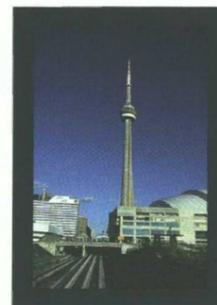


Introduction

CANADIAN EXCELLENCE IS ABOUT THE advanced and productive industries that exist in Canada, and the dedication, knowledge and skill that Canadians apply to these industries.

Canada has an open economy that has long been geared toward trade with the rest of the world. It leads the Group of Seven (G-7) industrialized economies in trade as a share of gross domestic product (GDP). In 1996, Canadian exporters produced a record trade surplus of \$34 billion — a 20 percent increase over 1995. Canada now exports 40 percent of everything it produces.

As a member of the North American Free Trade Agreement with the United States and Mexico, Canada has preferred access to the world's richest and second-largest trade zone, with over 386 million consumers. Canada has also negotiated free trade agreements with Israel and Chile. As well, Canada is actively part of ongoing efforts to expand trade in Asia Pacific, with the European Union, and in the western Hemisphere.



Canada is one of the most developed economies and one of the wealthiest countries in the world. For the last four years, the United Nations ranked Canada as the best place in the world to live in terms of quality of life. And the International Monetary Fund predicted that Canada will lead economic growth in the G-7 in 1997 and 1998.

The federal government's fiscal policies have successfully addressed budget deficits and public debt. As a result, the annual federal deficit has slipped below 2 percent of GDP, and inflation has settled at a respectable 1.5 percent. Canada will soon be the only G-7 country to have eliminated central government financial requirements. The federal government is scheduled to balance its budget no later than fiscal year 1998-99.

Canada offers one of the most advantageous business climates in the world. A well-educated and highly skilled labour force, particularly in advanced technologies, combined with one of the most supportive R&D environments in the world, has reinforced international investment confidence, which is at its highest level in 15 years. Foreign direct investment in Canada has almost doubled in 10 years, exceeding \$180.3 billion in 1996.

Canada also possesses an extremely sophisticated and efficient infrastructure. In transportation, it is ranked as the second best in the G-7, with rail, truck and air services fully integrated with U.S. networks. And with the information highway operating smoothly, and the second highest ratio of computers per capita among the G-7 countries, Canada is fully equipped to embrace the new "digital economy."

One of Canada's greatest assets is its enviable reputation in leading-edge technologies. With its small and scattered population and vast geographical distances, Canada has long been a pioneer in telecommunications. It has arguably the most modern telephone system in the world, and is home to some of the world's most innovative telecommunications companies.

Add to this abundant natural resources and low-cost energy supplies, safe, clean and modern cities, a highly regarded legal system that ensures transparency and the rule of law, low-cost educational services and universal health care, and it would be difficult to find a better business and investment partner than Canada.

