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# Canada and G-7 Summits



SOMMET HALIFAX SUMMIT

1995®



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# Canada and G-7 Summits

Canada is proud to be the host of the 21st Economic Summit. From June 15 to 17, 1995, Prime Minister Jean Chrétien will welcome to Halifax leaders of the six other major industrialized nations — France, Germany, Italy, Japan, the United Kingdom and the United States — as well as the President of the European Commission. Russian President Boris Yeltsin will also attend part of the proceedings. The Halifax Summit will be the third summit held in Canada. Canada hosted the 1981 Ottawa Summit in nearby Montebello, Quebec, and the 1988 Toronto Summit.

The annual G-7 summit is the most visible element of an extensive, ongoing process of consultation and co-operation among the world's seven leading industrialized democracies. Discussions held during the summits coincide with work being done in other international fora, including the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank, the Organization for Economic Co-operation and Development (OECD), the Asia-Pacific Economic Co-operation (APEC) and the Group of Seven (G-7) Finance Ministers.

The continuing objective of G-7 summits is to give leaders an opportunity to exchange ideas and experiences that will allow them to better understand and manage the most pressing economic and political issues of the day. While summits themselves do not always produce solutions to specific problems, leaders can set forces in motion in the relevant international institutions best suited to deal with these problems.

## ▶ Summit History

The first summit, an initiative of French President Valéry Giscard d'Estaing, took place in Rambouillet, France, in 1975. Originally conceived as a one-time event, leaders of France, the United States, the United Kingdom, the Federal Republic of Germany, Japan and Italy met to discuss economic issues in an informal and relatively unstructured environment. The success of this gathering, however, inspired U.S. President Gerald Ford to repeat the experience in Puerto Rico the following year. Canadian Prime Minister Pierre Trudeau joined the summit table at this time. The European Community, now the European Union, was granted observer status at the 1977 London Summit and is represented at summits by the President of the European Commission.

The first summits focussed on economic recovery. Participants agreed on measures that would help support stable economic expansion and reduce high levels of unemployment,



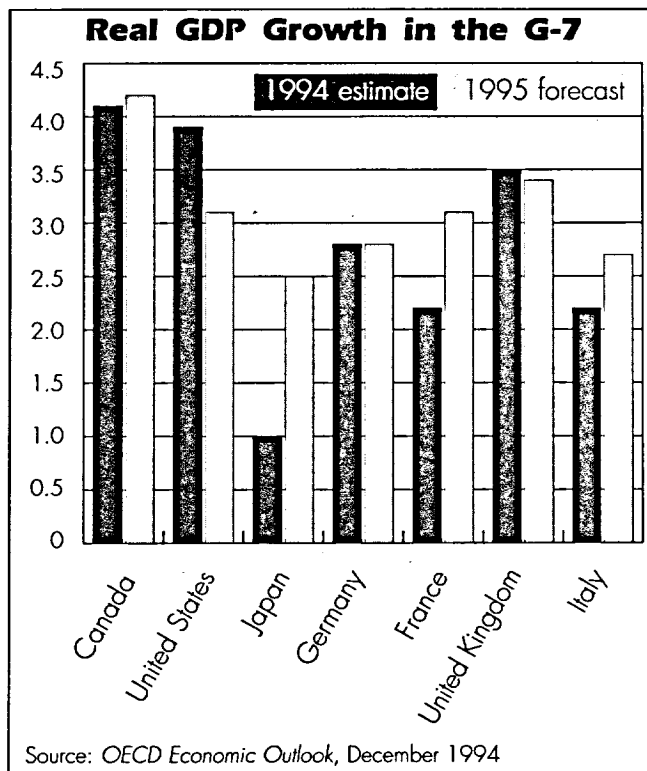
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without increasing inflationary pressures. They recognized that structural changes had to be made in national economies in order to cope with rising oil prices and new economic realities.

