

ECONOMIC SUMMITS

The Road from Tokyo to Venice

The annual meetings of leaders from the seven major industrialized democracies and the European Community are the most visible element of a broader, complex process of international consultation and cooperation in the management of the world economy. The Summits are closely linked to work done in other international forums including 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 manage an increasingly interdependent world economy. The "road map" of the international economic issues from last year's Tokyo Summit to Venice is defined by the major meetings of these international economic institutions:

- Commonwealth Finance Ministers' Meeting, St. Lucia, (September 24-25, 1986);
- Special Session of GATT Contracting Parties, Geneva, (September 25, 1986);
- Group of Seven Finance Ministers (G-7) Meeting, Washington (September 27, 1986);
- IMF/World Bank Annual Meetings, Washington (September 29-October 3, 1986);
- Annual Session of GATT Contracting Parties, Geneva, (November 30, 1986);
- G-7 Meeting, Paris (February 22, 1987);
- G-7 Meeting (Washington, April 8, 1987);
- IMF/World Bank Spring Meetings, Washington, (April 9-10, 1987);
- OECD Ministerial Meeting, Paris, (May 12-13, 1987);
- Cairns Group of Agriculture Ministers Meeting, Ottawa (May 21-23, 1987).

The main issues on the Summit agenda are also reviewed at several advance meetings of personal representatives of Summit leaders (the "sherpas"). The Summits are intended to allow leaders to exchange views in informal, relatively unstructured meetings. The sherpas, at their preparatory meetings, seek out areas of agreement which may form the elements of a Summit consensus approach on the main issues. Prime Minister Mulroney's Personal Representative is Dr. Sylvia Ostry, who is also Canada's Ambassador for Multilateral Trade Negotiations.

Developments Since the Tokyo Summit

At the Tokyo Summit, leaders reached consensus on a broad range of economic issues. Recognizing the need for close and continuous coordination of economic policies among the Summit countries, the leaders formed the Group of Seven Finance Ministers (G-7). The G-7 was charged with the responsibility of improving coordination to promote non-inflationary economic growth, strengthening market-oriented incentives for employment and investment, and fostering greater stability in exchange rates. The leaders also made a commitment to support the launch of the new Round of Multilateral Trade Negotiations (now known as the Uruguay Round); take action to address surpluses in agriculture production; and lend support to the early and substantial replenishment of the International Development Association (IDA).

Since the Tokyo Summit there has been significant progress on a range of key international economic issues. These include:

- The Finance Ministers of the Group of Seven (G-7) agreed at their meeting in Paris on February 22, that there is a need to intensify economic policy coordination efforts in order to promote more balanced global growth, and to reduce existing fiscal and external imbalances. To this end, each country undertook specific commitments for policy action. The "Louvre Accord" contained measures to stimulate domestic demand in the Japanese and West German economies and to reduce the US fiscal deficit.
- Canada's commitments were to reduce the budget deficit, implement tax and regulatory reform, pursue trade liberalization bilaterally with the United States and multilaterally within the Uruguay Round, and continue to aim monetary policy at the reduction of inflation and ensure that it is consistent with orderly exchange markets. The Group also stated that the substantial change in exchange rates since the G-5 agreement in Washington of September 1985 (Plaza Agreement) would contribute to reducing imbalances, and had brought exchange rates within ranges consistent with fundamentals provided that commitments were implemented. G-7 Ministers and Central Bank Governors agreed to cooperate