

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

WHORM Subject File Code: FO006-13
(Economic Summit, Canada,
[Toronto],06/19/1988-06/20/1988)
42Case file Number(s): 561513-562449

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library inventories visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
(WHORM): SUBJECT FILE

Withdrawer

KDB 12/27/2012

File Folder FO006-13 562311

FOIA

F07-158/3

Box Number FO006-47

WRIGHT, L

92

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
149268	MEMO	COLIN POWELL TO CHIEF OF STAFF RE PREPARATIONS FOR TORONTO ECONOMIC SUMMIT (W/NOTATIONS) R 3/16/2020 NSC/TREAS/DEPT. OF STATE WAIVERS	2	4/20/1988	B1
149269	MEMO	UNANNOTATED COPY OF DOC #149268 (COLIN POWELL TO CHIEF OF STAFF RE PREPARATIONS FOR TORONTO ECONOMIC SUMMIT) R 3/16/2020 NSC/TREAS/DEPT. OF STATE WAIVERS	2	4/20/1988	B1
149270	MEMO	JAMES BAKER TO WHITE HOUSE SUMMIT GROUP RE ECONOMIC PRIORITIES FOR TORONTO SUMMIT R 3/16/2020 TREASURY/DEPT. OF STATE WAIVERS	2	4/12/1988	B1
149273	REPORT	RE TORONTO SUMMIT ECONOMIC OBJECTIVES R 3/16/2020 TREASURY/DEPT. OF STATE WAIVERS	4	ND	B1
149271	MEMO	ALLEN WALLIS TO HOWARD BAKER AND COLIN POWELL RE TORONTO ECONOMIC SUMMIT - REPORT OF SECOND PREPARATORY MEETING R 3/16/2020 DEPT. OF STATE WAIVER	1	3/21/1988	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT
(WHORM); SUBJECT FILE

Withdrawer

KDB 12/27/2012

File Folder FO006-13 562311

FOIA

F07-158/3

Box Number FO006-47

WRIGHT, L

92

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
149272	REPORT	RE SECOND PREPARATORY MEETING FOR TORONTO SUMMIT R 3/16/2020 DEPT. OF STATE WAIVER	7	ND	B1
150159	SCHEDULE	CANADA'S PROPOSED MEDIA PLAN - TORONTO ECONOMIC SUMMIT R 3/16/2020 DEPT. OF STATE GUIDELINES	1	ND	B1
149274	MEMO	STEPHEN DANZANSKY TO COLIN POWELL RE WHITE HOUSE SUMMIT GROUP FOR TORONTO ECONOMIC SUMMIT R 3/16/2020 NSC/TREAS./DEPT. OF STATE WAIVERS	2	4/19/1988	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



U.S. National Archives & Records Administration

Current Status Details for CTRH RECID: 562301 MAIN SUBCODE: F0006-13

Current Status	Open
User Name	dbarrie
Status Date	2020-04-02
Case Number	F07-158/3
Notes	9 p. Transferred to CO028

[Change Status](#)

[Close Window](#)

Review Status History

No.	Status	Date	User	Case Number	Notes
1	Open	2020-04-02	dbarrie	F07-158/3	9 p. Transferred to CO028
2	Pulled	2012-11-20	kbarton	F07-158/3	Wright, Leah

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2951

THE WHITE HOUSE
WASHINGTON

149268

C.F.

562311

FD 006-13

FG 006-12
FG 012

NSC Staff Files
3/10/2020

April 20, 1988

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: COLIN L. POWELL *CP*

SUBJECT: Preparations for the Toronto Economic Summit

During Prime Minister Mulroney's April 27-28 visit to Washington, he will wish to discuss the Toronto Economic Summit with the President and Secretaries Shultz and Baker.

I propose that the White House Summit Group (WHSG) meet Tuesday, April 26, to review preparations for the Toronto Summit. April 26 appears to be the only time we can get the WHSG principals together prior to Prime Minister Mulroney's visit. The following items need to be discussed by the WHSG:

- Economic objectives for Toronto;
- Public diplomacy themes;
- Issues to raise with Mulroney.

Secretary Baker has identified, in a memo to the WHSG, his priorities for Toronto (Tab A). They are:

- Strengthening multilateral surveillance process, with increased attention to reviewing structural barriers to growth and job creation;
- Reaffirmation of case-by-case debt strategy;
- Agriculture;
- Trade, including discussing role of NICs and getting support for FTA.

Secretary Baker has also mentioned an interest in discussing "burden sharing" in the economic/defense/aid areas, although it is not clear how he wishes to treat the subject. Secretary Shultz may have other thoughts.

The Sherpa team has prepared an economic objectives paper (Tab B). It is being reviewed by Secretary Baker who will speak to it at the WHSG meeting.

NSC 8809951

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DECLASSIFY ON: OADR

Prime Minister Mulroney doubtlessly will raise Toronto in general terms with the President April 27. He will have an opportunity for a more detailed discussion when he sees Secretaries Shultz and Baker on April 28. These two meetings provide us with an excellent opportunity to get our views across to Mulroney.

RECOMMENDATION:

That the White House Summit Group meet on Tuesday, April 26.

Approve Disapprove

Attachments

- Tab A Secretary Baker's Memo on Economic Priorities for Toronto Summit
- Tab B Objectives Paper

4:30 pm Tues 4/26
HAB'S Dp


THE WHITE HOUSE
WASHINGTON

149269

AVENUE: by NBC/State/Trans. Waivers
BY dr 3/16/2020

April 20, 1988

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: COLIN L. POWELL 

SUBJECT: Preparations for the Toronto Economic Summit

During Prime Minister Mulroney's April 27-28 visit to Washington, he will wish to discuss the Toronto Economic Summit with the President and Secretaries Shultz and Baker.

I propose that the White House Summit Group (WHSG) meet Tuesday, April 26, to review preparations for the Toronto Summit. April 26 appears to be the only time we can get the WHSG principals together prior to Prime Minister Mulroney's visit. The following items need to be discussed by the WHSG:

- Economic objectives for Toronto;
- Public diplomacy themes;
- Issues to raise with Mulroney.

Secretary Baker has identified, in a memo to the WHSG, his priorities for Toronto (Tab A). They are:

- Strengthening multilateral surveillance process, with increased attention to reviewing structural barriers to growth and job creation;
- Reaffirmation of case-by-case debt strategy;
- Agriculture;
- Trade, including discussing role of NICs and getting support for FTA.

Secretary Baker has also mentioned an interest in discussing "burden sharing" in the economic/defense/aid areas, although it is not clear how he wishes to treat the subject. Secretary Shultz may have other thoughts.

The Sherpa team has prepared an economic objectives paper (Tab B). It is being reviewed by Secretary Baker who will speak to it at the WHSG meeting.

Prime Minister Mulroney doubtlessly will raise Toronto in general terms with the President April 27. He will have an opportunity for a more detailed discussion when he sees Secretaries Shultz and Baker on April 28. These two meetings provide us with an excellent opportunity to get our views across to Mulroney.

RECOMMENDATION:

That the White House Summit Group meet on Tuesday, April 26.

