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CANADA ACHIEVES
ITS GOALS IN HALIFAX

Canapress Photos/Andrew Vaughan



Prime Minister Chrétien and President Clinton relax with a round of golf in Halifax after the G-7 Summit.

Canada's Prime Minister Jean Chrétien, who played host to the leaders of the Group of Seven industrialized nations in Halifax, Nova Scotia, June 15-17, for their annual economic Summit, singled out proposals to strengthen the International Monetary Fund's ability to react quickly to financial crises as the meeting's most significant achievement. Mr. Chrétien had made reforming international financial institutions his "personal priority" as chairman.

The other six leaders were U.S. President Bill Clinton, Britain's Prime Minister John Major, Germany's Chancellor Helmut Kohl, France's President Jacques Chirac, Japan's Prime Minister Tomiichi Murayama, Italy's Prime Minister Lamberto Dini, and European Union President Jacques Santer. Russian President Boris Yeltsin joined the group for discussions of political and global issues.

As chairman, Prime Minister Chrétien played a leading role in setting the agenda and moving the discussions

toward consensus. When he began planning the meeting, he said he wanted a "Chevrolet Summit" that focused on the issues rather than on the pomp and circumstance that has characterized many previous Summits.

Prime Minister Chrétien outlined Canada's goals for the meeting in a speech delivered in Montreal on the eve of the Summit. The common thread in these goals, he said, "is the need for greater international understanding and cooperation in the face of skepticism that our international systems are not working well."

"Jobs and growth are the priority of every G-7 nation," Mr. Chrétien said in Montreal, and "liberalized trade is the most effective international lever that exists for promoting jobs and growth." He urged the other G-7 members to join Canada in building on the successful

Unless otherwise noted, all figures are in Canadian dollars. The official noon exchange rate on June 29 was US\$1 = C\$1.3761.

conclusion of the GATT trade talks "and to get the new World Trade Organization (WTO) up and running."

Despite progress in reducing debt and curbing inflation in Canada and other Summit countries, Mr. Chrétien said, "Healthy national economies cannot exist in an unhealthy global economy." The Summit leaders could make a major contribution to the health of the global economic system, he said, by reducing the vulnerability of national economies to wild currency fluctuations, a matter made urgent by the worldwide repercussions of Mexico's recent financial crisis. Mr. Chrétien urged his colleagues to strengthen the IMF's ability to monitor the financial health of its member countries and to give the institution the financial resources necessary to act decisively in the event of crisis.

Mr. Chrétien said he hoped his colleagues would ensure that two other post-war international institutions, the World Bank and the United Nations, use their financial resources as effectively as possible and that they and other international financial institutions target their scarce funds to the poorest countries.

Canada has long been a proponent for significant reform of the UN, and Prime Minister Chrétien called on his colleagues to strengthen the organization. "There are too many (UN) agencies and programs," he said, "which either conflict with each other or are without mandates appropriate to modern challenges."

The joint communiqué issued at the close of the economic discussions dealt with Canada's major concerns. The highlights included:

■ a strong recommendation to the IMF to establish benchmarks for timely disclosure of countries' economic and financial data and to provide direct advice to countries which appear to be avoiding corrective action.

■ a proposal to double to U.S. \$58 million the amount the IMF currently has available under the General Arrangements to Borrow (GAB) to respond to financial emergencies.

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THE ENVIRONMENT

DEVELOPMENT IN THE ARCTIC NATIONAL WILDLIFE REFUGE

Canada has expressed concern to the U.S. government about Congressional budget proposals which may result in opening up the Arctic National Wildlife Refuge coastal plain to oil and gas development. Canada believes such development in the sensitive calving grounds of the Porcupine caribou herd poses a serious threat to this and other migratory wildlife Canada shares with the United States.

The herd of more than 160,000 caribou ranges across northeastern Alaska, the northern Yukon and the Mackenzie Delta in the Northwest Territories. Thousands of Aboriginal people in both countries depend on the herd for food and for the survival of their traditional way of life.

In 1987 Canada and the United States signed the Agreement on the Conservation of the Porcupine Caribou Herd, under which they agreed to protect the herd and its habitat and to

consult promptly if either the herd or its habitat were damaged or its migration routes disrupted. U.S. and Canadian scientific experts have concluded that any development in the coastal plain could pose a major threat to the calving and migration patterns of the herd.

