned fruit," he said.

As a country blessed with a variety of agricultural prodand mineral resources, in- will increase gradually, not cluding coal and strategically drastically. important rare metals, South after Japan became South Af-

for fierce competition between Japanese trading hous-

Steelmaker contracts

Japan's six major steelmakers, including Nippon Steel Corp., have signed contracts for imports of 4 million tons of South African iron ore over the five years to March

Besides natural resources. Japanese firms are interested in South Africa as one of the largest markets in Africa.

Mazda Motor Co. plans to acquire a stake in South African Motor Corp. (Samcor), according to Mazda spokesman Yutaka Kaito. Samcor imports Mazda, Ford and Mitsubishi components and then assembles cars in South Afri-

Mazda has yet to disclose the size of its planned investment, but the company is expected to buy 24 percent of Samcor shares, which are currently held by the firm's If Mazda implements its

vested in South Africa since Tokyo introduced investment restrictions in the late 1960s. Observers say, however, ucts, fish and other natural that trade and investment

A high-ranking official of Africa will become an arena MITI's international trade

administration bureau said ending sanctions could boost Japan's imports from South Africa but it is unlikely that exports to that country will expand.

This is because of South Africa's sagging economy. Its gross national product in 1990 fell by 0.9 percent.

The MITI official also pointed to Pretoria's inability to control domestic violence as a crucial factor discouraging Japanese companies from rushing to invest in the still white-ruled nation.

Caution at Toyota

In contrast to Mazda, Toyota Motor Co., which has refrained from increasing auto parts exports to South Africa since 1988 in line with the government's call for voluntary restrictions, remains cautious about expanding its assembly factories. They are run by Toyota South Africa Manufacturing Ltd, the firm's local production and sales compa-

"We assume that it would plan, it will be the first time a take some time for the politi-Japanese company has incal and economic conditions there to become stable. So we have no intention right now of changing our subsidy's capiand instead will maintain a wait-and-see policy," said Seiji Yamamoto, a Toyota

> spokesman. Sales of Toyota cars in

South Africa, including those made from Japanese components and assembled by Toyota South Africa, have changed

1990 sales stood at 91,500, at 87,000 in 1987, 93,000 in 1988 and 86,000 in 1989.

Investment call

South African officials have made a strong call for Japanese investment.

"Investments from Japan, especially investments in manufacturing industry, will provide big possible assistance to solve the unemployment problem, help earn foreign currency, acquire technology, modernize factories and train people," said H.S. Schoeman, consul at the South African Consulate Gen-

eral in Tokyo. Schoeman said the current unemployment rate is up to 30 percent, although this figure is compiled from private research and is not official.

He added that the value of the South African rand against the yen has sunk by about 20 percent during the past 12 months.

Japan's trade with the country, which peaked in 1987 at \$4.12 billion, has been dwintal or administrative set-up, dling since the introduction of restrictions, to \$3.12 billion in 1990. Japan is the fourth-largest trade partner with the country, behind Germany, Britain and the U.S.

FOREIGN EXCHANGE/BUSINESS: OVERSEAS

sudden interest in a possible for the middle class as part of

FOREIGN EXCHANGE MARKET

Global Interbank M (Closing Spot Rates pe		lar)		Tokyo Interbank Market (¥ per U.S. Dollar) *Spot Rates*
	Tokyo	New York	Tokyo	Opening
	Wed	Tue	Tue	High
¥ 13		131.37-47	131.45	Low
D-mark 1.7		1.6975-85	1.6930-35	Closing
Swiss franc 1.4	4875-80	1.4825-32	1.4832-35	Volume