Approve _____ Disapprove _____

Attachments

- Tab A Secretary Baker's Memo on Economic Priorities for Toronto Summit
- Tab B Objectives Paper



THE SECRETARY OF THE TREASURY

WASHINGTON

April 12, 1988

149270

MEMORANDUM FOR WHITE HOUSE SUMMIT GROUP

FROM: JAMES A. BAKER, III *JB*
SUBJECT: Economic Priorities for Toronto Summit

Allen Wallis' report (attached) on the La Sapiniere preparatory meeting is encouraging; we are making progress in re-emphasizing economic issues for the Toronto Summit.

Our first priority on economic issues should be to strengthen the multilateral surveillance process set out at the Tokyo Summit. We need to move forward on the economic indicator system and provide concrete evidence that the policy coordination process addresses all aspects of economic issues -- macro and structural policies -- in a consistent, reinforcing manner. We will want to secure Heads of State or Government endorsement of placing the responsibility of coordinating these policy efforts with Finance Ministers.

Within that framework my own view is that while we will want to maintain pressure on others to follow through on the macro policy commitments already made, it would be counterproductive to press for additional macro policy efforts at the Summit.

In our Finance Ministers' meetings we have, since the Plaza Agreement, been placing increased attention on the need for reviewing structural barriers to growth and job creation. I will be discussing the need for structural change in agricultural, labor, financial, and goods markets at our forthcoming G-7 Ministers' multilateral surveillance meeting to ascertain which of these issues can be discussed fruitfully by the Heads of State.

Our second priority should be to reaffirm the debt strategy. As calls for a centralized debt facility rise, we need to defend more actively the appropriateness and flexibility of our case-by-case approach.

Our success on trade and agricultural issues for the early harvest this winter will, of course, depend largely on the OECD Ministerial and Quad discussions, but will benefit importantly from support of Heads of State in Toronto.

Another priority is the need to focus on ways to broaden our efforts to influence the NICs without engaging in fruitless debates over the proper forum for discussion. While progress has been made through our bilateral efforts with the Asian NICs, it would be helpful to secure support by the Heads of State at Toronto.

DECLASSIFIED
Auth: JTB/sk/State Wawers
BY: ch
3/16/2020

~~CONFIDENTIAL~~

-2-

Finally, I hope that we can obtain support for the U.S.-Canadian FTA in the Summit Communique.

I look forward to our discussion of these and other economic issues for the Summit at our meeting.

Attachment

~~CONFIDENTIAL~~

CONFIDENTIAL

149273

TORONTO SUMMIT ECONOMIC OBJECTIVES

1. SETTING

The Toronto Economic Summit will be the President's eighth and last. While there will be a legitimate desire to review the accomplishments of past Summits, this must be done in the context of outlining the economic challenges which remain. The President's colleagues will have forward-looking agendas and will want results from Toronto. For this, they will need the President's leadership.

The President, too, can and should press a forward-looking agenda. Financial markets will look to the Toronto discussions for confirmation that the Summit Seven are maintaining policies aimed at sustaining global economic prosperity.

Although the substantive issues are unlikely to be new -- economic coordination, structural adjustment, debt, trade, and agriculture -- the discussions will have to go beyond those of previous Summits. Heads should assess where we are on each of these issues, where they would like to be by their next meeting and what needs to be done in the interval. The economic situation at the time of Toronto will, of course, affect how these issues are presented.

Prime Minister Mulroney's proposal to add an informal session on long-term economic issues gives us the opportunity to raise issues which may not be ripe for inclusion in the communique.

The United States can use the preparations for Toronto to streamline the Summit itself and highlight the economic discussions. The communique should reflect concisely the discussion among Heads. Subjects which are not discussed, such as was the case with AIDS and bio-ethics at Venice, should not be included.

Issues the United States will want to raise at Toronto include:

(A) Economic Policy Coordination

A key U.S. objective will be strengthening the arrangements for international economic policy coordination agreed upon at

CONFIDENTIAL
DECL:OADR

Authority State / Treas. Waivers
BY ch 3/10/2022

~~CONFIDENTIAL~~

-2-

the Tokyo and Venice Summits. We will want to assure that surplus countries (particularly Germany and Japan) continue to follow through on efforts to improve growth and reduce external imbalances. We will need to address demands that the United States reduce its budget deficit and stand ready to take financial measures to support the dollar if necessary.

This year we will want to continue the momentum for strengthening economic policy coordination by endorsing:

- the new commodity price indicator proposed by Secretary Baker; and
- commitments to undertake policies aimed at structural change -- particularly in financial, labor, and agricultural markets; industrial subsidies; and regulated industries such as telecommunications and transportation.

Since little scope exists for additional macroeconomic policy efforts this year, economic attention should shift to removing policy and regulatory barriers which impede growth and adjustment. These microeconomic policies will receive attention at this year's OECD Ministerial. The G-7 Finance Ministers have been working to increase attention on the benefits from removing structural rigidities through the economic policy coordination process. Political direction by Heads to include these issues in G-7 Ministerial reviews will give additional support to ongoing work in the OECD and elsewhere.

(B) International Debt

- Reaffirm Summit support for the strengthened debt strategy and welcome progress that has been made since Venice, both bilaterally and through the Paris Club;
- Underscore the importance and further development of the menu approach and its emphasis on a negotiated, market-oriented way of both resolving debt problems and facilitating new financial flows;
- Point out weakness of global debt solutions and taxpayer assumption of LDC debt;
- Emphasize the need for continued assistance to the low-income countries through enhanced support from

~~CONFIDENTIAL~~

both the Summit countries and the international financial institutions.

(C) International Trade

The United States should seek:

- Summit endorsement of a substantial outcome at the midterm review of the Uruguay Round, particularly in agriculture, services, intellectual property and the functioning of the GATT system;
- Reaffirm opposition to protectionist trade measures and commitment to standstill;
- Seek an informed discussion of the role of NIC's in the world economy and ways these economies can contribute responsibly to sustaining global prosperity.

(D) Agriculture

The United States should seek Summit endorsement of:

- A market-oriented approach to the GATT negotiations, in line with the United States proposal to phase out trade distorting government subsidies and import barriers;
- Completing, by the mid-term review, a framework agreement that will establish long-term goals for a fundamental reform of world agriculture and provide the basis for the more detailed negotiations to follow.

(E) Other Topics

Topics we should be prepared to discuss include:

- East-West economic relations and implications for allied security.
- Economic consequences and sustainability of social welfare systems.
- Policy implications of October 1987 financial market developments.

~~CONFIDENTIAL~~

-4-

- "Shared responsibilities" in the economic/defense/aid areas.
- Relationships with the NIC's.

~~CONFIDENTIAL~~

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

149271

March 21, 1988

CONFIDENTIAL

MEMORANDUM FOR MR. HOWARD BAKER
AND GEN. COLIN POWELL
THE WHITE HOUSE

SUBJECT: Toronto Economic Summit: Report of the Second
Preparatory Meeting, February 27-29, 1988

Attached is my report of the meeting of Personal Representatives and Sherpa Team members February 27-29 in Val David, Quebec to prepare for the 1988 Toronto Economic Summit. The meeting dealt with substantive issues that could be discussed at the Summit, and issues of format and organization.

There is general consensus in favor of the format changes proposed by the Canadians: an earlier start with a Heads-only session on economic topics, and an "unstructured session" on new issues the second afternoon. These changes should serve to increase the emphasis on economic subjects and foster more informality.

The development of economic topics for Summit discussion is at an early stage. Nevertheless, it appears the main topics at the Toronto Economic Summit will include those of years past -- agriculture, policy coordination, debt, structural reform and trade -- as well as other subjects which would be new to Economic Summits. The new subjects could include how to deal with the newly industrializing countries, the problems of an aging population, or change in East-West economic relations.