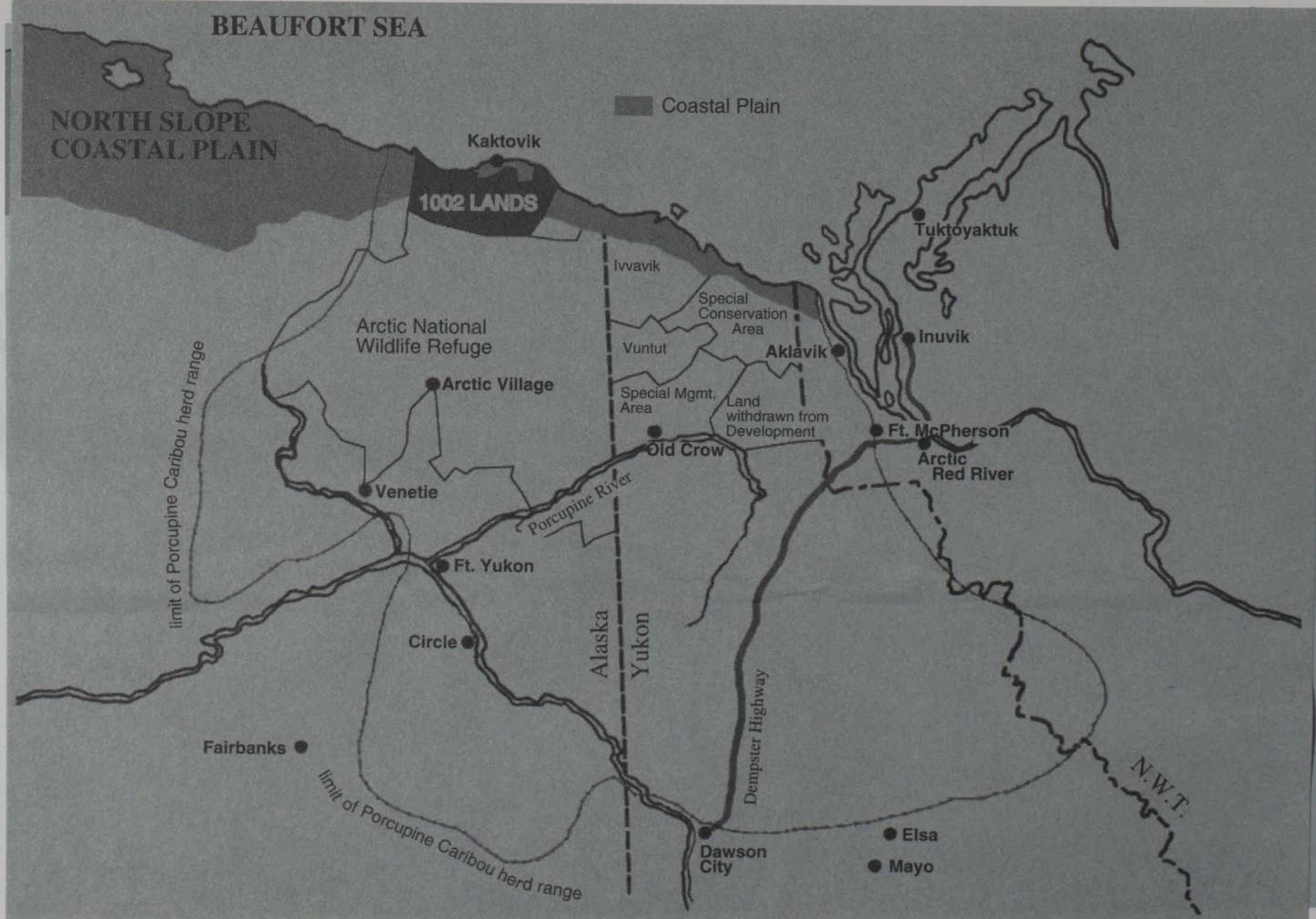
Canada believes that the best way to ensure the future of the Porcupine caribou herd is to designate the Arctic coastal plain as wilderness, thereby providing equal protection on both sides of the border for this shared wildlife resource.

In 1984, with the creation of the Northern Yukon (now Ivvavik) National Park, Canada permanently protected as wilderness a large portion of the herd's habitat, including an area of the Yukon coastal plain where the caribou occasionally calve. The creation of Vuntut National Park south of Ivvavik put additional areas of the caribou's habitat off-limits to development. Most of the

rest of the herd's Canadian range is located in areas that have either been withdrawn from development or are subject to Aboriginal land claim agreements that place stringent restrictions on development.

Much of the herd's Alaskan habitat lies within the Arctic National Wildlife Refuge, created in 1960 and expanded 20 years later under the Alaska National Interest Conservation Lands Act. Although development is prohibited in most of the refuge, the calving grounds lie in an area east of Prudhoe Bay that Congress set aside for possible oil and gas development under Section 1002 of the act. The act instructs the Secretary of the Interior to consult with Canada in evaluating the impact of development, "particularly with respect to the Porcupine Caribou Herd."

