

CANADA AND ECONOMIC SUMMITS

SUMMIT HISTORY

The annual economic summit is the most visible element of an extensive, ongoing process of consultation and cooperation among the group of seven leading industrialized democracies known as the G-7 countries.

Discussions held during the summits and meetings of the Group of Seven finance ministers are closely linked to work in other international fora, including the International Monetary Fund, the World Bank, the General Agreement on Tariffs and Trade and the Organization for Economic Cooperation and Development. Through these institutions, governments seek to manage an increasingly interdependent world economy.

The 1992 Munich Summit will be the culmination of a year-long process. Issues on the summit agenda were reviewed during five advance meetings of the personal representatives of summit leaders. These representatives are known as "sherpas," in reference to a Himalayan people famous as mountain guides. Through their preparatory meetings, the sherpas seek areas of agreement on main issues that may lead to a consensus at the summit. Prime Minister Mulroney's personal representative is Derek Burney, Canadian ambassador to the United States.

The first economic summit took place in Rambouillet in 1975 after the president of France invited his colleagues from the United States, the United Kingdom, Germany, Japan and Italy to discuss the major economic issues in a relatively unstructured environment. Canada joined in 1976 at the Puerto Rico Summit, and was followed by the European Community in 1977, in London.

The first summits focused on economic recovery. Heads of state and government agreed on measures to support stable economic expansion and to reduce high levels of unemployment without increasing inflationary pressures. The leaders recognized that structural changes had to

be made in national economies to cope with rising oil prices and new economic realities.

In the early 1980s, the fight against inflation became a primary concern. The leaders agreed on the need to restrain public borrowing and to contain growth of the money supply. They increased their efforts to harmonize their policies in order to expand, reinforce and maintain the recovery that followed the 1981-1982 recession. They have since sought to ensure continued economic stability and prosperity by reducing inflation, interest rates and budget deficits.

Following the 1986 Tokyo Summit, summit members' growing emphasis on coordinating economic policies saw the Canadian and Italian finance ministers join those of the United States, France, the United Kingdom, the Federal Republic of Germany and Japan to form the Group of Seven. Ministers, central bank governors and senior officials of the G-7 meet between the economic summits to discuss the economic performance and policies of their respective countries. This further strengthens economic and monetary cooperation.

Summit leaders regularly discuss matters related to the liberalization of trade and market-oriented trade practices. At the 1986 Tokyo Summit, on the initiative of Canada and with the support of the United States, the leaders expressed for the first time their concern over subsidy practices and protectionist measures that are distorting world agricultural markets. As a result, agriculture became one of the main issues of the Uruguay Round of multilateral trade negotiations launched in September 1986 under the auspices of the General Agreement on Tariffs and Trade.

While macroeconomic issues have traditionally been uppermost on the agenda, other global issues have gained prominence over the years. Summit statements on problems such as terrorism, narcotics and human rights abuse attract international attention and frequently lead to action.