We will continue to be vigilant to ensure that the preparatory process does not result in a pre-negotiated communique which either constrains discussion by Heads or is at variance with what the Heads actually discuss.

AW

Allen Wallis

Attachment: As stated

cc: Treasury - Mr. Mulford
NSCS - Mr. Danzansky

CONFIDENTIAL
DECL: OADR

DECLASSIFIED

Ad at Warier
dr ... 3/16/2020

~~CONFIDENTIAL~~

149272

Report of Discussions
Second Preparatory Meeting for the Toronto Summit
La Sapiniere, Quebec
February 27-29, 1988

Summary: On macroeconomic policy, the Sherpas felt the tone of the discussion paper was too negative. They wished to emphasize the positive results so far of adjustment, while highlighting the policies needed to continue the process. The G-7 would be discussing possible commodity prices indices, and the matter could be raised at the next Sherpa meeting. Exchange rates discussion was inconclusive, and the Canadian paper is to be revised. For the next meeting the Sherpas also agreed to look into: a) the relationship between savings and investment; b) labor market flexibility; and c) security market regulation.

The trade, exchange rate and investment policies of the newly industrializing countries were seen to be distorting current account balances. Some felt that a role for the NICs might be found at the OECD; others disagreed. How to deal with the NICs is likely to be a Summit topic. The Sherpas agreed that the problem needs more analysis; that improved dialogue was appealing; and that the NICs should take on more responsibility at the GATT.

Sherpas agreed that microeconomic policy (structural reform) would receive heightened emphasis. There was consideration of whether surveillance or transparency could be applied to structural rigidities, and it was agreed that the developing world also could do more.

All stressed the importance of the Uruguay Round and the "standstill" on protectionism. There was a wide divergence on the role and function of the mid-term review. The U.S. and Canada advocated having the Summit give specific guidance to the review; the Europeans disagreed. Similar views applied to agricultural reform, with the the U.S. and Canada insisting on progress on agriculture at the mid-term review and the EC countries resisting, claiming that they deserved credit for CAP "reforms."

Sherpas agreed that the debt picture was considerably better than perceived, and that the Heads ought to reiterate their commitment to a steady course. Calls for global solutions or government bailouts should be firmly resisted. Ways should be found to highlight the role of the Paris Club in ameliorating debt burdens. France and Britain would like to stimulate discussion of concessional interest rates (the Lawson proposal) for the poorest nations; Canada was concerned at the political fall-out of any possible disagreement.

Canadian proposals for the structure of the Summit meetings were approved. These include an earlier start with an economics discussion and addition of an informal Heads-only session on June 20, just before dinner. The informal session probably would focus on long-range economic challenges. The Canadians announced tentative plans for briefings after each session. End Summary

~~CONFIDENTIAL~~

DE "CLASSIFIED"

State Warrier

J. da

3/16/2008

The second preparatory meeting for the Toronto Economic Summit was held February 27-29 at Hotel La Sapiniere in Val David, Quebec. Representing the U.S. were Allen Wallis, David Mulford and Stephen Danzansky.

The discussion covered substantive issues which might come up at Toronto as well as the structure of the meetings. The Canadians had distributed an issues paper prior to the meeting. A report of the La Sapiniere discussion follows.

I. Macroeconomic

It was generally felt with minor exceptions (Italy and the EC) that the overall tone of the Canadian discussion paper was too pessimistic if that tone were to become the overture of the June Summit. In fact, there was a good deal of optimism around the room that the doomsayers were indeed wrong, that growth would continue, that the debt problem would continue to be managed and that the macroeconomic adjustments would continue to take place in an orderly way with low inflation and continued, though possibly slower, growth. The participants recognized that the huge and potentially disastrous shock of October 19, 1987 had been weathered through extensive cooperation of the Summit Seven nations.

The main macroeconomic issue for the Summit was the question of continuing to manage the transition (adjustment) from the current account imbalances of the past couple of years to sustainable payments balances in the context of continued non-inflationary growth.

In that context it was felt that:

-- The Summit should clearly state the progress achieved to date on the process of economic coordination. There is a positive story to tell on that issue, and the Summit should not hesitate to do so.

-- There should also be a full discussion of the adjustment of imbalances achieved by the Summit Seven thus far, and policies need to continue this process.

-- Global indicators: The suggestion made at the September 1987 IMF/World Bank Annual Meetings regarding possible use of a commodity price index as a leading indicator of inflationary trends -- and the value of such an indicator as a guide to discussion among countries on policies that individual countries should adopt -- needs further development. That subject will be further discussed among the G-7 and could be raised at the next Sherpa meeting.

-- Exchange Rates: The discussion concerning the importance, stability, level and effect of exchange rate adjustments and their relationship to interest rates and account imbalances was inconclusive. It was felt that the discussion paper upon which the Sherpa exchange was based was not acceptable in its current form and needed to be revised.

-- Savings and Investment: The Sherpas agreed to look further into the relationship between savings rates and investment, particularly in light of the large differentials in savings rates within the largest industrialized countries (Japan and U.S.). As domestic demand in the U.S. seems to be leveling off, fourth quarter figures indicate an increase in savings. Japanese figures are not yet available. It was agreed that this question needs further study and review by the Sherpas before anything definitive can be decided regarding Summit discussion.

-- Employment: It was agreed that questions of labor market flexibility, high European unemployment and the increase and quality of U.S. employment had not been adequately addressed either in the paper or among the Sherpas. Further discussion was planned at subsequent meetings.

-- Responsibility for Policy Adjustment: It was agreed that responsibility for economic policy adjustment and cooperation extends beyond the three largest industrialized economies to other European economies and to the Newly Industrialized Countries (NICs) as well.

-- Security Market Regulation: There was a brief discussion of international security market regulation and harmonization in light of the events of October 19. It was decided that the Sherpas would carefully follow the results of the OECD Working Party III (WP-3) which is addressing these issues and judge later whether there should be a reference in the Summit Communique.

II. The Newly Industrialized Nations

There was extensive discussion among the Sherpas on the role (and responsibility) of the NICs in the international economic system. There was a general feeling that the NICs, with their propensities for exchange rate, trade and investment protection, were distorting current account balances in the industrialized world and that something needed to be done. The first question is one of definition both of the NICs and of the distortions created. The Venice Summit Communique mentioned the increased need for NIC responsibility in reducing trade barriers and allowing currency adjustments. The OECD has undertaken some work on the subject. Some Sherpas suggested a role for the NICs at the OECD as a means of "educating" them into harmony with the industrialized nations. Others indicated that the NICs cannot be treated as a homogeneous group but rather on a case-by-case basis. Others mused that the NICs (particularly the Pacific NICs) were a U.S. problem and

should be dealt with by the U.S., particularly on exchange rate problems. In summary, there seemed to be a sense that the matter of NICs would need to be dealt with in some depth at the Summit, but there was little agreement as to just what would be discussed or proposed. All that was agreed was:

-- The NIC problem needs more analysis, possibly within the OECD.

-- The notion of improved dialogue with the NICs was appealing, as was the notion of talking the NICs into better balance; however, there was no consensus on how to accomplish this, whether through a Junior OECD (Italian suggestion) or through the Pacific Economic Forum. In any event, it was agreed that an adequate analysis should precede any dialogue.

