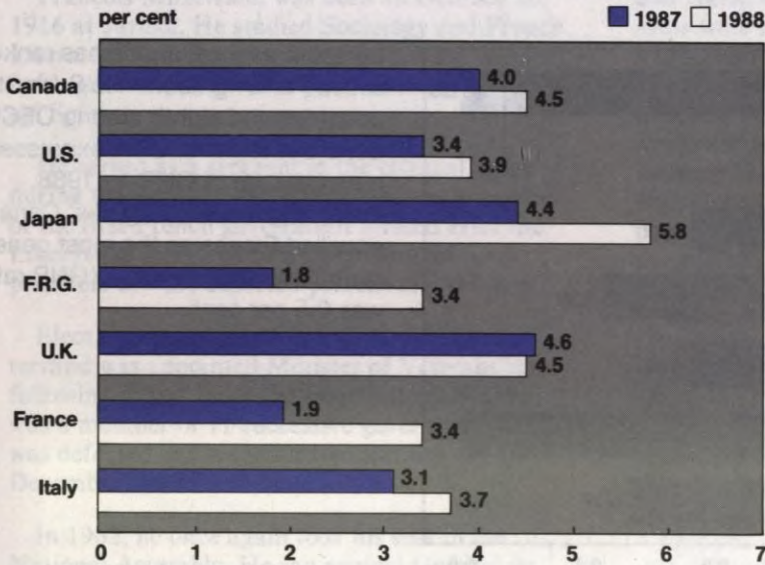


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Chart 7
Growth of Real GNP / GDP in 1987 and 1988

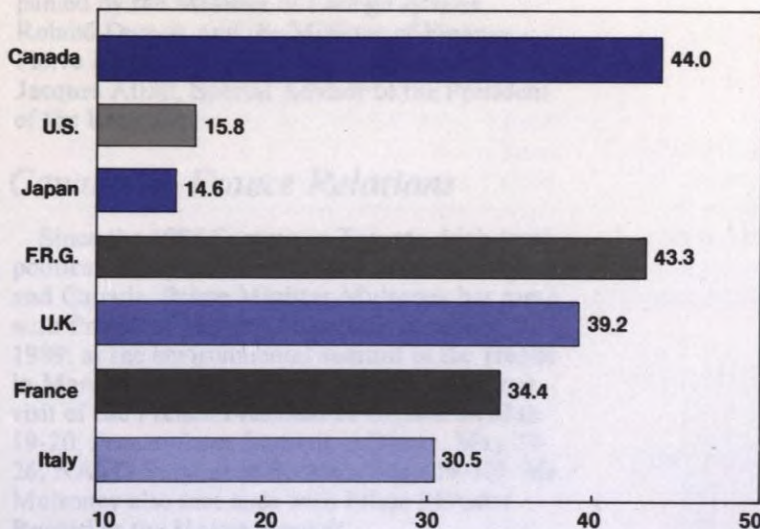


Contrary to the expectations of many in the aftermath of the stock market crisis in October 1987, growth in the G-7 countries increased in 1988. Canada was second only to Japan in its growth performance.

In all of the G-7 countries, investment was a major contributor to growth.

Chart 8
Total Merchandise Trade in 1988
(Exports plus Imports)

as a percentage of nominal GNP / GDP



While factors such as growth differentials and exchange rate movements cause considerable fluctuations in annual measured trade flows, the chart provides an indication of the relative importance of international trade in the economies of the Summit countries. The chart shows clearly the contrast between the large external sectors of the Canadian and European countries, and the relatively small volume of external trade (as a percentage of GNP/GDP) in the U.S. and Japan.