

VENICE ECONOMIC SUMMIT

The next Economic Summit meeting of the leaders from the seven major industrial nations and the representatives of the European Community will be held in Venice, June 8-10, 1987. Annual meetings of leaders are the most visible element of a broader process of international consultation in the discussion of global economic issues, and Canada and France are major players. Summits are closely linked to work undertaken in other international fora including the Group of Seven (G-7) Finance Ministers, the International Monetary Fund (IMF), the World Bank, the General Agreement on Tariffs and Trade (GATT) and the Organization for Economic Cooperation and Development (OECD). These institutions are the means by which governments seek to influence and manage an increasingly interdependent world economy.

President Mitterrand's visit to Canada will occur after the annual OECD Ministerial meeting, May 12-13 and just prior to the Venice Summit. It thus presents an excellent opportunity for consultations between President Mitterrand and Prime Minister Mulroney on international economic issues.

Since the Tokyo Summit, there has been some progress on a range of key international economic issues. At Punta del Este, Ministers agreed on the launch of the next round of Multilateral Trade Negotiations (MTN) within the GATT. The Uruguay Round will be the most ambitious of the seven rounds held to date. The first meeting of the G-7 Finance Ministers was held in New York in September 1986, and this has been followed by meetings in Paris on February 22, 1987 and most recently in Washington on April 8, 1987.

The outlook for a broad consensus on major economic issues at Venice is somewhat mixed. The world economy, although still growing, is showing signs of slowing down. On the positive side, inflation has remained low and there has been a significant and generally helpful realignment of exchange rates. Despite some recent increases in North America, interest rates are generally lower than a year ago. Unemployment, while declining in Canada,

remains high in several Summit countries, particularly in Europe.

Canada will work to ensure that there is continuing strong commitment by leaders at Venice to resist protectionism and to ensure that the new MTN round under way in Geneva has a positive and early outcome. Of priority will be the objective of strengthening the GATT system and increasing its credibility through a series of measures including reinforcing the dispute settlement mechanism. Increased ministerial involvement is also a priority objective.

Agriculture will again be a major topic of discussion at Venice. The problems of over-production and subsidization are such that Summit governments are compelled to seriously address the issue in the months ahead.

At the Summit, leaders will also discuss major political issues such as East-West relations, terrorism and issues such as Afghanistan, Kampuchea, the Middle East and Central America. Canada attaches particular importance to an in-depth discussion of South Africa, with the possibility of a follow-up process being adopted in the Summit grouping.

Other issues will include cooperation in science and research, education and the AIDS pandemic.