-- The role of the NICs at the GATT ought to involve increased responsibility but should be left up to the Uruguay Round negotiations.

III. Microeconomic Policy

-- It was agreed that because there was apparently so little room for maneuvering on macroeconomic issues among the Summit Seven, other than restatements of prior commitments and notation of progress, structural adjustment likely would become of heightened importance in Toronto. The Summit preparatory process should therefore be proportionately focused on this issue.

-- The Sherpas were unclear, however, as to just where to focus attention. The notion of creating some better means of surveillance or transparency into the structural rigidities of Summit (and non-summit) nations was briefly discussed.

-- It was agreed that the Sherpas should return to this issue to see if more meat can be placed on the skeleton.

-- It was also agreed that the developing world needs to do more in the area of adjustment.

IV. Trade

-- The importance of the Uruguay Round was stressed, especially the call for standstill on protectionism. It was keenly felt that an "overt move" toward protectionism (i.e., the U.S. Congress) could easily destroy the Round.

-- There was an extreme divergence of views concerning the role and function of the mid-term review now scheduled for December 5, 1988 in Montreal:

o Some (the U.S. and Canada) felt that the mid-term review could only be credible and a defense against unilateral protectionism if the Summit gives specific

directions as to what the review should include. An analogy was made to the Tokyo Summit declaration of support to the launching of the new round in the fall of 1986 and a specific mention of certain topics for negotiation, i.e., services, intellectual property, investment, etc. It was also thought that a Summit signal of the expectation of progress at the mid-term review could assist in shaping U.S. political party platforms and convention outcomes.

o Other countries (European nations and the EC) insisted that the Summit should not "preview" the mid-term "review"; that the GATT had jurisdiction over the Round and should be allowed to determine the scope and composition of the mid-term review without Summit Seven instructions. Any effort of the Summit to produce specificity could erode the opportunity for progress in the GATT. Specificity would be counterproductive in Geneva.

-- There was also considerable discussion and disagreement on the matter of agricultural reform, both as to the pace of negotiations in the new round (i.e., candidacy of agriculture for mid-term review) and as to the bona fides of the Summit Seven in following the Venice Summit undertaking for standstill and rollback. The EC was clearly enamored with the progress it claims to have made in terms of "reforming" the CAP and wanted credit for same in Toronto. The U.S. and Canada congratulated the EC only on managing to save itself from bankruptcy and opposed credit at the Summit for short-term measures unless coupled with a commitment to long-term phase out of distortions (subsidies).

-- It was decided to revisit the agriculture issue following the OECD May 18-19 Ministerial at which time two reports would be issued concerning agriculture, and the GATT would have had additional time to compare proposals for reform put forward by the U.S., EC, Cairns Group and others.

V. Debt

-- It was agreed that the debt picture was considerably better than perceived and, in this area, as in the macroeconomic area, a good deal of misinformation or disinformation was afloat. It was also agreed that the Summit must reiterate its commitment to pursue a consistent course.

-- The main focus of the problem in the next few months will be Brazil and Argentina. Brazil had come to the realization that its efforts at moratorium were counterproductive and self-defeating; but the Brazil negotiations were still likely to be difficult. Argentina would need assistance and considerable reform to begin to make headway toward economic health.

-- There will be increasing calls for global solutions and for taxpayer assumption of LDC debt and commercial bank bailouts.

The Summit must steadfastly resist same by strongly reinforcing the present course with due flexibility in developing market-oriented menu options for consideration. The Mexican zero-coupon bond program should be watched in the months ahead and variations developed.

-- The Summit must wrestle with the general lack of understanding of the role of creditor governments in the matter of official debt. It must highlight the contributions made in the Paris Club and bilaterally toward the amelioration of debt burdens.

-- As to the poorest of the poor debtors (mainly sub-Saharan Africa), there was some disagreement as to how best to deal with them in the Summit context. France and Britain would like the Summit to deal with or discuss the matter of concessional interest rates as set forth in the Lawson proposal. Canada expressed political concern about Summit disagreement on the matter of providing more debt reduction and interest rate reduction flexibility in dealing with the poorest of the poor.

-- The U.S. position is that concessional financing of public debt is impossible for legal, fiscal and political reasons.

-- It was agreed that more work needed to be done on the possibility of targeting ODA resources on the poorest nations.

-- It was also agreed that on the trade side, more had to be done for the poorest nations by way of concessions and special and differential treatment.

VI. Procedural Issues

Structure

The Canadians wish to give greater focus to economics at the Toronto Summit. Accordingly, they have proposed to modify the traditional Summit format by starting the economics discussion the afternoon of June 19 and adding an informal session of Heads alone on June 20 prior to dinner. The informal session probably would focus on long-range economic challenges facing the Summit countries.

Margaret Thatcher initially resisted starting earlier but she has now agreed. Hence all countries have accepted the Canadian proposal which is outlined at Tab A.

Traditionally, meals at the Summit have been working sessions and restricted to Summit participants. Finance Minister Wilson is considering inviting up to 80 Canadian businessmen to the June 19 dinner he will host for Finance Ministers. External Affairs Minister Clark may be considering a similar idea for his June 19 dinner for Foreign Ministers. While the U.S. has told the

Canadians that it is their Summit and they should do as they please, other countries have told the Canadians that the expanded dinners were a bad idea.

In addition, the Canadians are considering regular briefings by designated spokesmen after each session. This would be a departure from practice but is designed to give the media some economic news to focus on during the three-day meeting. The Canadian media proposal (Tab B) has not yet been tabled formally.

Next Sherpa meeting:

The next preparatory meeting will take place May 19-21 in Paris immediately following the May 18-19 OECD Ministerial.

Attachments

Tab A	Tentative Schedule for Toronto Economic Summit
Tab B	Canada's Proposed Media Plan

~~CONFIDENTIAL~~

Toronto Economic Summit
Tentative Schedule

Sunday, June 19

- 9:30AM Official Welcoming Ceremony begins, Toronto City Hall (Reverse protocol order)
- 3:00PM First Session (Economics) - MTCC
- Heads, Foreign and Finance Ministers meet separately
- 7:00PM Dinners:
- Heads at Royal Canadian Yacht Club
Foreign Ministers at Toronto Hunt Club
Finance Ministers at Old Mill

Monday, June 20

- 9:30AM Plenary Session (Economics)
- 12:30PM Lunches:
- Heads and Foreign Ministers at 1'Hotel (MTCC)
Finance Ministers at 1'Hotel (MTCC)
- 3:30PM Plenary Session (Economics)
- TBA Heads Unstructured Discussion - Hart House, Univ. Toronto
- 7:00PM Separate Dinners at Hart House

Tuesday, June 21

- 9:30AM Plenary - Communique Review
- 1:00PM Governor General's luncheon - Art Gallery of Toronto
- 4:00PM Communique Reading - Roy Thomson Hall

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

150159

Canada's Proposed Media Plan
Toronto Economic Summit

Sunday, June 19

PM Press briefing after Heads' session on Economics
TBD: Briefer (Clark/Wilson) and how (on/off record)

Monday, June 20

AM Clark briefing on Foreign Ministers' June 19 dinner if
no political statement is issued at noon.

