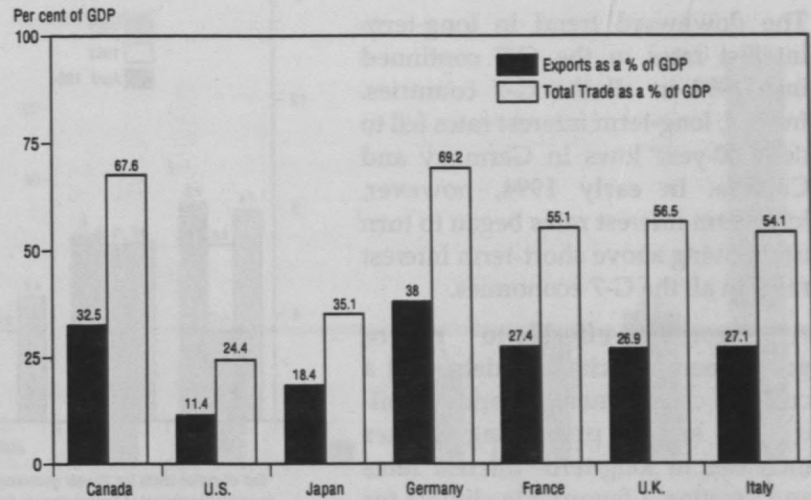


CHART 7

TRADE IN GOODS AND SERVICES AS A SHARE OF GDP, 1993

Trade accounts for a significant portion of the economic activity in the G-7. This underlines the importance of the successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade in 1993. In Canada, two-way trade flows are equivalent to nearly 70 per cent of our GDP. Trade is also very important for the European economies, particularly Germany. It represents a much smaller fraction of the total output of Japan and the United States. Nonetheless, the flow of goods into and out of these economies is significant given their large size.

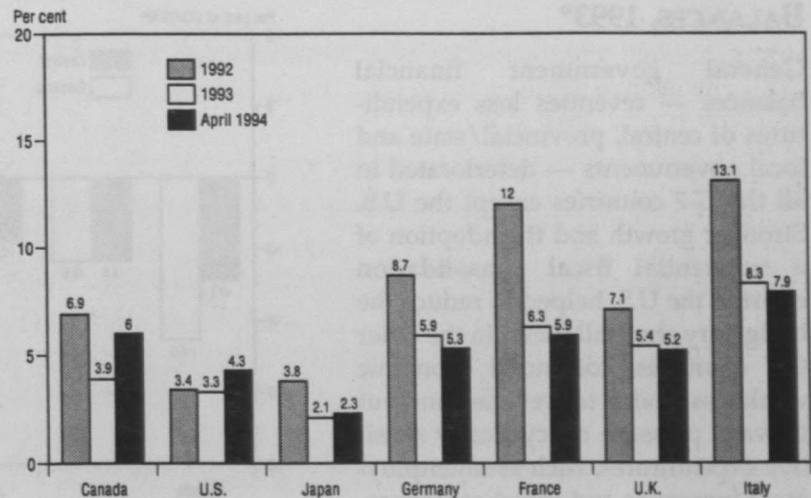


*All data are in constant dollars on a National Accounts basis.
Sources: Statistics Canada for Canada; Data Resources Incorporated for the U.S. and overseas economies.

CHART 8

SHORT - TERM INTEREST RATES, 1992 TO APRIL 1994

Short-term interest rates continued to drop in 1993 in all the G-7 countries except the U.S., where interest rates remained virtually stable at levels last seen some 30 years ago. In 1994, interest rates in the U.S. began to move up after the U.S. Federal Reserve started to raise interest rates as a pre-emptive strike against inflation. In Canada, interest rates also moved up in 1994 when some investors became edgy about their Canadian dollar holdings — despite excellent prospects for low inflation and sound growth in the Canadian economy. In the European countries, interest rates continue to drop in 1994, reflecting the gradual and steady reduction of policy interest rates in Germany and the continued weakness of the European economies.



*End-of-period levels. Ninety-day Euro-rates.
Source: Data Resources Incorporated.