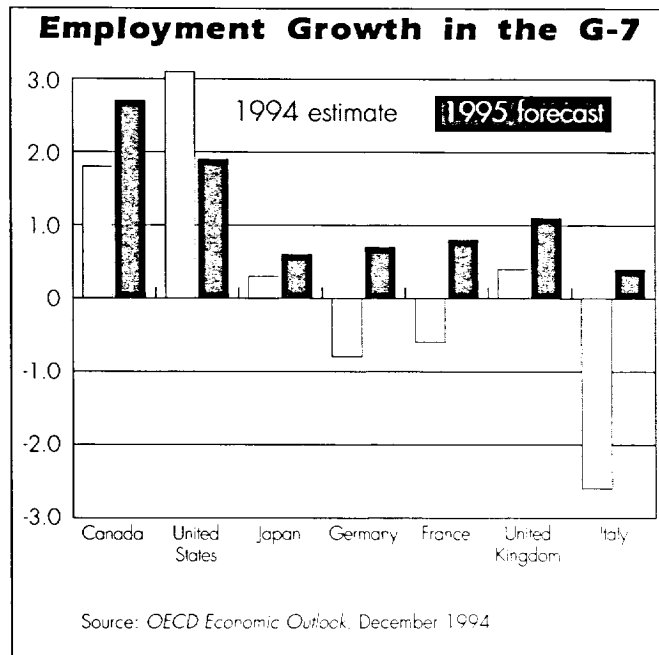
Containing inflation became a primary concern in the early 1980s. Leaders agreed on the need to restrain public borrowing and to limit the growth of the money supply. They then sought to harmonize their policies in order to expand, reinforce and maintain the recovery that followed the 1981-1982 recession. Since then, a top summit priority has been to promote economic stability and prosperity by aiming to achieve low inflation and interest rates and sound public finances.

At the 1986 Tokyo Summit, leaders emphasized the need to enhance macroeconomic co-operation by closely monitoring the gross national product, inflation, interest rates and exchange rates. As a result, Canadian and Italian finance ministers were invited to join those of the United States, France, the United Kingdom, Germany and Japan to form the Group of Seven. Since that time, finance ministers, central bank governors and senior officials of the G-7 have met regularly to discuss the economic performance and policies of their respective countries and to strengthen their international economic and monetary co-operation.

After the downturn in Western economies in the early 1990s, emphasis was placed on policies that would help strengthen and sustain global recovery. In Munich in 1992, governments agreed on the need to address high unemployment by making labour markets more flexible and adaptable to changing economic conditions. A global growth strategy designed to create employment was established the next year in Tokyo. To follow up on this initiative, the United States hosted the G-7 Jobs Conference in Detroit in the spring of 1994, which provided an opportunity for ministers from G-7 countries to exchange views and experiences on reducing unemployment and creating jobs. Further discussions on this theme took place at the OECD ministerial meeting in Paris in June 1994.



At the 1994 Naples Summit, the key economic issues which featured prominently in leaders' discussions were employment and economic growth, relations with Russia, reform in Ukraine and international trade. Political discussions focussed mainly on Bosnia, North Korea and peacekeeping. Notable summit results included an agreement to convene a ministerial meeting in Brussels on new technologies and the information highway, support for measures to ease the debt of the poorest countries, an assistance package worth up to US\$200 million to support a nuclear safety action plan in Ukraine, more than US\$4 billion in assistance to Ukraine for further reform initiatives, and endorsement of a Canadian-hosted conference on Partnership for Economic Transformation in Ukraine.



## ▶ New Agenda Items

While macroeconomic and trade issues have traditionally been uppermost on summit agendas, other global issues have gained prominence over the years. Summit statements on such problems as terrorism, drug trafficking, money laundering, human rights abuse, the environment, nuclear safety and proliferation have focussed international attention and have led to specific actions. At the 1981 Ottawa Summit, for example, the focus on relations between developed and developing countries led to the North-South Summit in Cancun, Mexico. Growing awareness of environmental concerns after the 1988 Toronto Summit helped shape the outcome of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992, and made linking economic development to environmental protection an international priority.

Among the new agenda items that have emerged in recent years, the most important has been relations with the new democracies in Central and Eastern Europe and the former Soviet Union. In Paris in 1989, leaders asked the European Commission to take the steps necessary to co-ordinate support for the democratization process in Poland and Hungary. The Paris Summit also established the Group of 24 (G-24), comprising member countries of the OECD and the former Warsaw Pact, which, under the chairmanship of the European

<b>COUNTRY</b>	Rambouillet 1975	San Juan 1976	London 1977	Bonn 1978	Tokyo 1979	Venice 1980	Ottawa 1981	Versailles 1982	Williamsburg 1983
CANADA		Trudeau	Trudeau	Trudeau	Clark	Trudeau	Trudeau	Trudeau	Trudeau
FRANCE	Giscard d'Estaing	Giscard d'Estaing	Giscard d'Estaing	Giscard d'Estaing	Giscard d'Estaing	Giscard d'Estaing	Mitterrand	Mitterrand	Mitterrand
GERMANY	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Schmidt	Kohl
ITALY	Moro	Moro	Andreotti	Andreotti	Andreotti	Cossiga	Spadolini	Spadolini	Fanfani
JAPAN	Miki	Miki	Fukuda	Fukuda	Ohira	Okida	Suzuki	Suzuki	Nakasone
UNITED KINGDOM	Wilson	Callaghan	Callaghan	Callaghan	Thatcher	Thatcher	Thatcher	Thatcher	Thatcher
UNITED STATES	Ford	Ford	Carter	Carter	Carter	Carter	Reagan	Reagan	Reagan