Noon Wilson briefing on morning's plenary Economics session
Clark briefing on political statement (if there is one)

PM Wilson briefing on afternoon's plenary Economics
session

Tuesday, June 21

4:00PM Communique reading

3/16/2020

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2951

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

DECLASSIFIED

Authority NSC/State/Deas. (1) 2000
BY da 3/14/2020

149274

April 19, 1988

ACTION

MEMORANDUM FOR COLIN L. POWELL

FROM: STEPHEN I. DANZANSKY

SUBJECT: White House Summit Group for Toronto Economic Summit

I propose that the White House Summit Group (WHSG) meet Tuesday, April 26, to review preparations for the Toronto Summit. April 26 appears to be the only time we can get the WHSG principals together prior to Prime Minister Mulroney's April 27-28 visit during which he wishes to discuss the Toronto Summit. The following items need to be discussed by the WHSG:

- Economic objectives for Toronto;
- Public diplomacy themes;
- Issues to raise with Mulroney.

Secretary Baker has identified, in a memo to the WHSG, his priorities for Toronto (Tab A). They are:

- Strengthening multilateral surveillance process, with increased attention to reviewing structural barriers to growth and job creation;
- Reaffirmation of case-by-case debt strategy;
- Agriculture;
- Trade, including discussing role of NICs and getting support for FTA.

Secretary Baker has also mentioned an interest in discussing "burden sharing" in the economic/defense/aid areas, although it is not clear how he wishes to treat the subject.

The Sherpa team has prepared an economic objectives paper (Tab B). It is being reviewed by Secretary Baker who will speak to it at the WHSG meeting.

Prime Minister Mulroney doubtlessly will raise Toronto in general terms with the President April 27. He will have an opportunity for a more detailed discussion when he sees Secretaries Shultz

~~CONFIDENTIAL~~

DECLASSIFY ON: OADR

~~CONFIDENTIAL~~

and Baker on April 28. These two meetings provide us with an excellent opportunity to get our views across to Mulroney.

RECOMMENDATION:

That you forward the memorandum at Tab I to Howard Baker proposing a WHSG meeting on April 26.

Approve  Disapprove

Ty Cobb and Marybel Batjer concur.

Attachments

- Tab I Memo to Chief of Staff
- Tab A Secretary Baker Memo on Economic
 Priorities for Toronto Summit
- Tab B Objectives Paper

Prepared by:
Eric Melby

THE WHITE HOUSE
WASHINGTON

4/21

HHB's office retained attachments
for mtg.

Dan Crippen suggested
following be added to
mtg besides Baker, Powell,
Griscom:

Crippen
Mulford
Danzansky
Wallis

Dona

**National Security Council
The White House**

88 APR 19 P 3: 23



System # _____
 Package # 2951
 DOCLOG OP A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Perito	<u>2</u>	<u>RmP</u>	<u>A</u>
Marybel Batjer	<u>1</u>		<u>cancel</u>
Paul Stevens	<u>3</u>	<u>DM</u>	<u>pr</u>
John Negroponte	<u>5</u>	<u>✓</u>	
Colin Powell	<u>4</u>	<u>CP</u>	
Paul Stevens			
Situation Room			
West Wing Desk	<u>6</u>	<u>CM 4/20</u>	<u>D</u>
NSC Secretariat	<u>7</u>		<u>N</u>

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Baker Other _____

COMMENTS

Should be seen by: _____

(Date/Time)



UNCLASSIFIED
OF CLASSIFIED

EMOV

~~CONFIDENTIAL~~

RECORD ID: 8802951

1/8/13 COB

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 POWELL
002

Z 88041915 FOR SIGNATURE
X 88042016 POWELL SGD MEMO

~~CONFIDENTIAL~~

UNCLASSIFIED
OF CLASSIFICATION

PON REMOVAL
ENCLOSURE(S)

1/8/13 COB

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 8802951
RECEIVED: 19 APR 88 11

TO: BAKER, H

FROM: POWELL

DOC DATE: 20 APR 88
SOURCE REF:

KEYWORDS: TORONTO SUMMIT ECONOMICS

PERSONS:

SUBJECT: WH SUMMIT GRP MTG RE TORONTO ECONOMIC SUMMIT / 26 APR

ACTION: POWELL SGD MEMO DUE DATE: 22 APR 88 STATUS: C

STAFF OFFICER: DANZANSKY LOGREF:

FILES: WH NSCIF: CODES:

DOCUMENT DISTRIBUTION

<u>FOR ACTION</u>	<u>FOR CONCURRENCE</u>	<u>FOR INFO</u>
		DANZANSKY
		MELBY

COMMENTS:

DISPATCHED BY ED DATE 4/20 W/ATTCH: YES NO

OPENED BY: NSAPK CLOSED BY: NSCTF DOC 2 OF 2

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

C.F.
562491
F0006-13
TR218

PAGE 01 OF 02

PRT: BATJER COURTEMANCHE GRISCOM HILDEBRAND HOOLEY STEVENS
SIT: VAX

<PREC? IMMEDIATE <CLAS? ~~CONFIDENTIAL~~ <DTG? 122020Z JUN 88

FM USDEL CANADA

~~C O N F I D E N T I A L~~

~~LIMITED OFFICIAL USE~~ USDEL CANADA 00007

DEPARTMENT FOR S, E, S/S, S/S-S, EUR AND EAP

E.O. 12356: N/A

TAGS: OVIP (SHULTZ, GEORGE P.)

SUBJECT: TORONTO ECONOMIC SUMMIT: VISIT CONTROL OFFICERS

1. LISTED BELOW ARE MISSION CONTROL OFFICERS FOR THE SECRETARY'S FORTHCOMING VISIT TO TORONTO. THESE INDIVIDUALS WILL EACH BE ASSIGNED ROOMS IN THE ROYAL YORK HOTEL, AND MAY BE CONTACTED DURING THE WEEK OF JUNE 13 VIA THE HOTEL SWITCHBOARD

(416) 368-2511.

PETER O'DONOHUE

(MRS. SHULTZ)

JAMES TARRANT

(UNDER SECRETARY WALLIS)

DEAN HAAS

(ASSISTANT SECRETARY RIDGWAY AND GIFTS)

LEN WILLEMS

(ASSISTANT SECRETARY SIGUR)

JAMES THURBER

(ASSISTANT SECRETARY REDMAN)

TBD

(AMBASSADOR BREMER)

CARL LOHMANN

(SECRETARY BAKER)

BARBARA GRIFFITHS

(MRS. REAGAN)

JACK HOLS

DECLASSIFIED
Authority State Waiver
BY dy 3/16/2020

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

(DIRECTOR WICK)
ERIC BOSWELL
(ADMINISTRATIVE COORDINATOR)
STEVE JENKINS
(SECURITY)
VICTORIA CORDOVA
(PRESS COORDINATOR)
GARY PRITCHARD
(TRANSPORTATION AND MOTORCADES)
JOHN FUERLINGER
(COMMUNICATIONS)
TIMOTHY DUNN
(S/S LIAISON)
LARRY NELSON
(S/S LIAISON)
TOOTSIE STERENBERG
(MEDICAL LIAISON)
KENNETH SHIVERS
(BAGGAGE)
JACK GARAFANO
Q (CUSTOMS/IMMIGRATION)

HARVEY SCARBOROUGH
(CLASSIFIED MATERIALS OFFICER)

JOHNSON

BT

#0007

~~CONFIDENTIAL~~

EF

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

G.F.

