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PARIS ECONOMIC SUMMIT

SUMMARY

1. THE CANADIANS VIEW AND OBJECTIVES ON THE SUMMIT ARE CLOSE TO OUR OWN. THEY ATTACH IMPORTANCE TO LAYING OUT A SENSIBLE AGENDA FOR PROGRESS ON THE ENVIRONMENT. THEY HAVE SOME CONCERNS THAT THE DISCUSSION ON MACROECONOMIC POLICIES COULD RESULT IN SHARP DIVERGENCE OF VIEWS BETWEEN THE US AND OTHERS ON THE IMPORTANCE OF CONTROLLING INFLATION. BUT THEIR MAIN ANXIETY IS THAT FRANCE MIGHT PRODUCE A NEW INITIATIVE AT THE LAST MOMENT.

DETAIL

2. WE SAW ELDER (DIRECTOR/INTERNATIONAL ECONOMIC RELATIONS DIV, DEA) AND GRAUER (DIRECTOR/ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES, DEA) ON 21 JUNE TO GO THROUGH CANADIAN VIEWS ON THE ISSUES LIKELY TO COME UP AT THE PARIS ECONOMIC SUMMIT. WE ALSO HAD A SHORT DISCUSSION WITH PAYNTER (ADM ECONOMIC AND TRADE POLICY, DEA). THEY ALL SAW DEBT AND THE ENVIRONMENT AS HAVING THE HIGHEST PROFILE. CANADIAN VIEWS ON THESE AND THE OTHER DOSSIERS WERE AS FOLLOWS.

DEBT:

3. THE CANADIANS SAID THAT THEY DID NOT WANT TO BECOME INVOLVED IN ANY MAJOR NEW INITIATIVE ON MIDDLE INCOME DEBTORS. THEY WERE PREPARED TO HAVE A REAFFIRMATION OF THE USEFULNESS OF THE BRADY PLAN. THEY HOPED THAT MEXICO WOULD NOT FALL APART BEFORE THE PARIS SUMMIT AND COULD THEREFORE BE SEEN AS A VALID TEST CASE. AS FOR THE POOREST COUNTRIES, CANADA BELIEVED THAT SHE, LIKE THE UK, HAD A GOOD RECORD. CANADA AND THE UK HAD INDEED WORKED WELL TOGETHER ON THE TORONTO DEBT INITIATIVE. THEY HAD BEEN SURPRISED BUT PLEASED BY THE FRANCOPHONE SUMMIT AND SAW THE DOLLARS 2.3 BILLION FOREGIVENESS OF LOANS BY FRANCE AS GENEROUS. HOWEVER, FRANCE HAD ALREADY FORGIVEN LOANS IN THE PAST. THIS, IN THEIR VIEW, EMPHASISED THE IMPORTANCE OF GRANTS TO THE POOREST COUNTRIES RATHER THAN LOANS. AT THE SUMMIT THEY HOPED THAT THERE WOULD BE AN ENDORSEMENT OF THE ACHIEVEMENTS MADE SO FAR BUT IN A WAY WHICH

ENCOURAGED OTHERS TO FOLLOW CANADIAN AND UK POLICIES.

ENVIRONMENTM:

4. THIS WAS A MAJOR PREOCCUPATION FOR THE CANADIANS. THEY HOPED THAT THE SUMMIT WOULD ENDORSE THE PRINCIPLE OF SUSTAINABLE DEVELOPMENT SEMI-COLON COMMEND THE WORK DONE ON THE OZONE LAYER AND ENCOURAGE MORE ACCESSION TO THE MONTREAL CONVENTION SEMI-COLON UNDERLINE THE IMPORTANCE OF ECONOMICS IN ENVIRONMENTAL DECISION-MAKING SEMI-COLON SIGNAL GLOBAL WARMING AS A PRIORITY ISSUE SEMI-COLON ENDOSE THE STRENGTHENING OF EXISTING INSTITUTIONS SEMI-COLON POINT TO THE NEED TO TACKLE OCEAN POLLUTION PARTICULARLY OIL SPILLS. IN RESPONSE TO OUR QUESTIONING THE CANADIANS CONFIRMED THAT THEY WERE IN FAVOUR OF COMMENDING A UN FRAMEWORK CLIMATE CONVENTION. THEY THOUGHT THAT THE FRENCH WOULD WANT TO HAVE A REFERENCE TO THE HAGUE DECLARATION AND MIGHT TRY TO SECURE A REFERENCE TO A NEW AUTHORITY. IT WAS POSSIBLE THAT THERE WOULD BE SOME DISCUSSION OF A FUND FOR DEVELOPING COUNTRIES TO PURSUE SOUND ENVIRONMENTAL POLICIES.

