

THE VENICE SUMMIT AGENDA

The leaders at Venice will be confronted with a full and challenging economic and political agenda. On the positive side, our economies are in their fifth year of recovery since the 1981-82 recession. Generally, inflation has remained under control. A significant and helpful realignment of exchange rates has taken place, although markets remain sensitive to the current patterns of large external imbalances. Despite some recent increases in North America, interest rates are generally lower than a year ago and the growth rate in employment is up. Job creation performance has markedly improved. However, unemployment, while declining in Canada and the USA, remains high in several Summit countries, particularly in Europe. Serious fiscal, current account and trade imbalances persist, prompting demands for protectionist measures and threatening international economic stability.

At the Tokyo Summit last year a Group of Seven Finance Ministers was created to work towards more effective surveillance, cooperation and coordination of international economic policies with a view to improving the economic performance of the major countries. It was agreed that the G-7 would meet periodically to review economic objectives and forecasts and, by using various economic indicators, examine their mutual compatibility so as to sustain more balanced growth.

Following the "Louvre Accord", agreed to by the G-7 in February, Japan and West Germany announced fiscal measures to stimulate domestic demand which should assist in reducing external imbalances. For these efforts to effect the major changes in imbalances necessary, the leaders at Venice must strive to attain greater coordination of monetary and fiscal policy, reinforce the commitments made by the G-7 Finance Ministers, and strengthen market confidence by implementing their policy commitments in a timely fashion.

Canada will seek to ensure that there is continuing strong commitment by leaders at Venice to resist protectionism and to ensure that the new Multilateral Trade Negotiations (MTN) now under way have a positive and early outcome. Early results are particularly important in the areas of dispute settlement and the functioning of the GATT system as a means to maintain the credibility of the GATT.

Following its introduction by Canada at the

Tokyo Economic Summit, agriculture will again be a major topic of discussion at Venice. Continued high levels of support prices in many countries, combined with export subsidies, have artificially stimulated production and created a serious imbalance between supply and demand. The Summit governments have now acknowledged the need to address issues of reform in international agriculture, building on the outcome of the May 12-13 OECD Ministerial Meeting. Canada also hosted a meeting May 21-23, at the Ministerial level, of the "Cairns Group" of 14 agricultural exporting nations, which includes industrialized and developing countries.

Leaders at Venice will address the particular problems of debtor countries. The recent IMF/World Bank meetings reaffirmed US Treasury Secretary James Baker's initiative. However, prospects for the poorest of these indebted nations, mainly in sub-Saharan Africa, remain bleak. To address this issue, Canada will continue to seek to ensure that the generous replenishment of funds for the World Bank's International Development Association (IDA VIII), agreed in 1986, is implemented. Canada will also be urging the adoption of special measures to address the debt problems of the poorest nations.

As has been the case at previous Summits, leaders will exchange views on a range of political subjects, including East-West relations, arms control and disarmament, international terrorism and regional issues such as South Africa, Afghanistan, Indochina, and the Middle East. The South African issue is of particular concern to Canada and we have indicated to our Summit partners that we will promote a full and useful discussion of this question at Venice.

Canada will seek to ensure, as has been its tradition in past Summits, that the interests and perspectives of less developed countries (LDCs) are represented at Venice, particularly in light of Canada's role as host of the Francophone and Commonwealth Summits later in 1987.

The Summit discussions may also touch on areas such as energy and cooperation in science and technology. There may be consideration of the serious medical and developmental problems posed by the Acquired Immune Deficiency Syndrome (AIDS) pandemic. The Summit leaders are likely to endorse the work of the