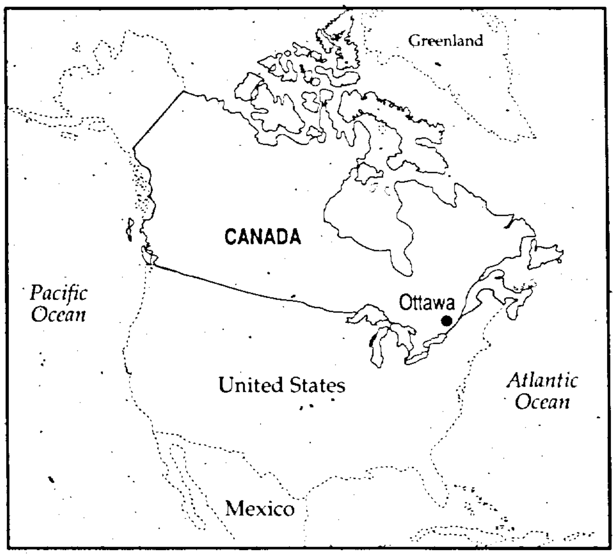
CANADA



HEAD OF STATE: Her Majesty Queen Elizabeth II
HEAD OF GOVERNMENT: Prime Minister Jean Chrétien (Liberal Party)
POPULATION: 28 850 000

GROSS DOMESTIC PRODUCT (GDP): $711 billion (1993)
GDP GROWTH: 4.3% (1994)
PER CAPITA GDP 1993: $24,730

UNEMPLOYMENT RATE: 10.4% (1994)
INFLATION RATE: 0.2% (1994)
EXPORTS AS A PERCENTAGE OF GDP: 32.5% (1993)

TRADE AND INVESTMENT

Canada is one of the most trade-dependent nations with exports of goods and services accounting for more than 30 per cent of GDP. Much of the growth in the economy in 1994 resulted from an increase in exports, up 18.2 per cent, and a 19.1 per cent increase in business investment. Canada's exporters achieved success through strong improvements in labour productivity, tight cost controls, and a lower exchange value of the Canadian dollar. Canada has maintained its international competitiveness through expanding formal trading relationships through groups such as NAFTA and GATT. Canada's trade and investment with developing markets in Asia, and Latin and South America also showed strong growth. Canada offers an attractive environment for business investment including an advanced economy, a skilled workforce, superior physical and social infrastructure, and sophisticated industries whose products are in great demand in developing regions (e.g. telecommunications, engineering consulting).

BILATERAL RELATIONS

Multilateralism (working in concert with other nations) is the cornerstone of Canada's foreign policy. So it is that Canada is a strong and supportive member of the World Trade Organization, the G-7, the Asia-Pacific Economic Co-operation forum, the North American Free Trade Agreement, and many other groups working to harmonize world economic activity. We are active and involved in the United Nations, the Organization of American States, the Commonwealth, and la Francophonie. Canada also contributes to the work of the North Atlantic Treaty Organization, and the Conference on Security and Cooperation in Europe.

Canada's two-way trade with the rest of the world amounts to almost $1 billion a day.

CURRENT ISSUES

At present, Canada has the fastest growing economy among the G-7 nations. In its December 1994 outlook, the Organization for Economic Co-operation and Development (OECD) projected that Canada's real GDP growth would be 4.2 per cent in 1995. Canada's upbeat economic performance is overshadowed by the level of its public debt. Canada has the highest debt to GDP ratio among G-7 countries. In the 1994 Budget the government took steps to reduce its deficit, primarily by lowering spending. The government has set a deficit target of $32.7 billion in 1994/95 and a deficit of no more than 3 per cent of GDP in 1996/97—or about $25 billion. The ultimate objective is to achieve a balanced budget and to significantly reduce Canada's debt as a percentage of the GDP. Deficit reduction is an essential part of the government's overall economic strategy which is to create more and better jobs for Canadians through economic growth.