Customer Telegraphic Tr		Ju nates	(* per foreign currency unit)	(Source: Bank	of Tokyo)
	Wed	Tue		Wed	Tue
U.S. (\$)	132.40	131.65	Norwegian (krone)	20.01	20.00
Canadian (\$)	118.30	117.68	Swedish (krona)	21.60	21.59
Pound (£)	228.43	228.33	Australian (\$)	106.20	106.13
German (mark)	77.90	77.87	Italian (lira) (100 units)	10.63	10.62
Swiss (franc)	89.30	89.03	Austrian (schilling)	11.13	11.12
French (franc)	23.03	23.02	Chinese (yuan)	24.66	24.66
Dutch (guilder)	69.14	69.11	Spanish (peseta) (100 units)	124.63	124.35
Belgian (franc) (100 units)	379.41	379.19	Portuguese (escudo)	0.93	0.93
Danish (krone)	20.26	20.27	ECU	160.57	160.48

3 Mos

130.40

4 Mos

5 Mos

EXCHANGE BA	TE	Foreign Eychonge	

Germany (mark)...... 1.6955 1.6915 Z-Philippine (peso).... 26.46 26.46

2 Mos

EXCHANGE RATE	E NE	W YORK (AP) Foreign Exchange, New York pri	ices.	
	Tue.	Mon.	30-day fwd 1.7014	1.6976	Portugal (escudo) 146.05 145.45
	9918.0	9903.0	60-day fwd 1.7074	1.7029	Saudi Arabia (riyal) 3.7500 3.7504
Australia (\$)			90-day fwd 1.7122	1.7083	Singapore (\$) 1.6940 1.6928
Austria (schill)			Greece (drachma) 188.65	187.95	S. Korea (won) 748.00 748.00
C-Belgium (franc)	34.84	34.70	Hong Kong (\$) 7.7518	7.7530	S. Africa (ran) 2.8325 2.8300
	575.26	570.31	Y-India (rupee) 25.907	25.907	Spain (peseta) 106.75 106.20
Britain (£)	.5839	.5824	Indonesia (rupiah) 1977.03	1974.53	Sweden (krona) 6.1795 6.1450
30-day fwd	.5866	.5852	Ireland (punt)		Switzerland (franc) 1.4797 1.4820
60-day fwd		.5875	Israel (shekel) 2.3880	2.3995	30-day fwd 1.4835 1.4858
90-day fwd		.5897	Italy (lira) 1269.25	1260.50	60-day fwd 1.4870 1.4893
Canada (\$)		1.1269	Japan (¥) 130.13	130.63	90-day fwd 1.4906 1.4929
30-day fwd			30-day fwd 130.26	130.77	Taiwan NT 26.12 26.12
60-day fwd			60-day fwd 130.35	130.88	Thailand (baht) 25.53 25.50
90-day fwd			90-day fwd 130.37	130.90	Turkey (lira) 4829.00 4838.02
Y-Chile (peso)			Lebanon (£) 886.50	887.00	U.A.E. (dirham) 3.6727 3.6727
Colombia (peso)			Malaysia (ringg) 2.7468	2.7440	F-Uruguay (peso) 2283.10 2262.44
Denmark (krone)			Z-Mexico (peso) 3064.50	3060.00	Venzuela (boliv) 59.9400 59.9400
F-Ecuador (sucre) 10		1035.51	Holland (guilder) 1.9075	1.9000	Yugoslavia (dinar) 22.03 22.03
ECU		.8254	N. Zealand (\$) 1.7683	1.7668	
D-Egypt (pound)		3.3339	Norway (krone) 6.6480	6.6110	Rate code: C-commercial; D-free mar-
Finland (markka)	4.1065	4.1075	Pakistan (rupee) 24.50	24.55	ket; F-financial; Y-official; Z-floating; R-

BOND QUOTATIONS

Bond Cotations (Over-the-Counter)

Wednesday

(Source: The Securities Dealers Association	of Japa	n)
Issues	Selling	
Treasury Bill 50	6.760	
Treasury Bill 52	6.052	6.178
7.3% Government bond 59	5.637	5.677
6.8% Government bond 68	5.836	5.876
6.2% Government bond 78	5 906	5 948

