

Table 1: G7 Real GDP Growth Rates 2008–2012F, Percent

	CANADA	ITALY	JAPAN	FRANCE	GERMANY	UNITED KINGDOM	UNITED STATES	ADVANCED ECONOMIES
2008	0.4	-1.0	-1.2	0.3	1.2	0.5	0.4	0.5
2009	-2.5	-5.0	-6.3	-2.5	-4.7	-4.9	-2.6	-3.4
2010P	2.9	1.0	4.3	1.6	3.6	1.7	2.8	3.0
2011F	2.3	1.0	1.6	1.6	2.2	2.0	3.0	2.5
2012F	2.7	1.3	1.8	1.8	2.0	2.3	2.7	2.5
Average, 2001–2010	2.0%	0.1%	0.8%	1.2%	0.8%	1.4%	1.8%	1.7%

Source: International Monetary Fund. *World Economic Outlook*. January 2011 and archived October 2010 Database.
P: Projected, F: Forecast

With total government net debt-to-GDP ratio at 22.4 percent in 2008, Canada's debt burden was less than half that of the closest G-7 country (Germany). Despite a \$62 billion stimulus program, Canada's net debt burden is projected to increase by just 9.8 percentage points in the next five years, according to the International Monetary Fund (IMF) (see Figure 1). In 2015, the IMF expects Canada's net debt-to-GDP ratio to stand at 32.2 percent, almost half that of its closest G-7 peer.⁵

Given this relatively stable fiscal environment, foreign investors in Canada can expect a continuation of:

- decade-long reductions in corporate income taxes;
- multi-billion-dollar investments in infrastructure;
- research and development tax credits; and
- reductions in import tariffs.

Simply put, federal and provincial governments in Canada have more room to implement policies that make sense to foreign investors.

THE SOUNDEST BANKING SECTOR IN THE WORLD

The sovereign debt crisis in Europe and renewed concerns about the global economic outlook, have once again shone a spotlight on banking safety. Therefore, it is reassuring that Canada has the soundest banking system in the world, according to the World Economic Forum.

While banks around the world collapsed and inter-bank transactions tailed off in the wake of the global financial crisis, not a single Canadian bank required a bailout. Best-in-class financial regulations and strong balance sheets have helped Canada's banks earn global recognition. For a second consecutive year, six of the world's 50 safest banks are Canadian banks, according to *Global Finance* magazine.⁶

⁵ International Monetary Fund. *World Economic Outlook*. October 2010. pp. 191. <<http://www.imf.org/external/pubs/ft/weo/2010/02/pdf/text.pdf>>.

⁶ *Global Finance* Magazine. "The World's 50 Safest Banks, 2009 and 2010". <<http://www.gfmag.com/tools/best-banks/2341-worlds-50-safest-banks-2009.html#axzz1DOR4zQYj>> and <<http://www.gfmag.com/archives/130-october-2010/10635-worlds-safest-banks-2010.html#axzz1DOR4zQYj>>.