The 1.5-million-acre coastal area known as the 1002 lands is home to a rich variety of other wildlife—wolves,



Based on a map by the Porcupine Caribou Management Board



wolverines, polar bear, barren-ground grizzlies, muskox and Dall sheep. About 140 species of birds, including bald eagles, tundra swans and snow geese, use the area as a staging ground for migration. Many of these species migrate between Canada and the United States.

Canada is most concerned about the effects of development on the Porcupine caribou, whose life cycle makes it particularly susceptible to disturbance.

In the spring the cows begin their migration from the herd's winter range (located mostly in Canada) to the calving grounds on the coastal plain. Although some calving takes place in the Yukon's Ivvavik National Park, most of the calves are born in Alaska on a narrow band of tundra that lies between the Brooks Mountain Range and the Beaufort Sea—the 1002 lands.

After calving is complete, the rest of the herd joins the cows to form an enormous aggregation along the coast where they graze and gather strength for the fall migration. The density of the herd (up to 50,000 per square mile) provides protection from predators.

A scientific advisory panel to the

International Porcupine Caribou Board set up under the Canada-U.S. agreement reported in 1993 that the calving and immediate post-calving period is the most important phase of the caribou life cycle and the time when the animals are most sensitive to human disturbance.

Because the herd's principal calving and post-calving grounds lie within the area proposed for development, this most critical phase of the caribou's life cycle could be severely disrupted. The 1002 lands contain the richest grazing land and the most protection from predators and insects. If the herd were displaced to poorer and less protected feeding grounds, the survival of the cows and newborn calves during migration could be threatened. Canada is also concerned that the pipelines, roads and other infrastructure associated with development could alter the herd's migration routes into Canada.

Any decline in the herd would significantly alter the lifestyles of Aboriginal people who have depended on the Porcupine caribou for thousands of years. For example, the caribou is the primary source of food and an essential element of social structure for the 7,000 members of the Gwitch'in Nation in Canada and Alaska. Unlike Aboriginal groups who live on the Alaskan coastal plain, the inland Gwitch'in would have few alternative sources of food if the Porcupine caribou herd were diminished or its migration routes altered.

Because of the potential consequences for Canadian wildlife and Aboriginal people of developing the Arctic National Wildlife Refuge coastal plain, Canada has repeatedly urged the U.S. government to protect the area permanently by designating it as wilderness.

HALIFAX SUMMIT

(continued from page 1)

■ A pledge "to work for the reduction of remaining internal and external barriers" to trade and investment and "to resist protectionism in all its forms." The leaders committed themselves to working together "to consolidate the WTO as an effective institution" and "to ensure a well-functioning and respected dispute settlement mechanism."

■ A variety of recommendations to multilateral development banks and UN agencies to improve their effectiveness in tackling problems of poverty and sustainable development.

■ An agreement to send G-7 economic ministers to a meeting in Paris early next year to exchange ideas on reducing unemployment.

After the economic part of the Summit agenda was completed, Russian President Boris Yeltsin joined the group for discussions on a range of global issues.

The escalation in fighting in Bosnia and the fate of the 26 UN peacekeepers (including 12 Canadians) still held hostage by the Bosnian Serbs was a dominant topic of the discussions. In fact, G-7 leaders focussed on the situation at their opening dinner (instead of planned economic subjects), after which Prime Minister Chrétien read their appeal for restraint and release of the hostages to the news media. Later, Mr. Chrétien made a personal plea for President Yeltsin's aid in persuading the Serbs to release the peacekeepers. The Serbs freed all the hostages on June 18.

Canada has more than 2,000 peacekeepers in Bosnia and Croatia.

The eight leaders reiterated their commitment to multilateral action through the United Nations while endorsing Canada's call for broad reform of the organization's financial and political structures. Of particular interest to Canada, Prime Minister Chrétien said following the meeting, was consideration of measures to improve the UN's rapid deployment capabilities.

Before departing for Washington, President Bill Clinton said that his Canadian host had delivered on his promise of a Chevrolet Summit: "It has been more business-like, more informal and more specific in its suggestions for what we can do to improve the lives of our people, than many of our previous meetings." French President Chirac pledged to continue the trend towards informality at the 1996 Summit in Lyon.