Treasury Bill 52	6.052	6.178
7.3% Government bond 59	5.637	5.677
6.8% Government bond 68	5.836	5.876
6.2% Government bond 78	5.906	5.948
5.1% Government bond 89	6.077	6.120
5.0% Government bond 105	6.197	6.239
4.6% Government bond 111	6.277	6.318
4.8% Government bond 119	6.168	6.208
6.4% Government bond 129	5.834	5.867
6.6% Government bond 140	5.857	5.897
6.6% Ultralong-term	The state of the s	
Government Bond 17	6.299	6.340
Long-term Credit Bank Debenture 419	6.112	6.176
Nippon Credit Bank Debenture 366	6.119	6.178
Long-term Credit Bank Debenture 431	6.117	6.180
Industrial Bank of Japan Debenture 477	6.119	6.176
Nippon Credit Bank Debenture 384	6.110	6.167
Industrial Bank of Japan Debenture 489	5.912	5.959
Industrial Bank of Japan Debenture 495	5.836	5.883
Industrial Bank of Japan Debenture 505	5.910	5.959
Industrial Bank of Japan Debenture 506	5.913	5.962
Tokyo Metropolitan 457	6.203	6.251
Local Enterprise Finance Corp. 672	6.101	6.150
Local Enterprise Finance Corp. 674	6.098	6.148
Local Enterprise Finance Corp. 675	6.092	6.141
IBRD Debenture 9/A	6.808	6.899
NTT Debenture 26	6.341	6.391
Kansai Electric Power 375	6.339	6.389
Tokyo Flectric Power 410	6.338	6.387

revised. Dollars in foreign currency

Key Interest Rates

Discount Rate: Japan 5.5 U.S. 5.0 Germany 7.5 Short-Term Prime 7.0 Long-Term Prime 6.9

To	kyo	V	0-	11
10	KVO		Ca	100
				70.77

	Wed	Tue
Overnight (secured)	6.65625-6.68750	6.56250-6.78125
Overnight (unsecured)		6.68750-6.87500
6 days (unsecured)	THE RESERVE TO SERVE THE PARTY OF THE PARTY	6.78125

Tokyo Bill	Discoc				
1-month		6.50	Wed 000-6.56250	6.50000-6	320.000.000.000
			6.25000	6,31250-6	6.4062
3-month			6.31250	6.281	25
		The state of the s			
¥CD (new issi	ue, offere	d rates)		
	Tue	Mon		Tue	Mon
1-month	6.55	6.54	3-month		6.35
6-month	T		12-montn		
Danahmark	Pond				
Benchmark			100H\\ TC		
Benchmark Japanese gove			129th) — TS	E—	
	ernment (5.4% (Wed	Tu

Gold prices were little

ty Exchange rose 10 cents to

Silver lost 0.7 cent on the

Commodity Exchange to

close at \$4.136 a troy ounce.

European market up

LONDON (AP) The U.S. dol-

lar rose against major foreign

currencies Wednesday in ear-

ly European trading. Gold

rates at midmorning, com-

pared with late Tuesday,

were: DM1.7035, up from

DM1.6940; Sfr1.4875, up from

Sfr1.4795; Ffr5.8110, up from

Ffr5.7805; 1.9175 Dutch guil-

ders, up from 1.9090 guilders;

1,273.50 Italian lire, up from

1,267.25 lire; C\$1.1282, up

In London, the British

pound was quoted at \$1.7065,

compared with \$1.7145 late

London's major bullion

dealers fixed a recommended

gold price of \$362.90 per ounce

at midmorning, up from

\$362.85 bid per ounce late

\$363.00, up from \$362.50 late

Earlier, in Hong Kong, gold

rose \$0.33 to close at a bid of

In London the dollar was

prices were higher.

quoted at ¥131.30.

from C\$1.1263.

Tuesday.

Tuesday.

Tuesday.

\$363.39.