London 1984	Bonn 1985	Tokyo 1986	Venice 1987	Toronto 1988	Paris 1989	Houston 1990	London 1991	Munich 1992	Tokyo 1993	Naples 1994
Trudeau	Mulroney	Mulroney	Mulroney	Mulroney	Mulroney	Mulroney	Mulroney	Mulroney	Campbell	Chrétien
Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand	Mitterrand
Kohl	Kohl	Kohl	Kohl	Kohl	Kohl	Kohl	Kohl	Kohl	Kohl	Kohl
Craxi	Craxi	Craxi	Fanfani	De Mita	De Mita	Andreotti	Andreotti	Amato	Ciampi	Berlusconi
Nakasone	Nakasone	Nakasone	Nakasone	Takeshita	Uno	Kaifu	Kaifu	Miyazawa	Miyazawa	Murayama
Thatcher	Thatcher	Thatcher	Thatcher	Thatcher	Thatcher	Thatcher	Major	Major	Major	Major
Reagan	Reagan	Reagan	Reagan	Reagan	Bush	Bush	Bush	Bush	Clinton	Clinton



Commission, has been providing financial and technical assistance to support the transition of nascent democracies into market economies.

## ▶ **Russian Participation**

It was in 1989 that Soviet President Mikhail Gorbachev first wrote to summit leaders outlining his objective of integrating the Soviet Union into the international economic system. At the 1990 Houston Summit, leaders asked the IMF, the World Bank, the OECD, and the European Bank for Reconstruction and Development (EBRD) to undertake a detailed study of the Soviet economy and to recommend systemic reforms and a Western aid plan.

The next year, immediately following the London Summit, leaders met with President Gorbachev to review his reform plans. The leaders agreed that more assistance to the Soviet Union was required to help advance economic and political reform.

In 1992, Russian President Boris Yeltsin met with leaders following the Munich Summit to consider developments in his country and to announce a comprehensive assistance package for Russia. A US\$43-billion G-7 support package, announced in advance of the Tokyo Summit, included debt rescheduling, stabilization support through the IMF, project and import loans through the World Bank, as well as funding for a privatization program.

In Naples in 1994, President Yeltsin joined summit leaders for discussions on political issues of common concern on the last day of the summit. At his news conference following the summit, Prime Minister Chrétien indicated that Russia's association with G-7 political discussions would continue in Halifax.

Canada welcomes the important and constructive role Russia can play in helping to address the many problems facing the international community through this closer association with the political portion of the summit. Canada and its G-7 partners support Russia's involvement in the international trade and economic system and are working to bring about its integration, at a pace consistent with its own reforms.

## ▶ **Summit Reform**

In recent years, the scale of G-7 summits has been seen to be disproportionate with the results, and many have questioned whether summits can produce concrete decisions and actions.



The summit is first and foremost a private meeting of elected leaders whose task is to balance national interests with international requirements for a collective response to the economic and political issues of the day. Summit leaders agree that on some issues joint action must supplement what their governments are undertaking individually. This action may be a major initiative that captures public attention — the collective response to assistance for Russia and Eastern Europe falls in this category — or it may go unnoticed, like the



establishment of a \$141.4 million nuclear safety fund, agreed to at the Munich Summit. The Nuclear Safety Working Group, for example, continues its important work in developing mechanisms to safeguard aging nuclear plants in the former Soviet Union.

Most recommendations for summit reform are aimed at simplifying the summit format and enhancing the opportunities for private discussions among leaders. Canada has consistently pushed for efforts to make summits more businesslike and less ceremonial, with more time for informal discussion among leaders. The Halifax Summit will reflect this more streamlined approach.

