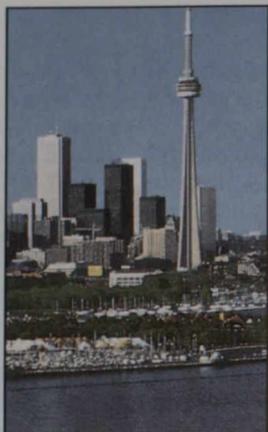


Canada hosts Economic Summit

Min. des Affaires
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Toronto, host city of this year's annual G-7 Economic Summit

Leaders of the world's top seven industrial nations and representatives of the European Commission met last month in Toronto for their fourteenth annual Economic Summit completing the second cycle of Summit meetings. They discussed the challenges faced by the world economy against a back drop of improved economic growth and prospects of lower international trade imbalances.

Summit leaders reviewed progress over the last seven years with some satisfaction. They noted that interest rates and inflation had been brought down considerably and that most are now in their sixth consecutive year of economic growth. They reiterated their intention to cooperate in the conduct of macro-economic policy and to continue efforts to reduce the various imbalances in the world economy.

The Toronto summit was most noteworthy for progress made in responding to the needs of the poorest countries with unsustainable levels of debt. The Leaders agreed in principle to a 'menu' approach by which governments would offer debt relief through interest rate concessions, write down of principal, or longer repayment periods. Details will be worked out in the Paris Club. This achievement was particularly welcomed by Canada's Prime Minister, Brian Mulroney, who both at Venice and again this year in Toronto had made progress on this issue a major objective.

Trade policy was also a major topic of discussion and in reiterating their opposition to protectionism, the Leaders agreed that the GATT should become more dynamic in the surveillance of trade policies, more effective in dispute settlement procedures, and expand the range of issues covered to include services and various trade-related measures. They also warmly welcomed the Canada-US Free Trade Agreement and the steady progress of the European Community to complete the internal market by 1992.



G-7 Leaders pose for an informal photograph outside the University of Toronto's Hart House.

A third area of discussion was agricultural policy and the need to reduce subsidies which distort agricultural trade. Leaders supported efforts to adopt both short term and long term measures - particularly through GATT negotiations - which will promote reduction in subsidies.

Finally, the Leaders supported progress made at the OECD to encourage structural reforms and to monitor progress that individual members make. In an annex to the communique they committed themselves to certain reforms in their own countries and also to discuss structural policies within the G-7 group of Finance Ministers. The progress made in Toronto demonstrated the gradual evolution of international economic policy coordination which has been strengthened over the last several years.

The Summit political statement congratulated President Ronald Reagan (along with USSR Secretary-General Mikhail Gorbachev) for their progress in reducing offensive arms, and reaffirmed commitments to strengthen cooperation against terrorism. A special task force was established to coordinate efforts to curtail the illegal use of drugs and to trace or confiscate the drug traffickers profits. Views on South Africa, the Middle East and Cambodia were summarised in the Chairman's summary read by Canadian Secretary of State Joe Clark.

Significantly, this year's revised Summit format, introduced at the instigation of Prime Minister Mulroney, afforded opportunity to discuss more informally long-term social and economic policy issues. These discussions covered a variety of subjects including education and training, literacy, and the environment. In fact, these social issues and concerns over illegal drug use and sport hooliganism combined to give a strong focus on 'quality of life' issues in rapidly changing urban environments.

Britain's Prime Minister Margaret Thatcher, the longest serving Summit Leader, praised the efficient organisation of the Toronto Summit and congratulated Canada's Prime Minister for his excellent Chairmanship of the discussions. She said that the Toronto Summit had produced 'one of the most successful communique and least argued over that I've come across'.

The Summit was held in the Metro Toronto Convention Centre which has a wide range of modern facilities. Over 4000 media representatives were housed on the exhibition floor which was turned into one gigantic newsroom, while other halls were used for press conferences and briefing sessions. Across the street, a parking lot was converted into Summit Square.

Toronto was chosen as the location for the Summit to emphasise its growing international stature. As Canada's Finance Minister Michael Wilson said in the run-up to the Summit: 'The choice of Toronto was in recognition of its stature as a major financial centre with rapidly growing links to the markets of the world'. There was universal praise for the efficient organisation of the Summit, the friendliness of Torontonians and the cleanliness of the City.