PY 48

562491

FD006-13

00028

PAGE 01 OF 09

PRT: BATJER COURTEMANCHE GRISCOM HILDEBRAND HOOLEY STEVENS
SIT: COBB CURTIN DANZANSKY VAX

<PREC? IMMEDIATE <CLAS? ~~CONFIDENTIAL~~ <DTG? 021634Z JUN 88

FM AMEMBASSY OTTAWA

TO RUEATRS/TREASURY DEPT WASHDC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 3618
INFO RUEADWW/THE WHITE HOUSE IMMEDIATE
RUEHIA/USIA WASHDC IMMEDIATE 4899
RUFHOL/AMEMBASSY BONN PRIORITY 8684
RUEHBS/AMEMBASSY BRUSSELS PRIORITY 7623
RUFHLD/AMEMBASSY LONDON PRIORITY 0471
RUFHFR/AMEMBASSY PARIS PRIORITY 1809
RUFHRO/AMEMBASSY ROME PRIORITY 7427
RUEHKO/AMEMBASSY TOKYO PRIORITY 7784
ZEN/ALL CONGENS IN CANADA VIA POUCH

~~CONFIDENTIAL~~ SECTION 01 OF 04 OTTAWA 04566

NOFORN

TREASURY FOR MULFORD AND FAUVER

USIA FOR EU

STATE FOR UNDER SECRETARY WALLIS

WHITE HOUSE FOR PRESIDENTIAL ADVANCE

BRUSSELS FOR USEC

E. O. 12356: N/A

TAGS: KSUM, ECON, EFIN, CA

SUBJECT: GOC PRIORITIES FOR TORONTO SUMMIT

REF: (A) OTTAWA 4097, (B) OTTAWA 4544

?BEGIN SUMMARY?

SUMMARY

1. ~~CONFIDENTIAL~~ ENTIRE TEXT.

DECLASSIFIED

Authority State Waiver

BY an 3/16/2020

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 09

2. CANADIANS RETURNED FROM THE OECD MINISTERIAL AND THE PM'S VISITS TO EUROPEAN CAPITALS CAUTIOUSLY OPTIMISTIC ABOUT PROSPECTS FOR THE TORONTO SUMMIT. WITH ECONOMIC TRENDS BETTER THAN EXPECTED, THE GOC FORESEES STRAIGHTFORWARD REITERATION OF SUPPORT FOR CURRENT MACROECONOMIC POLICIES FACILITATING INTERNATIONAL ADJUSTMENT. THE LEADING GOC PRIORITY FOR THE SUMMIT IS PROGRESS TOWARD REDUCTION OF AGRICULTURAL SUBSIDIES IN THE MTN. WHILE THE GOC HAS BOTH ECONOMIC AND POLITICAL REASONS FOR PUSHING THIS DIFFICULT ISSUE, THEY ARE INCLINED TO DOWNPLAY EXPECTATIONS. FINANCE MINISTER WILSON AND OTHER GOC OFFICIALS WERE DISCOURAGED BY THE OUTCOME ON AGRICULTURAL SUBSIDIES AT THE OECD MINISTERIAL AND WANT TO AVOID POSSIBLE STALEMATE OR CONFRONTATION AT THE SUMMIT.

3. PRIME MINISTER MULRONEY REPORTEDLY IS CONFIDENT HE CAN MAINTAIN AN UPBEAT CLIMATE AT THE SUMMIT. BEARING IN MIND JAPANESE AND EUROPEAN SENSITIVITIES, HE HOPES THAT HE CAN OBTAIN A SUMMIT ENDORSEMENT OF THE U.S.-CANADA FREE TRADE AGREEMENT (FTA) AS CONTRIBUTING POSITIVELY TO OVERALL TRADE LIBERALIZATION AND EXPANSION. THE CANADIANS ALSO ARE ENCOURAGED BY THE

PROSPECTS FOR MODEST, MEANINGFUL STEPS TO ALLEVIATE THE DEBT BURDENS OF THE POOREST LDCS, TO REDUCE STRUCTURAL CONSTRAINTS ON LABOR AND CAPITAL MOBILITY, AND TO FURTHER IMPROVE G-7 MACRO COOPERATION. BEYOND THE ECONOMIC AGENDA, GOC SPOKESMEN EXPECT THE TORONTO SUMMIT TO INCLUDE DISCUSSION OF THE PRESIDENT'S TRIP TO MOSCOW, MUTUAL EFFORTS TO COMBAT INTERNATIONAL DRUG TRAFFICKING, AND LONG-TERM MATTERS SUCH AS THE GLOBAL ENVIRONMENT AND EDUCATION. END SUMMARY.

?END SUMMARY?

OECD MINISTERIAL

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 03 OF 09

-

4. FINANCE DEPARTMENT ASSISTANT DEPUTY MINISTER JOHN COLEMAN (SPEAKING ON BEHALF OF ASSOCIATE DEPUTY MINISTER AND SUMMIT SUBSHERPA WENDY DOBSON, WHO IS ILL) DEBRIEFED FINATT ON GOC IMPRESSIONS OF OECD MINISTERIAL AND RELATED MEETINGS IN PARIS, MAY 18-20. HE SAID THAT GENERAL SATISFACTION WITH ECONOMIC PERFORMANCE AND GRADUAL CORRECTION OF INTERNATIONAL IMBALANCES WAS LARGELY OFFSET BY CONTENTIOUS EXCHANGES ON AGRICULTURAL SUBSIDIES. HE SAID THE EUROPEANS WERE EXPECTING PRAISE FOR THEIR RECENT STEPS TO LIMIT THE GROWTH OF EC SUBSIDIES, WHICH THE CANADIANS CONSIDERED MODEST TO INSIGNIFICANT. THE GOC CONSIDERS THE COMPROMISE REFERENCE TO A "FRAMEWORK APPROACH" AS NOT VERY MEANINGFUL. COLEMAN FELT THAT BASICALLY CONSTRUCTIVE LANGUAGE EMERGED ON THE NICS, THAT THERE WAS HELPFUL DISCUSSION FOR INDIVIDUAL LDC DEBT PROBLEMS, AND THAT AGREEMENT WAS REACHED ON A SET OF COMMODITY INDICATORS.

-

PRIME MINISTER'S VISITS

-

5. DURING THE WEEK OF MAY 23, PRIME MINISTER MULRONEY CALLED ON HIS COUNTERPARTS IN LONDON, BONN, PARIS, AND ROME AND ON THE EC COMMISSION PRESIDENT IN BRUSSELS

BT

#4566

BT

~~CONFIDENTIAL~~ SECTION 02 OF 04 OTTAWA 04566

NOFORN

TREASURY FOR MULFORD AND FAUVER

USIA FOR EU

STATE FOR UNDER SECRETARY WALLIS

WHITE HOUSE FOR PRESIDENTIAL ADVANCE

BRUSSELS FOR USEC

E. O. 12356: N/A

TAGS: KSUM, ECON, EFIN, CA

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 04 OF 09

SUBJECT: GOC PRIORITIES FOR TORONTO SUMMIT
(PRIME MINISTER TAKESHITA WAS IN OTTAWA IN FEBRUARY AND MULRONEY WAS IN WASHINGTON IN APRIL FOR HIS ANNUAL BILATERAL WITH THE PRESIDENT). DOUG SMEE (DIRECTOR GENERAL, INTERNATIONAL BRANCH, FINANCE) ACCOMPANIED THE PM AND WILL ATTEND THE SHERPAS MEETING IN TORONTO JUNE 3-5. HE REPORTED TO FINATT THAT MULRONEY BELIEVES HE SUCCEEDED IN HIS BASIC OBJECTIVE OF ESTABLISHING GOOD PERSONAL RAPPORT WITH THE EUROPEANS. HE RECEIVED ENCOURAGEMENT FOR HIS EMPHASIS ON A LESS FORMAL ATMOSPHERE AND ON MODEST EXPECTATIONS REGARDING MAJOR INITIATIVES OR BREAKTHROUGHS.