## ▶ Canada's Place at the Summit Table

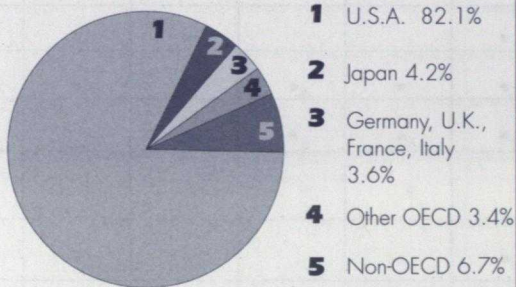
A seat at the summit table was an important achievement for Canada. It meant recognition of Canada's global foreign policy approach, its important role in international financial institutions, its position as a major trading nation and its status as a resource-rich country.

Canada joined the economic summit table in 1976 during a time of instability and change. Oil price shocks, shaky financial markets and economic uncertainty all underlined the need for expanded dialogue and greater policy coherence among leading industrial democracies. Canada's wealth of natural resources was of great importance to Western countries during a time of uncertain supplies of energy and raw materials.

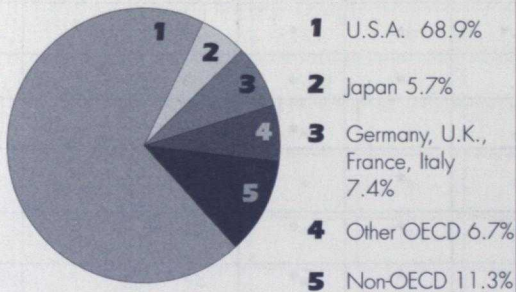
As a nation dependent on international trade, Canada has consistently favoured progressive trade liberalization. In addition, any action or decision made on exchange rates is of critical importance to Canada. Accordingly, it is important for Canada to be at the table where such decisions or courses of action are taken.

The importance of summit participation for Canada has increased over the years. The globalization of finance, trade and information during the 1980s and 1990s and the need to respond to the collapse of the Soviet bloc have highlighted the

### Composition of Canada's Exports, 1994\*



### Composition of Canada's Imports, 1994\*



\* Based on first three quarters of 1994.  
Source: OECD.

<b>ISSUES</b>	Rambouillet 1975	San Juan 1976	London 1977	Bonn 1978	Tokyo 1979	Venice 1980	Ottawa 1981	Versailles 1982	Williamsburg 1983
Agriculture									
AIDS									
Balance of Payments	•	•				•	•		
Bioethics									
Capital Markets		•	•				•	•	
Debt	•	•	•			•	•	•	•
Drugs									
East/West Economics	•						•	•	•
East/West Security						•	•		•
Employment	•	•	•	•			•	•	•
Energy	•	•	•	•	•	•	•	•	•
Environment				•	•	•	•		•
Human Rights and Democratic Values									
Inflation	•	•	•	•	•		•	•	•
Interest Rates							•	•	•
Migration									
Monetary Issues	•	•	•	•	•	•	•	•	•
North-South	•	•	•	•	•	•	•	•	•
Refugees					•	•	•		
Regional Security						•	•		•
Science and Technology					•		•	•	•
Structural Reform				•	•	•	•		•
Terrorism				•	•	•	•		
Trade	•	•	•	•	•	•	•	•	•

London 1984	Bonn 1985	Tokyo 1986	Venice 1987	Toronto 1988	Paris 1989	Houston 1990	London 1991	Munich 1992	Tokyo 1993	Naples 1994
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importance of international co-operation. In fact, Canada's prosperity and security are directly related to its ability to influence the direction of international affairs. Canada's participation in G-7 summits will therefore continue to be critical.

Possibly the most valuable outcome of the economic summits is the role they play in setting a common framework for G-7 economic policies. They can demonstrate to the world that the leaders of the seven leading industrial economies can discuss, and agree on, collective approaches to economic growth and job creation. In doing so, they can send a vital message of confidence to businesses, governments and consumers around the world.

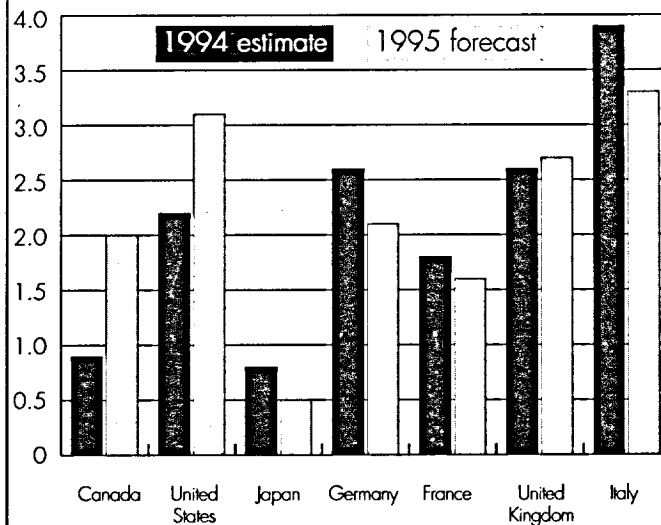
Summits can also advance political issues important to Canada. For example, G-7 action in support of reforms in the countries of the former Soviet Union and Central and Eastern Europe has promoted global security and has assured a greater sharing of burdens among contributors. In turn, successful institutional and economic transition in these countries is creating new opportunities for Canadian exporters and investors.