Tokyo-New York-London

Hokuriku Electric Power 233..

Dollar moves little in stagnant market

The dollar closed unchanged from the previous day at ¥131.45 in Tokyo Wednesday after showing trend. narrow fluctuations in the absence of fresh incentives.

The dollar opened ¥0.12 firmer at ¥131.57 and inched down to a low of ¥131.20 by midmorning on dollar selling lating the economy. The proagainst the yen by speculators and deutsche mark sales for yen, dealers said.

It then rebounded against the yen and rose to a high of ¥131.75 just before the morning close.

But dollar selling increased in the afternoon on market views that the dollar would

ers said. The dollar hovered in a lower range throughout the after-

The most frequently quoted rate for the day stood at ¥131.35, up from Tuesday's

¥131.10. Spot turnover came to \$10.056 billion against \$10.285

billion the previous day. In New York Tuesday, the dollar ended at ¥131.35-45, up

¥0.60, on prevailing anticipation of easier credit in Japan. In London, the dollar closed up ¥0.70 at ¥131.15-25. (Jiji Press)

Directionless dollar

NEW YORK (AP) The dollar mixed overseas Tuesday in largely directionless trading. Gold prices were little changed.

Analysts said the dollar traded in a narrow range and changed in New York, where was unable to latch on to any a troy ounce on the Commodi-

The greenback did take close at \$363.90. Republic Nasome support from White tional Bank later quoted a bid House and Democratic pro- of \$363.25, unchanged from posals for a middle-income late Monday. tax cut as a means of stimuposals drove interest rates higher in the bond market, which is concerned that too much stimulus could drive up inflation, and in turn, interest

But the prospect of higher interest rates are a positive sign for dollar traders.

Many traders were waiting not rise further for now, deal- for Thursday's release of durable goods order figures for September before making any major moves.

> There was more interest in foreign currencies than in the dollar itself Tuesday. The dollar rose against the yen, which was hurt by expectations that interest rates will decline in Japan.

The dollar rose to ¥131.40 in New York from 130.80 late

The British pound gave way to the dollar, falling to \$1.7085 from \$1.7165 late Monday.

Other late rates for the dollar in New York, compared with late Monday's prices, in-

DM1.7000, up from 1.69333; was higher in New York and Sfr1.4850, up from 1.4835; Ffr5.7970, up from 5.7750; 1,270.75 Italian lire, up from 1,266.00; and C\$1.12635, up from 1.12625.

tax cut for the middle class an economic growth plan. was a political ploy, but decans might get a break. Press secretary Marlin Fitzwater said the adminis-

to Congress. "We're looking at all options," Fitzwater told reporters. "This is a very healthy process. Everybody is getting

into the act." cans since Democrat Lloyd Bentsen, chairman of the Senate Finance Committee, unveiled a \$72.5 billion tax cut proposal Sunday.

Under Bentsen's plan, families would be provided a \$300 tax credit for each child and everyone would again be allowed to deduct up to \$2,000 a year invested in individual retirement accounts.

The proposal, which would be financed by a 5 percent cut in defense spending, received a surprise boost Monday by Sen. Phil Gramm, a Republican, who suggested that he and other Republicans were open to negotiating a deal.

to fade and with the presidential election only one year away, Republicans and Democrats are jockeying for position to be seen as the leader in pumping new life into the sluggish economy.

Any package could take several months, possibly even longer, to be enacted by Con-

Tuesday suggestions that its that it may propose a tax cut

Fitzwater insisted Tuesday clined to predict when Ameri- that calls for a tax break for the middle class were not politically motivated. But he acknowledged that it could take tration has made no decision time to get one enacted.

on what may be included in a "You still want to go ahead tax reduction proposal, or as fast as you can," Fitzwater even when it might be offered said. 'We're emerging from a recession (but) slower than had been hoped. We want to find ways to speed it up."

