

ECONOMY TURNS IN BEST PERFORMANCE IN 7 YEARS

Canada's economy grew at an annual rate of 6.4 per cent in the second quarter of this year, to reach a total real output of \$739.6 billion.

Strong exports, a jump in housing starts, and an increase of 23 per cent in business investment in machinery and equipment fuelled the expansion, the greatest in a single three-month period since the third quarter of 1987. The large increase in investment by business was sustained by profits that rose by 26 per cent in the second quarter, and an increase in production in 20 out of 21 major industrial sectors. Consumers also played a part in the boom, spending 3 per

cent more on goods and services than in the previous three months.

The surge in output was not accompanied by inflation; in fact prices fell for the second consecutive quarter, largely because of a cut in federal and provincial tobacco taxes. Prices rose slightly in July, at an annual rate of 0.2 per cent, with no change in August.

"It's clear Canada is now experiencing the best mix of strong growth and low inflation that the country has seen in decades," Ted Carmichael, senior Canadian economist for the Morgan Bank of Canada, told *The Financial Post*.

The economy's strong performance in the first two quarters means that the growth rate for the year should reach at least 4 per cent, outperforming all the other Group of Seven countries. The rate for 1993 was 2.2 per cent and for 1992, 0.6 per cent.

The expanding economy created 122,000 full-time jobs in the second quarter, and labour income grew by 5.6 per cent on an annualized basis.

PEACEKEEPING

(continued from page 3)

economic assistance for the reconstruction and development of Haiti.

Rwanda

Canada has been providing humanitarian relief and military personnel to the U.N. assistance mission in Rwanda since June 1993. Canadian Major-General Roméo Dallaire commanded the U.N. mission from July 1993 until he was replaced by another Canadian, Major-General Guy Tousignant, in August of this year.

For more than a month during the height of the bloodletting after the deaths of the presidents of Rwanda and Burundi in a suspicious plane crash in April 1994, Canadian Forces provided the only airlift of international relief supplies and workers to Kigali, the Rwandan capital.

Later, Canadian troops reopened the airport after it was shut down by shelling and helped restore communications functions to the U.N. mission.

CANADA-U.S. TRADE UPDATE

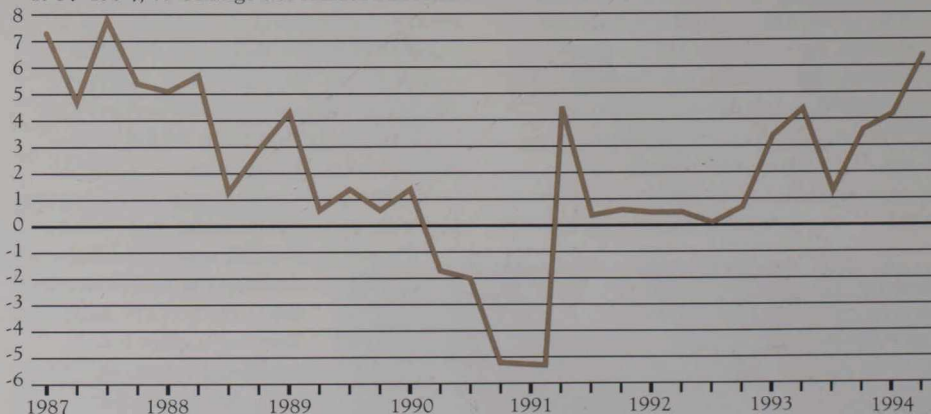
The flow of goods, services and income between Canada and the United States continued to increase in both directions in the second quarter.

According to Statistics Canada, U.S. exports of goods to Canada increased by 21 per cent over the same period in 1993, to \$39.6 billion, and Canadian exports to the U.S. rose by a similar amount, 22 per cent, to \$45.7 billion. U.S. exports of services and other non-merchandise rose by 5 per cent to \$12.3 billion, while Canadian non-merchandise exports to the U.S. hit \$6.3 billion, an increase of 12 per cent. The \$103.8-billion in two-way trade was almost in balance: the Canadian surplus in merchandise trade offset that of the U.S. in non-merchandise, giving Canada a slight edge of \$37 million in the current account for the quarter.

All figures are in Canadian dollars. The official noon exchange rate on September 29 was US\$1 = C\$1.3422.

Canada's Real Quarterly GDP Growth

1987-1994, % Change at Annual Rates and Constant Prices



CANADA QUARTERLY

Canadian Embassy
501 Pennsylvania Avenue, N.W.
Washington, D.C. 20001
Tel.: (202) 682-1740
Fax: (202) 682-7791

Edited by Judith Webster
Designed by Sharon Musikar

If you wish to change your address,
please include your mailing label.

Address Correction Requested

FIRST CLASS MAIL
U.S. POSTAGE
PAID
SO. MD. FAC.
PERMIT NO. 1451



Printed on recycled paper