Canada is also able to use summits to raise issues of domestic concern to Canadians. At the 1986 Tokyo Summit, for example, Canada led an initiative which, with the support of the United States, led leaders to express for the first time their concern over subsidy practices and protectionist measures that distort agricultural markets. As a result, when the Uruguay Round of multilateral trade negotiations was launched in September 1986, agriculture became one of the main issues on a broad agenda which included trade in goods and services, new trade rules and the creation of a multilateral trade organization to manage the outcome of the negotiations. In London in 1991, Canada played a crucial role in obtaining a very strong declaration urging nations to protect living marine resources and to comply with regimes established by regional fisheries organizations.

At the Naples Summit, Canada gained international support for its domestic policies on job creation and growth, created continued momentum on trade liberalization, particularly in the area of new trade issues, and led on the subject of Ukraine by obtaining G-7 endorsement for the Canadian-hosted conference on Partnership for Economic Transformation in Ukraine held in Winnipeg, Manitoba, in October 1994.



### Inflation in the G-7



Source: OECD

Canada's non-colonialist past, its clear commitment to multilateralism and its status as a major donor country have allowed it to assume a valuable intermediary role between the major industrial powers and the less-developed countries. Its recognized commitment to a rules-based international system and its history of active international involvement also add credibility to its participation in the summit process. In addition, Canada brings a unique perspective to the summit table given its membership in the world's leading organizations including the UN, the WTO, APEC, the Commonwealth, La Francophonie and the Organization of American States.

Today, Canada takes its place at the summit table by virtue of the wealth created by its more than 27 million people living from coast to coast. G-7 membership gives Canada an opportunity to influence the course of international developments in ways that serve Canadian goals and interests. All Canadians benefit from the strengthened ties among G-7 countries, which help map out common approaches to key issues in an increasingly interdependent world.

## **The Halifax Summit**

The 1995 G-7 Summit meetings will be held at the Summit Place building and the adjacent Maritime Museum of the Atlantic, in downtown Halifax, Nova Scotia. In addition to official delegations, Canada will be hosting more than 4000 national and international media representatives who will provide news coverage of the event to the world. As summit host, beautiful, historic Halifax will open its doors and show the world what an attractive destination it is for business and pleasure.

The Halifax Summit will be the culmination of a year-long process. The issues on the summit agenda will be determined during preparatory meetings of national teams comprising sherpas (the personal representatives of summit leaders), sous-sherpas, political directors, and other senior officials from foreign and finance ministries. Prime Minister Chrétien's personal representative is Gordon Smith, Deputy Minister of Foreign Affairs.

A number of other meetings will also help shape the Halifax agenda. These include various meetings of G-7 finance ministers and central bank governors, the G-7 Information Society Ministerial (February 1995), the G-7 foreign ministers meeting (to be confirmed), the APEC finance ministers meeting (April 1995), the G-7 environment ministers meeting (May 1995), the Quadrilateral Group meeting (May 1995) and the OECD Ministerial (May 1995).

The Halifax Summit will offer Canada an opportunity to frame G-7 discussions on important domestic and international issues at a time when the distinction between the two is becoming increasingly blurred. The meetings, to be led by Prime Minister Chrétien, will be underscored by events that have occurred in Canada and throughout the world over the past year. The principal theme of the summit will be measures to ensure that the international system remains responsive to the challenges that lie ahead. This institutional review is foremost in leaders' minds as a result of discussions held in Naples last year, and in response to numerous international studies. Canada looks forward to making progress on

the full range of summit issues including growth and job creation, international trade, the global information highway, nuclear safety and proliferation, environmental protection, poverty reduction and transnational crime and migration.

The Declaration, which will be issued at the end of the meeting, will reflect the collective views of the leaders on these issues of global concern. But most importantly, the Halifax Summit Declaration will reflect a Canadian perspective on global problems and a Canadian approach to their solution.

