

FEDERAL REPUBLIC OF GERMANY

Chancellor Helmut Kohl

Born in 1930, Chancellor Kohl is married and has two children. He joined The Christian Democratic Union (CDU) in 1947 and continued to be active in CDU politics during his student years. From 1950-58 he studied law, sociology, political science and history at the Universities of Frankfurt and Heidelberg, graduating with a Ph.D. He was Departmental Head in the Chemical Industry Association, Ludwigshafen 1959-69. His early political career centred on the Rhineland-Palatinate. As Minister-President of that Land (province) from 1969 to 1976, he played an important role in the Federal Bundesrat (Upper House). He became Chancellor in October in 1982. In January 1987 his Coalition Government was re-elected with a substantial but reduced majority.

This will be Chancellor Kohl's fifth economic summit. He will be accompanied by the Foreign Minister and Vice-Chancellor, Hans-Dietrich Genscher; the Federal Minister of Finance, Dr. Gerhard Stoltenberg; and the Federal Minister of Economics, Dr. Martin Bangemann. Chancellor Kohl's Personal Representative is Dr. Hans Tietmeyer.

Recent Economic Performance

The rate of growth in the German economy began to slow down in the last quarter of 1986, after posting increases of approximately 3 per cent for the last four years. The main reason for the falling rate of growth is attributed to the more recent gain of the deutsch mark against the US dollar. While predictions vary, the government forecasts a rate of growth of under 2 per cent this year. Unemployment remains relatively unchanged at around 8 per cent despite considerable net job creation. Inflation remains low: the rate for 1987 is likely to be about 2.5 per cent after a net decrease last year. Interest rates are also low and stable. The federal deficit has continued to decline and currently represents about 1 per cent of GNP.

The centrepiece in the FRG Government's economic program will be the implementation of a tax reform package that will include net tax reductions to some DM 25 billion value in real tax relief. The Government has announced that it will be phased in between 1988 and 1990.

Canada/FRG Relations

Canada-FRG relations are close and cooperative, founded on a common membership in the Atlantic Alliance, the Economic Summits, the United Nations and other international forums. Our NATO cooperation has created a unique relationship through the commitment of 6,665 Canadian troops and their families in the FRG, and the training of 5,500 German soldiers and airmen annually at Shilo and Goose Bay.

Two-way trade and economic cooperation has grown significantly over the last decade to its present level of \$4.7 billion. The FRG has consistently enjoyed a trade surplus with Canada which in 1986 stood at \$2.1 billion. In 1986 Canada's exports to the FRG showed an improvement, increasing by over 5 per cent over 1985 to 1.26 billion. The current exchange rate appreciation of the DM against the Canadian dollar should give a strong impetus to this turnaround. The FRG was Canada's third most important source of foreign direct investment last year, although FRG investment declined. Efforts are being made to rebalance the situation, primarily through an active investment development program launched by Canada in the FRG.