He said, "The president has had meetings nearly every day to talk about a growth There has been a crush of plan — what might be in it, suggestions on Capitol Hill what kinds of options to confrom Democrats and Republi-sider. . . . He's been taking the temperature on the (Capitol) hill."

Last Thursday, Republican congressional leaders, following a meeting at the White House with Bush, said they hoped to complete an econom-

ic growth package this week. Fitzwater said Tuesday, though, "It's my hunch" it would not be ready by Friday.

Jobless bill revised

WASHINGTON (UPI-Kyodo) Congressional Democrats, twice rebuffed by President George Bush, Tuesday offered a trimmed-down program of extended unemployment benefits for the jobless, With the recession refusing but a ranking Republican predicted it, too, would be ve- porters.

> The House Ways and Means Committee took the first step, approving 22-14 a bill that would provide either 13 weeks or seven weeks for workers who now have exhausted their basic unemployment compen-

White House uncertain 19-nation pact to boost about timing of tax cut WASHINGTON (UPI-Kyodo) gress. On Monday, the White The White House rejected House raised the possibility The White House rejected House raised the possibility

A pact merging the European responsibility in the reforms Community and EFTA into taking place in Eastern Euthe world's biggest common rope," he said after a final 16market will increase Western hour negotiating marathon Europe's political clout and that led to the deal early on serve as a trial run for enlarg- Tuesday. ing the EC, senior officials said on Tuesday.

the 19-nation European Eco- would also provide useful exnomic Area (EEA), which perience for EFTA states will stretch from the Arctic to such as Austria and Sweden the Mediterranean, will vast- who have already applied for ly increase trade between full EC membership. partners who already conduct more than 40 percent of world both an important trial run trade between themselves.

ical cooperation by allowing major element in the commuforeign ministers of the EC nity's spider-like strategy to and EFTA (European Free organize the architecture of a Trade Association) to hold Greater Europe," a commisjoint meetings on specific is- sion spokesman said.

And as the EC forges a more formal common foreign and security policy, EFTA's association with the community is likely to lend it greater diplomatic weight.

"Western Europe has shown it can solve its own problems. By joining our forces we can contribute to the future development of the rest of the continent," Finland's Tuesday the EEA pact was a External Trade Minister step toward "complete inte-Pertti Salolainen, current gration with the EC." president of EFTA, told re-

increased diplomatic force are likely to include the new democracies in Eastern Europe, EC External Relations Commissioner Frans Andriessen said.

"I'm convinced that on that basis we will be able to func-

LUXEMBOURG (Reuter-Kyodo) tion even better and take our

Jacques Delors, president of the EC's executive Europe-The agreement to create an Commission, said the pact

"The president sees it as for those countries which It will also strengthen polit- want to join (the EC) and a

> Dutch Prime Minister Ruud Lubbers, whose country holds the EC's rotating presidency, suggested to his Swedish colleague Carl Bildt on Monday that negotiations could start in 1992, a year earlier than expected.

Finland is widely expected to lodge an application next year and Swiss Foreign Minister Rene Felber said on

The other three members of EFTA — Norway, Iceland Early beneficiaries of this and Liechtenstein — have yet to take a stand on EC membership.

Under the EEA, which has yet to be signed and ratified by all 19 nations, the seven EFTA countries will take hundreds of EC laws onto their statute books.

The two blocs already had a pact to allow free flow of industrial goods, but the new agreement will allow workers, capital, services and all but a few goods to move unrestricted throughout the whole market.

EFTA will also adopt EC rules on company law, consumer protection, social policy and environmental protec-

In Stockholm, Swedish Prime Minister Carl Bildt said, "Now we are heading full speed to the EC."

EFTA members Sweden and Austria have already applied to join the EC and Swiss government officials described the agreement as the first step on the way to EC membership.

Finland and Norway have also stepped up the debate over joining the EC. "We hope it will make it easier for Norway and Finland to approach a decision on the question," said Foreign Minister Uffe Ellemann-Jensen of EC member Denmark.

