

# THE SUMMIT OF THE ARCH

This year's Economic Summit, "The Summit of the Arch," will take place in Paris from July 14 to 16. In announcing these dates last year in Toronto, the French timed the Summit to coincide with the celebrations surrounding the 200th anniversary of the storming of the Bastille, the event that triggered the French Revolution. Summit leaders, together with a number of leaders from the developing world and elsewhere, have also been invited to participate in these bicentenary ceremonies on July 13 and 14. (The Arch referred to in the Summit's official name is the recently completed *Arche de la Défense* complex, on the outskirts of Paris, where most of the Summit discussions will take place.)

The main Summit issues will include international economic coordination, trade, debt and development and the environment. A number of international political issues will also be addressed.

As in the past, the overriding concern in Paris will be for the seven major industrialized countries to achieve compatible economic policies that will encourage global non-inflationary growth. Leaders in Paris will be confronted with a challenging global economic situation. On the positive side, economic growth in Summit countries has remained buoyant, and 1988 saw a significant improvement in external imbalances among major industrialized countries. More recently, however, inflation rates have risen in a number of countries and the process of reducing imbalances has shown signs of slowing; the imbalances in turn have prompted domestic pressures for protectionist trade measures. Clearly the current economic situation will present Summit leaders with a full and challenging agenda for discussions.

In discussing trade, leaders can be expected to reaffirm their continued commitment to conclude the Uruguay Round of Multilateral Trade Negotiations (MTN) on schedule by the end of next year, to resist protectionism, and to maintain and strengthen the open multilateral trading system. Summit leaders will review the progress made in the MTN over the past year, including the successful conclusion in April of the mid-term review meeting in Montreal. The Canada-U.S. Free Trade Agreement will be considered as supportive of the multilateral trading system and the MTN. EC 1992 (which aims to eliminate, by 1992, all internal barriers to the free circulation of goods, services, persons and capital), now underway, should also be seen as a positive

influence in efforts to liberalize trade. Also, the U.S. Omnibus Trade Act and its effect on trade relations is also likely to be a matter for discussion.

Problems of debtor countries will be another focus of concern. Summit leaders will review the situation of middle-income debtors and will seek, in particular, the best way to strengthen the international strategy for managing the debt problem. They will emphasize within the case-by-case approach, the new proposals put forward by U.S. Treasury Secretary Nicholas Brady earlier this year.

Debt, development and adjustment in the poorest countries, especially in sub-Saharan Africa, remain particularly difficult challenges that require long-term commitments. Canada will seek to ensure that Summit leaders give special attention to the difficulties faced by the poorer countries.

At the Toronto Summit, leaders made a strong commitment to coordinated action on the environment, and there is every indication that the subject will be equally important at the Summit of the Arch. Attention is expected to focus, within the framework of sustainable development, on several specific issues such as the atmosphere, global warming, deforestation, and protection of the marine environment.

The serious problems associated with the international traffic in illicit drugs, both in terms of demand and supply, are also expected to be an issue for leaders' attention at the Summit.

Finally, while summit discussions centre on economic issues, they also provide the opportunity for leaders to review political questions facing them. The leaders have given particular attention to the strategic and political aspects of relations between their countries and the Soviet Union and Eastern Europe. Unsurprisingly it is very often the most urgent political problems that retain leaders' attention. We can expect that they might wish to address the recent events in China. Regional conflicts and problems, human rights and terrorism are among the other political issues that leaders will probably review.