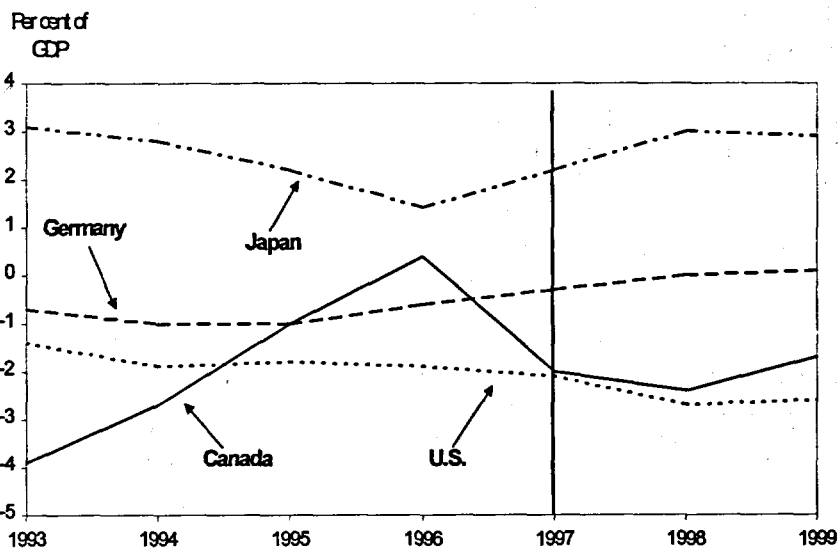


## CHART 5

### CURRENT ACCOUNT BALANCES AS A SHARE OF GDP 1993-99

A significant reduction in Canada's fiscal deficit underpinned a dramatic improvement in the current account, which moved from a deficit of four per cent of GDP in 1993 to a surplus of 0.4 per cent of GDP in 1996. The improvement in the current account was led by Canada's impressive trade performance, which was boosted by improvements in Canada's international competitiveness. However, in 1997, the current account slipped back to a deficit of two per cent of GDP as the merchandise trade surplus narrowed. This was due largely to the improvement in the economic environment which led to very strong growth in imports of business machinery and equipment.

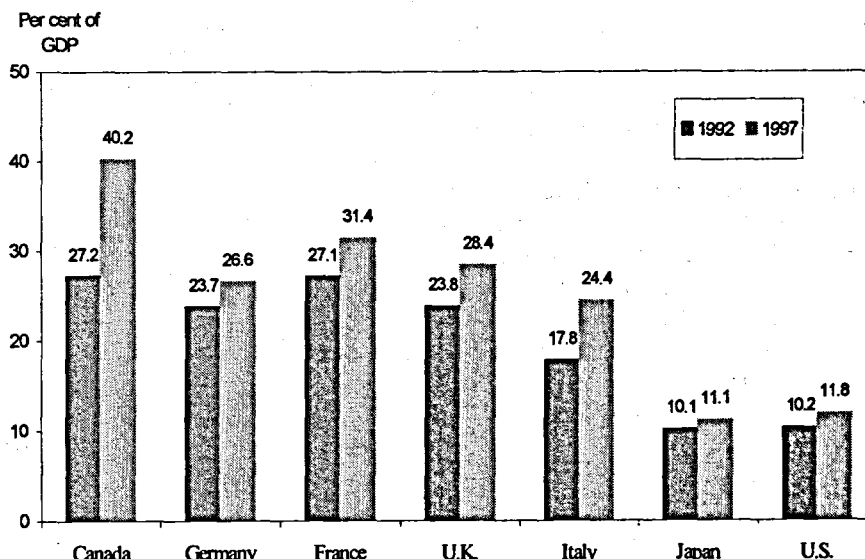


Source: World Economic Outlook, IMF, Spring 1998.

## CHART 6

### EXPORTS OF GOODS AND SERVICES AS A SHARE OF GDP, 1992 AND 1997

Trade accounts for a significant portion of economic activity in Canada. That proportion has been growing rapidly over the past six years owing to the success of recent trade initiatives and the successful completion of multilateral trade negotiations, in addition to Canada's increased competitiveness. Exports of goods and services are equivalent to about 40 per cent of Canada's GDP, by far the largest share among G-7 economies. Trade is also very important for the other economies; therefore, maintaining an open and fair trading system is one of the G-7's priorities.



Source: The WEFA Group.