Austria, which applied for EC membership in 1989, and Sweden, which handed in its application on July 1, could join the EC as early as 1995 after Dutch Premier Lubbers on Monday said membership discussions could start in

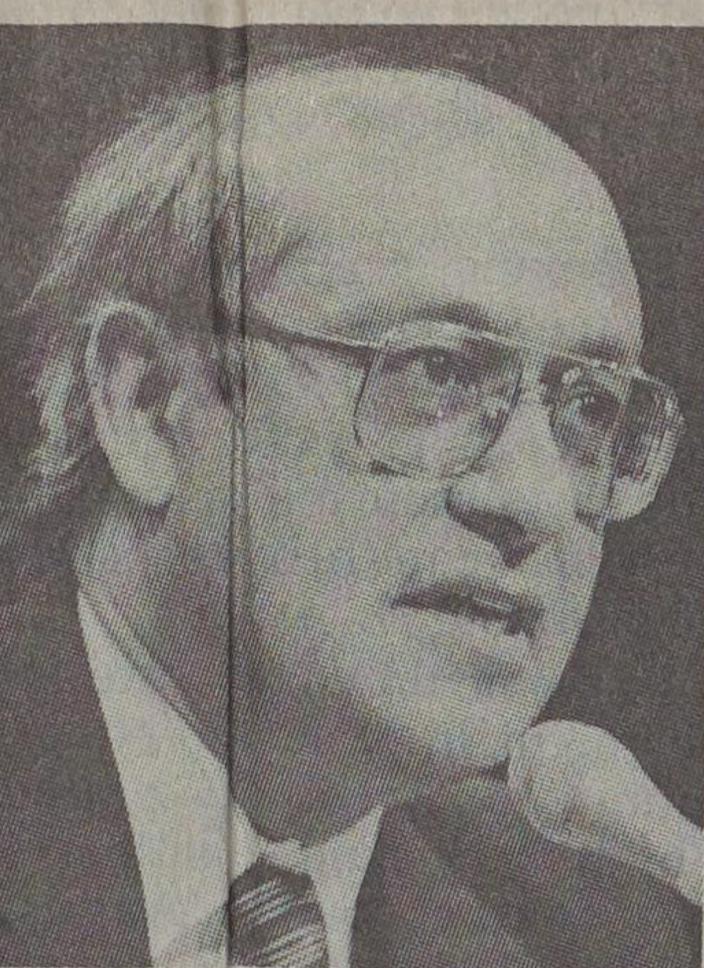
Austrian Foreign Minister Alois Mock was quoted by national news agency APA as saying Vienna would inform the community's 12 members within two weeks of its desire to start formal negotiations next year on its entry.

BCCI financed Iran arms deal: witness Polly Peck

WASHINGTON (UPI-Kyodo) The scandal-ridden Bank of Credit and Commerce International financed the Ronald Reagan government's secret sale of arms to Iran for a profit, but government investigators later covered up the bank's role, a former bank official testified Tuesday.

Abdur Sakhia told a Senate subcommittee that when he was in charge of U.S. operations for BCCI in 1987, FBI investigators asked him for bank records about the arms deal. Upon their delivery, he said, the investigators promised that they would keep the Pakistani-run bank's role "out of the press."

Sakhia said he was shown documents indicating that



Abdur Salhia

Reagan alministration operatives pad the manager of BCCI's Monte Carlo office a \$100,000 bibe to arrange a \$10 million lan for the weapon

purchases, executed by arms the office audited some of the approved the deal because it would not fire or suspend the Monte Carlo manager.

Sakhia is cooperating with U.S. prosecutors investigatof the National Bank of Georgia and First American Bankshares in Washington, D.C., until recently chaired by longtime Democratic presidential adviser Clark Clifford.