GATT:

5. THE CANADIANS WERE KEEN THAT THE END OF 1990 SHOULD BE CONFIRMED BY THE SUMMIT LEADERS AS THE DEADLINE FOR THE CONCLUSION OF THE URUGUAY ROUND. IT MIGHT NOT BE ACHIEVEABLE IN PRACTICE BUT IT WAS MOST IMPORTANT THAT THE DEADLINE STOOD FOR THE TIME BEING IN ORDER TO GIVE IMPETUS TO THE NEGOTIATIONS. THE CANADIANS WOULD WANT A REFERENCE TO AGRICULTURE BUT DID NOT SEE THIS AS BEING AS CONTENTIOUS AS IN PREVIOUS YEARS. THERE WOULD HAVE TO BE SOME CRITICISM OF US UNILATERALISM AND AN AFFIRMATION THAT REGIONAL TRADING ARRANGEMENTS WERE, AND WOULD CONTINUE TO BE, COMPATIBLE WITH THE MULTILATERAL SYSTEM.

MACROECONOMIC POLICIES:

6. THERE WOULD HAVE TO BE SOME STATEMENT FROM THE SUMMIT LEADERS TO RESTORE SAGGING CONFIDENCE IN THE COORDINATION PROCESS. THEY WOULD ALSO WANT PRIORITY GIVEN TO THE NEED TO COMBAT INFLATION. THE UK AND GERMANY AGREED STRONGLY WITH THIS BUT THERE WAS NO SIGN AS YET THAT BRADY APPRECIATED THE IMPORTANCE OF BRINGING DOWN THE FISCAL DEFICIT. OVERALL THE CANADIANS SAW THAT WHILE THERE MIGHT BE CONVERGENCE ON LONG TERM GOALS, THERE WOULD BE CONSIDERABLE DIVERGENCE ON THE MORE IMMEDIATE ONES.

DRUGS/MONEY LAUNDERING:

7. THE CANADIANS SAW NO DIFFICULTY ABOUT THE SUMMIT LEADERS REACHING AGREEMENT ON THESE TWO SUBJECTS.

EAST/WEST ECONOMIC RELATIONS:

8. THIS WAS LIKELY TO BE AN IMPORTANT SUBJECT AT THE SUMMIT. THE CANADIANS AGREED STRONGLY THAT THERE SHOULD BE NO DEROGATION FOR THE EASTERN EUROPEAN COUNTRIES FROM THE RULES OF GATT ETC. THEY FAVOURED COOPERATION ON MANAGERIAL TECHNIQUES AND TECHNICAL AND METHODOLOGICAL ASSISTANCE ON THE COLLECTION OF DATA. THEY REALISED THAT THE UK POSITION WAS MORE CAUTIOUS. NO DOUBT CHINA WOULD ALSO COME UP IN THIS CONTEXT. THEY SAID THAT THE CANADIAN PERSONAL REPRESENTATIVE WAS KEAN FOR ENDORSEMENT OF THE PHILOSOPHY THAT ECONOMIC REFORM WAS NOT POSSIBLE WITHOUT RESPECT FOR HUMAN RIGHTS.

GENERAL:

9. WHILE THE CANADIANS COULD NOT AT PRESENT SEE ANY MAJOR STORM CLOUDS OVER THE PARIS SUMMIT, THEY WERE UNEASY LEST THE FRENCH WOULD WISH TO PUSH THEIR OWN AS YET UNDISCLOSED, AGENDA. THE MAIN AREAS WHERE THEY COULD SEE THIS ARISING WERE THOSE OF DEBT AND THE PROBLEMS OF THE DEVELOPING COUNTRIES AND THE ENVIRONMENT. PAYNTER SAID HE THOUGHT IT POSSIBLE THAT MITTERRAND WOULD PUSH FOR AN EXTRA SDR ISSUE. ON THE ENVIRONMENT, IT WAS NOT AT ALL CERTAIN THAT THE FRENCH HAD GIVEN UP ON THE IDEA OF SUPRANATIONAL AUTHORITY. BUT THE FRENCH HAD A CAPACITY TO SURPRISE AND THEY COULD INTRODUCE INITIATIVES IN OTHER AREAS.

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