

The F.R.G. Economy

The F.R.G., with a population of 62 million, is the economic powerhouse of Western Europe. After the U.S. and Japan, it has the strongest economy in the world. In 1989 the F.R.G.'s gross national product (GNP) reached close to C\$1,600 billion. In comparison, Canada's GNP was \$626 billion.

The F.R.G. economy has grown continuously since 1982, and in the past three years has enjoyed a remarkable boom, with real economic growth at about 4% since 1988. Inflation has been kept at 3.2%.

The major development affecting the F.R.G. economy is unification with the German Democratic Republic (G.D.R.), a depressed economy with one tenth the GNP and a quarter of the population.

Like Canada, the F.R.G. is and will remain exceptionally trade-oriented, with exports accounting for more than one quarter of the GNP. It is the largest exporter in the world and second-largest importer.

By and large, the F.R.G.'s markets are open; and government policy strongly favours trade liberalization through the General Agreement on Tariffs and Trade (GATT) and the Uruguay Round of Multilateral Trade Negotiations. (An important exception is agriculture.)

The F.R.G. is a major force behind the economic integration of Western Europe and the move towards a single market in 1992.

Against this background, there is high potential for more Canadian exports to the F.R.G. and increased F.R.G. investment in Canada.