-
6. SMEE SAID THE CANADIANS PERCEIVED AN EMERGING BROAD CONSENSUS ON MAJOR ECONOMIC ISSUES BUT NOTED DISTINCT DIFFERENCES ON PRIORITIES AND DEGREE OF EMPHASIS.

-- AGRICULTURAL SUBSIDIES AND THE MTN: CANADIANS MADE A STRONG PITCH TO MOVE BEYOND THE OECD COMMUNIQUE. REPORTEDLY THATCHER WAS SUPPORTIVE, KOHL WAS SYMPATHETIC WHILE CAUTIOUS (TIETMEYER, HOWEVER, WAS NEGATIVE), AND MITTERAND, DEMITA, AND DELORS ALL RESISTED FURTHER MOVEMENT.

-- REGIONAL TRADE ARRANGEMENTS: MULRONEY SUGGESTED SUMMIT ENDORSE THE U.S.-CANADA FREE TRADE AGREEMENT AND EC 1992 INTERNAL MARKET INITIATIVES AS POSITIVE, TRADE EXPANDING, AND CONSISTENT WITH MTN. THATCHER WAS LUKEWARM AND OTHERS WERE EVEN LESS ENTHUSIASTIC, APPARENTLY IN PART BECAUSE TAKESHITA EXPRESSED HIS RESERVATIONS TO EUROPEANS DURING RECENT TRIP. MULRONEY HAS OTHERS' AGREEMENT TO DISCUSS THE FTA AT THE SUMMIT BUT NOT NECESSARILY TO INCLUDE IT IN COMMUNIQUE.

-
LDC DEBT: LAWSON AND LITTLER PERSISTED IN U.K.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE -05 OF 09

PROPOSAL FOR OBLIGATORY REDUCTION IN INTEREST RATES ON OUTSTANDING PARIS CLUB CREDITS TO POOREST COUNTRIES. THE BRITISH EXPECT SUPPORT FROM THE FRENCH (GIVEN THE OUTCOME OF THE ELECTION) AND HOPE FOR ACQUIESCENCE FROM THE GERMANS. KOHL, HOWEVER, RESPONDED POSITIVELY TO THE CANADIAN COMPROMISE PROPOSAL (SEE PARA EIGHT) BUT AGAIN TIETMEYER DID NOT. DEMITA WAS "INTERESTED" IN GOC PROPOSAL; MITTERAND WAS NON-COMMITAL. CANADIANS NOTED CONSENSUS TO CITE CASE-BY-CASE PROGRESS ON MIDDLE INCOME LDCS BUT TO PUT OFF DISCUSSION OF NEW INITIATIVES FOR IBRD.

-- ANCILLARY ISSUES: EUROPEANS AGREED ON DESIRABILITY OF FULL DISCUSSION OF PRESIDENT'S MOSCOW TRIP AND EAST-WEST MATTERS. THATCHER PRESSED HARD FOR DISCUSSION OF THE MIDDLE EAST AND INTERNATIONAL TERRORISM.

AGRICULTURAL SUBSIDIES: TOP PRIORITY

7. GOC OFFICIALS HAVE MADE CLEAR THAT SOME PROGRESS (DEFINED AS NARROWING THE GAP BETWEEN EUROPEAN AND U. S. POSITIONS) ON REDUCTION OF AGRICULTURAL SUBSIDIES IS THEIR NUMBER ONE SUMMIT OBJECTIVE. THEY ARE COMMITTED TO A MAJOR EFFORT, FOR SEVERAL REASONS, INCLUDING ESCALATING FISCAL COSTS, ADVERSE IMPACT ON CANADIAN AGRICULTURAL EXPORTS, PERCEIVED SERIOUS THREATS TO THE MTN AND TO OECD ECONOMIC PROSPERITY OVER THE MEDIUM TERM, AND THE FACT THAT THE CANADIANS WANT TO HOST A

BT
#4566

BT

~~CONFIDENTIAL~~ SECTION 03 OF 04 OTTAWA 04566

NOFORN

TREASURY FOR MULFORD AND FAUVER

USIA FOR EU

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 06 OF 09

STATE FOR UNDER SECRETARY WALLIS

WHITE HOUSE FOR PRESIDENTIAL ADVANCE

BRUSSELS FOR USEC

E. O. 12356: N/A

TAGS: KSUM, ECON, EFIN, CA

SUBJECT: GOC PRIORITIES FOR TORONTO SUMMIT
SUCCESSFUL MID-TERM URUGUAY ROUND REVIEW IN MONTREAL IN
DECEMBER. THE GOC SHARES U.S. CONCERNS AND OBJECTIVES,
AND WILL CONTINUE TO SEEK A COMPROMISE THAT WILL
INCLUDE BOTH A LONG-TERM GOAL AND IMMEDIATE STEPS TO
REVERSE THE GROWTH IN SUBSIDIES. AS MENTIONED ABOVE,
HOWEVER, THE CANADIANS FOUND THE OECD OUTCOME
UNSATISFACTORY AND THE PM RECEIVED LITTLE REASSURANCE
DURING HIS CALLS THAT THE EUROPEANS ARE INCLINED TO
ALTER THEIR OBSTRUCTIONIST STANCE. CONSEQUENTLY, THE
CANADIANS ARE SOMEWHAT FRUSTRATED, AND ARE WARY ABOUT
CREATING UNREALISTIC EXPECTATIONS, LEST THE SUMMIT BE
SEEN AS A FAILURE IF SIGNIFICANT MOVEMENT ON
AGRICULTURAL SUBSIDIES PROVES TO BE UNATTAINABLE.

-
LDC DEBTS-

-
8. THE GOC BELIEVES THE BAKER PLAN AND CASE-BY-CASE
APPROACH ARE WORKING, AND THEY ARE NOT INCLINED TO CALL
FOR SIGNIFICANT NEW MEASURES. ON THE OTHER HAND, THEY
SEE CONTINUED DETERMINATION, INGENUITY, AND PROGRESS
ON LDC DEBTS AS IMPORTANT. THEY BELIEVE THE FINANCIAL
MARKETS AND THE LDCS THEMSELVES NEED TO BE REASSURED
THAT THE PROBLEMS ARE BEING CONFRONTED AND MANAGED.
RELIEVING LDC DEBT BURDENS AND CONTRIBUTING TO
SUBSTAINABLE DEVELOPMENT (WHILE AVOIDING A LARGE
BILATERAL AID PROGRAM) ALSO ARE SEEN AS VALUABLE GOC
GOALS FROM A DOMESTIC POLITICAL PERSPECTIVE. THE
CANADIANS WILL PURSUE THEIR "MODEST" COMPROMISE
PROPOSAL FOR PARIS CLUB RESCHEDULING FOR THE POOREST

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 07 OF 09

LDCS, WHEREIN CREDITORS COULD RESCHEDULE FOR 20 YEARS AT MARKET INTEREST RATES OR ALTERNATIVELY RESCHEDULE AT CONCESSIONAL INTEREST RATES (E.G., REDUCTION OF 300 BASIS POINTS) OVER A SHORTER MATURITY PERIOD (E.G., 10 YEARS). WHILE THEY BELIEVE THAT SOME ENHANCED ROLE FOR THE WORLD BANK (E.G., GUARANTEES OF INTEREST ON COMMERCIAL BANK LOANS) IS REQUIRED IN ORDER TO FULLY RE-ENGAGE THE COMMERCIAL BANKS, THEY ARE NOT LIKELY TO PRESS THIS IDEA AT THE TORONTO SUMMIT.

