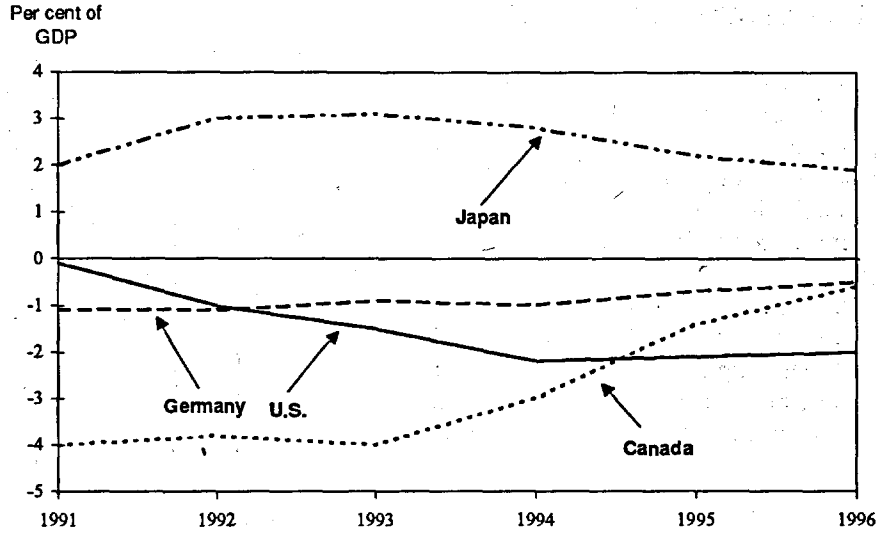
CHART 5

CURRENT ACCOUNT BALANCES AS A SHARE OF GDP 1991-96

Over the past three years, Canada's current account deficit as a percentage of GDP has narrowed significantly from 4 per cent of GDP in 1993 to 1.4 per cent in 1995. Underlying this improvement was a stronger performance on our trade account as restructuring and low inflation boosted our competitiveness in a broad range of sectors. The IMF predicts that Canada's current account deficit will narrow further to 0.6 per cent of GDP in 1996.

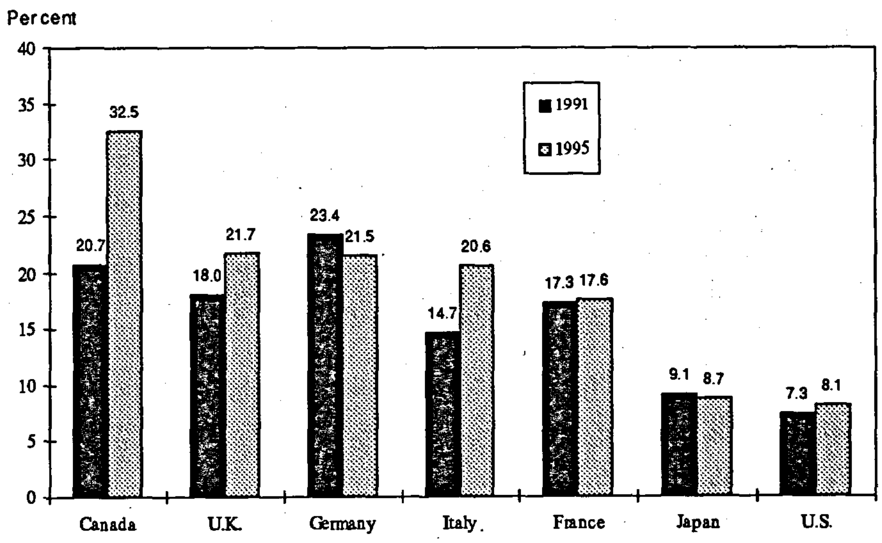


Source: *World Economic Outlook*, IMF, Spring 1996.

CHART 6

MERCHANDISE EXPORTS AS A SHARE OF GDP, 1991 and 1995

Trade accounts for a significant portion of economic activity in Canada, and that proportion has been growing rapidly over the past four years. Further, two-way trade flows are equivalent to about 70 per cent of Canada's GDP, by far the largest share among G-7 economies. Trade is also very important for the European economies; therefore, maintaining an open and fair trading system is one of the G-7's priorities.



Source: OECD.