Canada's Development Activity

Canada has never allowed drilling on its portion of the Porcupine caribou's calving grounds, although exploratory drilling took place between 1957 and 1985 in a few less sensitive areas of the herd's range. A total of 78 wells were drilled, three in the coastal plain outside the calving grounds and the rest in the herd's fall and winter range. In spite of significant pressure for further mineral exploration and other development, no oil or gas has ever been produced and all the wells have been abandoned. Drilling and

mining are now prohibited in large areas of the herd's Canadian range.

The Dempster Highway connecting the Yukon and Northwest Territories was built in the late 1950s and '60s following an existing winter road. It crosses a caribou migration route but is nowhere near the calving grounds. Despite some initial concern, the sparsely travelled road has not altered the herd's migration patterns. The greatest potential threat to the caribou from the road was greater access for hunters, but hunting has been restricted along the highway corridor.

ONTARIO'S CONSERVATIVES PROMISE TAX CUTS

Newly elected Ontario Premier Mike Harris has said his government's top priority will be to stimulate the economy.

"We very clearly believe that getting the economy going is important, and tax cuts are key to that," Mr. Harris said. "This economy needs stimulating." He said half the promised income tax cuts will be included in his government's first budget next year.

Mr. Harris' Progressive Conservative party won a sizeable majority in the provincial election held on June 8, on a platform of shrinking government, reducing taxes and reforming welfare. It captured 82 legislative seats out of 130 with 45 per cent of the popular vote. Mr. Harris was sworn in as premier on June 26, succeeding New Democrat Bob Rae.

The incumbent New Democratic Party (NDP) came in third, reduced to 17 seats and 20 per cent of the vote. The Liberals won 30 seats, with 31 per cent of the vote. One seat was won by an Independent.

The Ontario Conservative Party had governed continuously for more than 40 years before the Liberal victory in 1985.

The Conservative "Common Sense Revolution" platform called for a 30-per cent cut in income tax rates and elimination of some payroll taxes, \$6-billion in spending cuts to balance the budget in five years, elimination of 13,000 civil service jobs or 15 per cent of the government workforce, and repeal of some of the NDP's most controversial measures: an employment equity law setting targets

for hiring women and various minorities, a labour law prohibiting the hiring of replacement workers during strikes, and a photo radar system aimed at highway speeders. The Conservatives also promised to overhaul the welfare system by reducing benefits to 10 per cent above the national average, tightening eligibility and requiring recipients to work or enroll in training programs. They said they would freeze rates charged by the provincially owned power company, Ontario Hydro, for five years.

Mr. Harris, 50, who comes from North Bay, has been party leader since 1990. He was first elected to the provincial parliament in 1981 after a career that included stints as a golf pro, resort manager and school teacher. During the campaign he promised to resign if his government did not fulfill its promises.

SASKATCHEWAN RE-ELECTS NDP GOVERNMENT

The New Democratic Party led by Premier Roy Romanow won re-election in Saskatchewan on June 21 with a large legislative majority of 42 seats out of 58 and 47 per cent of the vote.

The Conservatives, who held power four years ago, won five seats, and the Liberals captured 11, after winning a single seat in the last election.

"It's a strong mandate to pursue our jobs and economic growth plan... (and to get) the bankers off our backs," Premier Romanow said. His social democratic government has governed on the theme of "fiscal austerity with compassion," cutting spending (including closing 52 rural hospitals) and raising taxes to convert an \$842-million deficit in 1991 to a projected surplus of \$119 million for 1995.

First Quarter Economic Update

Canada-U.S. merchandise trade totalled US\$88.7 billion in the first quarter of 1995, according to Statistics Canada, up 29 per cent over the same period in 1994. Canada sold \$49.9 billion worth of goods to the U.S., and bought \$38.8 billion worth.

Canada's economy slowed sharply in the first quarter of the year, growing at a real annual rate of only 0.7 per cent, compared to the last quarter of 1994, when GDP rose by 4.6 per cent. The slowdown was attributed to higher interest rates which dampened consumer spending, rail and dock strikes and the sluggish economy of Canada's most important trading partner, the United States. While business investment grew during the quarter, consumer spending declined and real exports rose by only 1.3 per cent over the previous quarter.

Finance Minister Paul Martin acknowledged the slowdown but said he expected a recovery later in the year. He said he expects the government to meet its deficit reduction targets despite the sluggish first quarter because the budget was based on very prudent revenue projections.

Governor of the Bank of Canada, Gordon Thiessen, said in June that he is confident the economy is fundamentally strong because of low inflation (2.5 per cent in the first quarter), higher productivity and provincial and federal government attempts to cut their deficits. "We have to look at the underlying trend and a lot of positive factors are at work there," he said.

Canada

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