

In the absence of an international regime, Canada has succeeded in improving access and protection for Canadian investment abroad through the North American Free Trade Agreement and a number of bilateral foreign investment protection agreements.

Canada is also striving to attract more direct foreign investment. Canadians are well aware of the contributions of foreign investors, particularly American and European, to the development of the industrial and technological base of this country.

To that end, the Canadian government is, first and foremost, committed to creating the conditions that produce strong and sustained economic growth. In addition to our own comparative advantages, Canada's sound and prosperous domestic economy — fully integrated to one of the richest markets in the world — constitutes the most attractive incentive for forward-looking investors.

Our approach is to put in place an economic policy framework that will ensure that investors, be they Canadian or foreign, find in Canada a propitious environment for their businesses to grow and prosper. We want companies to make location decisions not so much on the amount of one-time incentives that might be available, but on the broad and long term economic growth prospects.

In that regard, Canada is currently outpacing most of the developed world in economic growth. Our economic recovery, led first by a record level of exports, is now broadening to include consumer spending. Our annual growth rate based on the six-month period ending March 1994 was four per cent. There is every reason to believe that we will continue to grow at a comparable rate in the foreseeable future.

Employment has risen by 180 000 jobs since January. The majority of these are full-time jobs providing the steady wages that will contribute to even greater consumer spending.

At the same time, costs in the Canadian economy are staying down. Among the G-7 [Group of Seven leading industrialized] countries, we have the lowest inflation rate. In May, consumer prices were actually lower than they were a year ago. The annual inflation rate stood at one per cent, a figure that, a few years ago, would have been considered unimaginable.

Our unit labour costs have been falling in line with those in the United States, due to the combination of low wage increases and significant productivity gains, particularly in the manufacturing sector. This is contributing to the sustained strength of our exports, which are also benefiting from improved terms of trade brought about by our cheaper dollar.