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### **The Italian Economy**

The two-fold objective of the Craxi government in 1985 was to gain control of inflation and reduce the deficit. Inflation declined from 20% in 1982 to 8.6% in 1984, and remained constant through 1985, but the inflation rate was still higher than in other western European economies. The budgetary deficit has remained high. The current account deficit rose from \$2.9 billion in 1984 to \$5 billion in 1985 but should decline somewhat in 1986 given expectations of better export performance because of an 8% devaluation of the lira last year. Nonetheless the current account deficit is expected to be about \$3 billion this year.

According to the government's estimates, the unemployment rate is still 11% and no improvement is expected in the short term. GDP, which increased by 2.4% in 1985, might show further growth in 1986 because of declining oil prices. In other respects, 1985 can be considered to have been a relatively dynamic year for the Italian economy. Imports increased by nearly 9% and exports by about 8%. Industrial investment in the machinery and equipment sectors was spectacular. The latest estimates set the growth rate in this sector at 11.3% in 1985, compared with 9.5% in 1984. Gross fixed capital investments increased by 4.5% last year.

### **Canada-Italy Relations**

Canada's population of Italian origin, which numbers more than 700,000, exercises a considerable influence on bilateral relations through various business and cultural connections.

Canadian exports to Italy, at \$550 million, declined marginally from \$577 million in 1984. Imports from Italy rose from \$1.115 billion to \$1.3 billion. Finished products account for only 15% of our sales to Italy. Both sides wish to increase exchanges of high technology products, to promote investment, to intensify industrial cooperation and to encourage joint undertakings. There have been bilateral agreements in recent years in the fields of culture, taxation and social security.

### **European Communities**

#### **Jacques Delors, EC Commission President**

Jacques Delors (French, born 1925), President of the Commission of the European Communities since January 1985, has combined a number of careers—banker, public servant, academic and politician. He served as Economics and Finance Minister of France between 1981 and 1984.

As President of the Commission, Mr. Delors has, within the limits of Community competence, maintained a direct interest in monetary affairs and in promoting the freer movement of goods and services within the Common Market (the stated aim being to remove all remaining barriers by 1992) as well as internationally. Another key area of Community interest for Mr. Delors has been high technology research and development, which he has championed, calling for new and more ambitious community-wide support programmes and increased financial commitments. He actively participated in the latest EC institutional reform effort and deserves considerable credit for progress made at the Community Summit in Luxemburg last December.

Mr. Delors will be accompanied by his personal representative, Mr. Pascal Lamy.

#### **Netherlands Prime Minister, Ruud F.M. Lubbers**

Mr. Lubbers, Prime Minister of the Netherlands will be present at the Summit by virtue of the current Dutch presidency of the EC Council.

Born in 1939 in Rotterdam, Mr. Lubbers was trained as an economist. He is a member of Christian Democrat (CDA) party. He began his career in the family machine tool business in 1963. In the 1960's he became a member of the Popular Catholic Party, which since 1977 has been integrated with the CDA. He was Minister of Economic Affairs from 1973 to 1977 and later leader of the CDA in Parliament. Elected leader of the CDA in 1982 and Prime Minister in November 1982, he became the youngest Head of Government in Netherlands history.

He will be accompanied by his foreign minister, Mr. Hans Van Den Broek.