

# US for North America-EU free trade zone

MADRID, June 2: The Clinton administration is unveiling a free trade zone proposal to link the United States with Europe in a prosperous economic alliance of 770 million people and more than half the world's wealth, reports AP.

In what was billed as a major foreign policy speech, Secretary of State Warren Christopher on Friday is outlining a partnership designed to align the 15 European Union countries with the United States, Canada and Mexico.

It could alleviate the impact of restrictive trade practices of Japan and other Asian but also raise concerns in that part of the world that an economic

bloc against them was in prospect.

Christopher is making the speech at Madrid's Casa de America, a cultural center devoted to celebrating the cultural accomplishments of North America and Latin America. US officials disclosed the theme in advance.

A trans-Atlantic trade zone could be a channel to emerging markets in Eastern and Central Europe, and to Latin America, as well. It is designed also to buttress the growing political and military ties between the West and East.

The North Atlantic Treaty Organization, formed initially as a military bloc against the

Soviet Union and its allies, quickly is being transformed into a political body. Russia opposes its expansion eastward, but this week in what Christopher called a historic step, aligned itself partly with NATO through the Partnership for Peace programme.

Asia, on the other hand, may be inclined to view the new trading alliance as a threat, promoting more trans-Asian business at the expense of Asia. For American firms there would be new opportunities in Europe. Christopher long has called the Clinton administration the most friendly in recent times to American corporations.

"There is no longer any legal, political or moral justification to maintain the embargo imposed on our people," by the United Nations after Iraq sent troops into Kuwait in August 1990, Ramadan said.

The UN Security Council must honour its commitments. "We faulted Arab leaders for not supporting Iraq's stance which has met the requirements of the United Nations imposed by the US administration."

Ramadan attacked Rolf Ekeus, the head of the UN Special Commission on disarming Iraq who ended a four-day mission here today, as well as the Arab League, Kuwait and Saudi Arabia.

Ekeus was "beating about the bush to cover the plot foisted by the United States for hostile political ends."

The disarmament chief said his team had made progress over Iraq's chemical weapons programme but had not allayed concerns about the crucial issue of its germ warfare capability.

Instead, he devoted his half-hour address to stressing the role of Malaysian consumers and traders in the fight against inflation as the country moves towards its eighth year of over eight per cent growth.

Iraq argues it has complied with UN Gulf War resolutions requiring Baghdad to dismantle its weapons of mass destruction in return for a lifting of the oil embargo.

Malathir did not mention interest rate policy or any upcoming curbs on housing or car loans as many economists and analysts had earlier expected.

The prominently-displayed slogan for Malaysia's anti-inflation drive this year is "zero inflation — our target". Malaysia's inflation as measured by the key consumer price index was 3.2 per cent for the first quarter of 1995 against 3.7 per cent for all of 1994.

Malathir said in his speech zero inflation meant keeping the cost of living at the basic level steady. He said the Malaysian government would increase the type and number of controlled goods if necessary to keep inflation under control.

Because we are all consumers, the control of inflation

## US farm exports may reach record high of \$ 51.5 b this fiscal yr

WASHINGTON, June 2: Agricultural exports are projected to reach record high of \$ 51.5 billion dollars this fiscal year, thanks largely to higher prices for cotton, wheat, coarse grains and oilseeds, reports AP.

The revised Agriculture Department forecast is 3 billion dollar higher than the last forecast in February for the 12-month period that ends Sept. 30. If realised, it would be an 8 billion dollars increase over the 43.5 billion dollars in exports in 1994.

"All categories of US agricultural products are recording large gains at the same time," said Agriculture Secretary Dan Glickman.

"While overseas sales of consumer foods and semi-processed products continue to grow impressively, the new export numbers also reflect a continued surge in our exports of bulk commodities as well," he said.

Cotton export prices are at their highest since the Civil War, and are expected to boost exports by 600 million dollars more than previously forecast, the department said. Cotton exports are expected to reach 4.4 billion dollars, compared with 2.3 billion dollars in the 1994 fiscal year.

Wheat and soybean exports were revised upward by 700 million dollars in the new forecast.

Export prospects for live-stock, poultry and horticultural products were raised 1 billion dollars since the February forecast.

## US dollar lower in Tokyo

TOKYO, June 2: The US dollar was lower against the Japanese yen late Friday morning in Tokyo, as prices on the Tokyo Stock Exchange rebounded in light trading, reports AP.

The dollar remained in a narrow range as traders awaited the release of US employment figures for May, due out later Friday. If the May employment report shows an economic slowdown, that is a negative factor for the dollar.

Since a flurry of recent data showed the US economy was slowing faster than money traders had anticipated, the upcoming employment report is considered an important indicator of whether the Federal Reserve Board may cut interest rates.

On Thursday, a survey by the US National Association of Purchasing Management showed its index fell to 46.1 per cent in May, down from 52 per cent from April. The reading marked the first time in 20 months that US manufacturing hasn't expanded.

A series of weak economic data in the last month has sent fears into the market that the Fed would lower interest rates when its policy-making committee meets in July.

In late morning in Tokyo, the dollar was traded at 84.94 yen, down 0.24 yen from late Thursday but above its late overnight New York trading at 84.82 yen.

## Sultan Ahmed Executive Engineer Ctg PWD Division II Chittagong

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