

CHAPTER 2 CANADA AND WORLD TRADE

Highlights

- *Canada signed International Patent Cooperation Treaty.*
- *To support economic reforms in Poland and Hungary, \$72 million was earmarked.*
- *In its first year, the Free Trade Agreement is almost 99 per cent dispute-free.*
- *Annual growth rate of low-cost clothing imports slowed to 0.8 per cent.*



*San Diego Trade Office Inauguration,
February 25, 1990*

A. THE INTERNATIONAL ECONOMIC ENVIRONMENT

Economic growth in the major industrial countries slowed to an estimated 3.4 per cent, compared with 4.4 per cent in the previous year. The macro-economic performance of major industrial countries showed increasing signs of divergence over 1989; while growth in Canada, the United States and the United Kingdom slowed substantially during the past year, it remained relatively strong in Japan and continental Europe.

The volume of world trade expanded a further 7.4 per cent in 1989, down somewhat from the 9.1 per cent posted in 1988, but the second-fastest growth rate in the past five years. External

imbalances among the major industrial countries posted mixed results in 1989. The U.S. current account deficit declined to U.S.\$110 billion from U.S.\$128.9 billion in 1988. The Japanese current account surplus fell to U.S.\$57.2 billion, down from U.S.\$79.6 billion in 1988. An export boom served to widen the West German current account surplus to U.S.\$55.5 billion from U.S.\$50.4 billion in 1988. Most of the growth came at the expense of West Germany's European trading partners.

Over the first half of the year, the U.S. dollar experienced unexpected strength, appreciating against most

Sigles et acronymes utilisés dans ce chapitre sont à la page 42.