Testifying before the Senate Subcommittee on Terrorism, Narcotics and International Operations, Sakhia:

 Submitted records indicating that BCCI lent Price even advised BCCI on how it Waterhouse's Barbados could also secretly acquire a branch \$200,000 even though Florida bank.

dealer Adnan Khashoggi. bank's books for the firm's Sakhia said BCCI apparently United Kingdom branch.

 Said BCCI officers were jailed for foreign exchange violations in India, Kenya and Sudan but were then released and never prosecuted. He ing BCCI's secret ownership said the bank had paid off the Indira Gandhi family of India, as well as leaders in Pakistan, Bangladesh and a number of African countries. Denied assertions by Clifford and First American's former president, Robert Altman, that they were not informed about BCCI's illegal ownership of their bank holding company. He said Altman

chief faces new suits

LONDON (Financial Times Service) Asil Nadir, the chairman and chief executive of Polly Peck International, the collapsed British fruit and electronic group, appeared in **Bow Street Magistrates Court** Tuesday, charged with 58 new counts of theft totaling just under £130 million (\$224 mil-

Nadir denied all the charg-

The funds involved in the new charges against Nadir dwarf those brought so far in the other U.K. prosecutions by the Serious Fraud Office.

In the Barlow Clowes trial, the defendants face charges of defrauding investors of £16 million while in the first Guinness trial, a total of £20.3 million was involved.

Nadir already faces 18 charges of theft and false accounting totaling £25 million.

Trade figures

LONDON (UPI-Kyodo) Britain's current account deficit improved slightly to £529 million (\$904 million) in September, from £596 million (\$1 billion) in August, in line with expectations, but signs of economic recovery remained

The deficit of trade in goods showed a modest pickup to £729 million (\$1.25 billion), from around £800 million (\$1.37 billion) in August, while a surplus of some £200 million (\$342 million) in socalled invisible trade in services like banking, insurance, shipping and tourism in September bolstered the current

James Sawtell, economist

Stoppage paralyzes most of Italy for four hours

ROME (Reuter-Kyodo) More than 80 percent of Italy's workforce joined a general strike on Tuesday, hailed as a great success by trade unions battling government austerity plans.

Tens of thousands of workers marched in demonstrations throughout Italy to demand that Prime Minister Giulio Andreotti drop a 1992 plan aimed at tackling a crippling budget deficit.

Public transport was halted Other midmorning dollar and some essential services were hit, although unions representing health workers and firefighters limited their protest to one hour.

The four-hour stoppage was called by the CGIL, one of Italy's three main union groupings which account for some 14 million workers. It said more than 80 percent of workers had downed tools.

CGIL General Secretary Sergio D'Antoni said in Milan at the day's biggest protest, "We want a policy which brings inflation down, relaunches economic growth and makes unemployment the central issue." The rally drew an estimated 80,000 peo-In Zurich, the bid price was | ple.

> Some 60 percent of students did not turn up for school, and 23 international trains due to leave from Rome did not run. Banks and public offices did



strike by by's three mainstream labor unions. REUTER PHOTO

not open and no newspapers thousands of people to take appeared.

percent of orkers at Fiat, Itwith a workforce of 116,000, took part the stoppage. It was he fifth general

strike in livears and the first

general stree since May 1989.

The unions expect tens of

part in a demonstration in the Trade Mons in northern Italian capital on Nov. 16 to Turin salbetween 30 and 40 press for fairer taxation. The budget package is cur-

aly's larged private company rently before parliament, which has until the end of the witnesses said. year to approve it. Angry French farmers

President Francois Mitterrand to end their protests over produce prices. They let

motorway toll booths on Tues-

day, defying a demand by

They said farmers were oc-PARIS (Reuter-Kyodo) Angry French farmers took over ately intervene.

improve in U.K.

at S.G. Warburg, said although imports in September motorists drive through free, were 5 percent lower in September than August, the underlying trend was more encouraging, with imports in cupying four tolls in the Lyon | the quarter to September 1.5 area. Police did not immedi- percent higher than the previous quarter.