-
STRUCTURAL REFORMS

-
9. THE GOC SEES STRUCTURAL REFORM AS AN ATTRACTIVE ALTERNATIVE TO THE USUAL SUMMIT FOCUS ON MACROECONOMIC POLICY ADJUSTMENT. THE MULRONEY GOVERNMENT CREDITS ITS ENERGY SECTOR DEREGULATION, LIBERALIZATION OF FOREIGN INVESTMENT, PRIVATIZATION OF CROWN CORPORATIONS, AND TAX REFORM WITH MUCH OF CANADA'S ENVIABLE ECONOMIC GROWTH IN RECENT YEARS. IT RECOGNIZES SIMILAR SUCCESSES IN U.S., AND BELIEVES THAT EUROPE WOULD BENEFIT ENORMOUSLY FROM SIGNIFICANT MICROECONOMIC, REGULATORY REFORMS. SUMMIT EMPHASIS ON STRUCTURAL REFORMS (INCLUDING, RELATED TO THE MTN, SUMMIT ENDORSEMENT OF THE U.S.-CANADA FREE TRADE AGREEMENT) WOULD BE POLITICALLY HELPFUL TO MULRONEY. THE CANADIANS ARE PREPARING A MATRIX OF RECENT AND

PROSPECTIVE STRUCTURAL REFORMS FOR THE SUMMIT COUNTRIES, AND THEY WILL SEEK SOME CONSENSUS IN THIS AREA. HOWEVER, THEY PERCEIVE POTENTIALLY SERIOUS PROBLEMS IN GENERATING SPECIFIC COMMITMENTS AND FOLLOW-UP. IN THIS RESPECT, THEY NOTE PERSISTENT OPPOSITION FROM MANY EUROPEANS TO SUGGESTED CHANGES IN LABOR AND CAPITAL REGIMES, AS WELL AS IN AGRICULTURE.

-
INTERNATIONAL ADJUSTMENT MECHANISMS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 08 OF 09

BT

#4566

BT

~~CONFIDENTIAL~~ SECTION 04 OF 04 OTTAWA 04566

NOFORN

TREASURY FOR MULFORD AND FAUVER

USIA FOR EU

STATE FOR UNDER SECRETARY WALLIS

WHITE HOUSE FOR PRESIDENTIAL ADVANCE

BRUSSELS FOR USEC

E.O. 12356: N/A

TAGS: KSUM, ECON, EFIN, CA

SUBJECT: GOC PRIORITIES FOR TORONTO SUMMLT

10. THE GOC DOES NOT ANTICIPATE OR PROPOSE MAJOR INITIATIVES. THEY HAVE PARTICIPATED CLOSELY IN THE EFFORTS TO DEVISE A HELPFUL SET OF COMMODITY INDICES AS INDICATORS OF ECONOMIC (ESPECIALLY PRICE) TRENDS. THEY ARE CONFIDENT THERE IS G-7 AGREEMENT ON TWO BASIC INDICATORS, WHICH THEY SEE AS A SIGNIFICANT INCREMENTAL STEP TOWARD ENHANCED MONITORING AND COOPERATION. THE CANADIANS ALSO ANTICIPATE SOME AGREEMENT AT THE SUMMIT ON CALLING FOR A STUDY OF THE INTERNATIONAL MONETARY SYSTEM. THEY SEE NO PARTICULAR URGENCY AND ARE INCLINED TO GIVE THE JOB TO THE CENTRAL BANKS FOR A STUDY OVER ONE TO TWO YEARS. ON THE OTHER HAND, THEY NOTE THAT OTHER COUNTRIES MAY HAVE SPECIFIC PRIORITIES (E.G., THE FRENCH, AS HOSTS, MAY WANT A REPORT IN TIME FOR NEXT YEAR'S SUMMIT). THE CANADIANS ARE PREPARED TO CONSIDER ALTERNATIVES, SUCH AS HAVING THE G-7 DEPUTIES OR SOME OTHER GROUP PUT OUT A BRIEFER REPORT IN SAY 6 TO 12 MONTHS. FINALLY, THE CANADIANS ARE CAREFULLY STUDYING SECRETARY BAKER'S SPEECH OF MAY 10 IN PARIS. IN VERY PRELIMINARY COMMENTS, FINANCE DEPARTMENT OFFICIALS NOTED THAT: (1) THE SECRETARY'S REMARKS INCLUDED RELATIVELY LITTLE DISCUSSION OF EXCHANGE RATES

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

WHITE HOUSE SITUATION ROOM

PAGE 09 OF 09

(THIS COMMENT WAS NOT NECESSARILY A CRITICISM); AND (2) HIS REMARKS INCLUDED CONSIDERABLE USE OF THE TERM "COORDINATION" (THEY FELT THIS MIGHT BE OVERLY AMBITIOUS AND THAT "COOPERATION" PROBABLY MORE ACCURATELY DESCRIBES WHAT HAS OCCURRED AND CAN REALISTICALLY BE EXPECTED AMONG THE SUMMIT COUNTRIES IN THE IMMEDIATE FUTURE).

-

NON-ECONOMIC TOPICS

-

11. DESPITE THEIR PREFERENCE FOR A BACK-TO-BASICS EMPHASIS ON ECONOMIC TOPICS, THE CANADIANS REALIZE THAT THEIR DESIRE ALSO FOR A LESS STRUCTURED APPROACH WILL ENCOURAGE BROAD RANGING DISCUSSIONS. THEY FULLY EXPECT AND WELCOME A DIALOGUE ON EAST-WEST MATTERS, OBVIOUSLY

CENTERED ON THE PRESIDENT'S RECENT TRIP TO MOSCOW. THEY HAVE INDICATED TO US THEY ARE PREPARED TO GIVE SERIOUS ATTENTION TO NARCOTICS PROBLEMS (SEE REF B). THEY ALSO ANTICIPATE THAT THATCHER WILL PRESS FOR DISCUSSION OF THE MID-EAST SITUATION. FINALLY, THE CANADIANS THEMSELVES WANT THE SUMMIT PARTICIPANTS TO DEVOTE ONE SESSION TO LONG-TERM ISSUES, SUCH AS THE ENVIRONMENT, EDUCATION, IMPLICATIONS OF AGING POPULATIONS, AND THE IMPACT OF EVOLVING COMMUNICATIONS AND TRANSPORTATION TECHNOLOGIES. NONETHELESS, THEY HOPE TO RELEGATE OFFICIAL SUMMIT STATEMENTS ON ALL NON-ECONOMIC TOPICS TO AN ANNEX TO THE HEADS OF STATE COMMUNIQUE AND/OR TO SEPARATE COMMUNIQUE BY THE FOREIGN AND FINANCE MINISTERS.

NILES

BT

#4566

~~CONFIDENTIAL~~