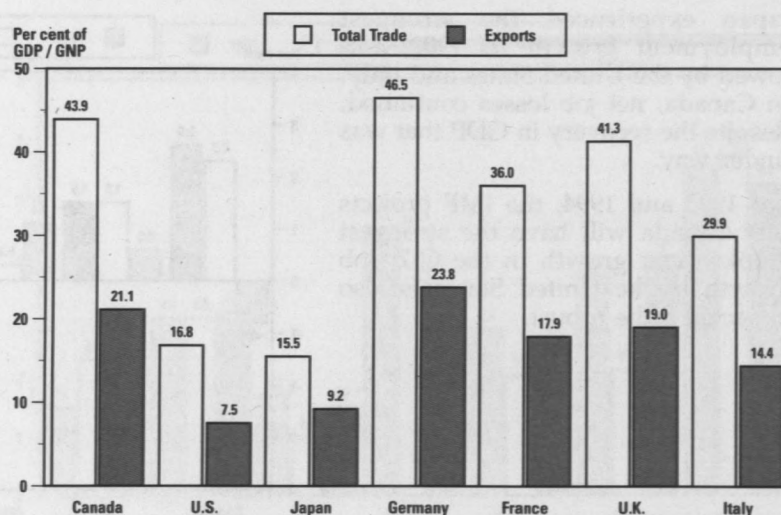


CHART 7

TRADE IN GOODS AND SERVICES AS A SHARE OF GDP, 1992

Trade is a fundamental economic activity in the G-7. For a small open economy like Canada, exports and imports together represent over 40 per cent of GDP. Similarly, member countries of the European Community trade extensively among themselves and with the rest of the world. As a share of GDP, trade is comparatively small in the United States and Japan, which count on larger domestic markets.

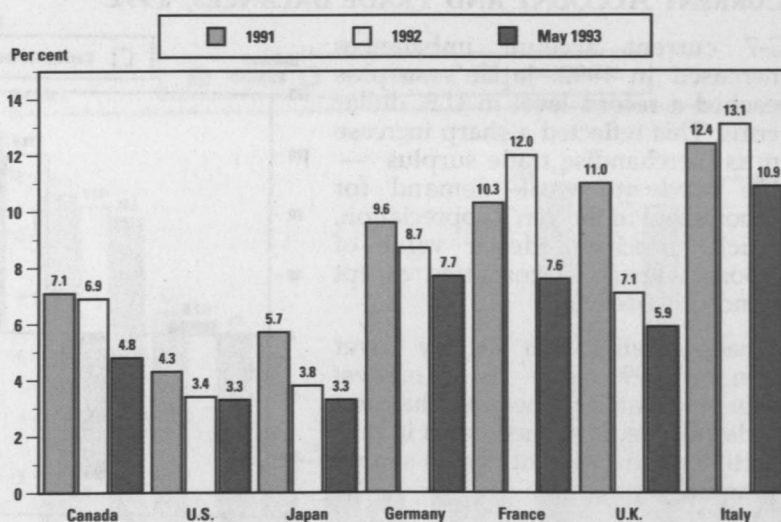


Source: IMF.

CHART 8

SHORT-TERM INTEREST RATES, 1991 TO MAY 1993*

There has been a downward trend in short-term interest rates since the end of 1991 in most of the G-7 countries except France and Italy, where turmoil in European financial markets at the end of 1992 pushed interest rates up temporarily. Since then, rates have resumed a downward path, but they are still comparatively high in the European Community. This is because of the German central bank's effort to rein in consumer price inflation after the unification boom. The United States, Japan and Canada currently have the lowest short-term interest rates.



* End of period levels.

Source: Department of Finance Canada.