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ECONOMIC SURVEY OF CANADA

1996



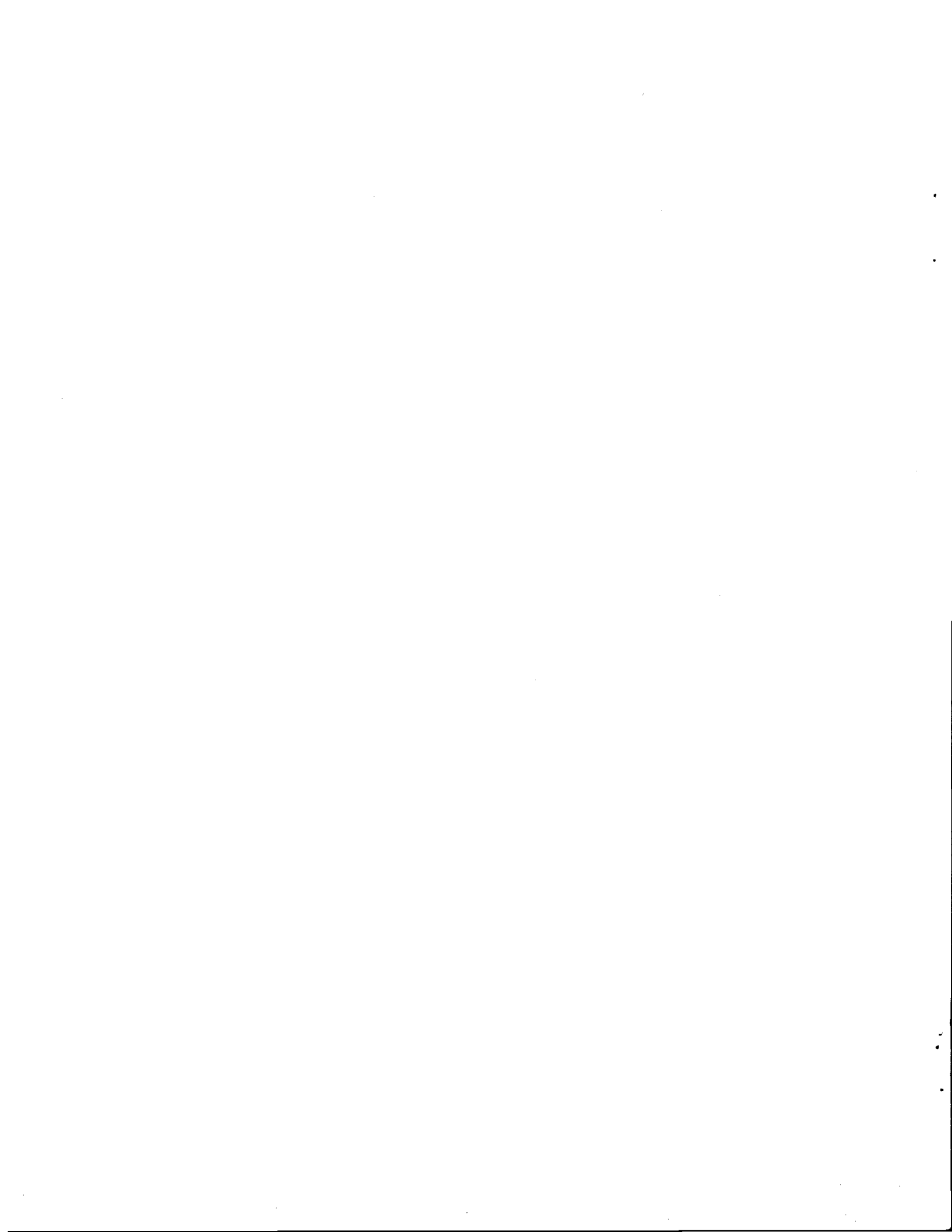
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## PRESENTATION

This report of the Canadian economy prepared by the Washington Office of the Economic Commission for Latin America and the Caribbean (ECLAC) makes available a set of basic economic information in a single document, drawn from the abundant public sources existent in Canada. Its structure follows, with some adaptations, the standard outline utilized for drafting ECLAC's yearly surveys of the Latin American and Caribbean economies. It is divided in two parts: first, Canada's recent economic performance; and, second, a statistical appendix.



ECONOMIC SURVEY OF CANADA  
1996

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## PART ONE

### CANADA'S ECONOMY IN 1996

#### I. THE DOMESTIC ECONOMY

In 1996, Canada's real gross domestic product (GDP) grew 1.5%, compared to 2.3% in 1995. Though economic activity picked up in the second half of the year, growth was insufficient to lower the unemployment rate, which remained just below 10%.

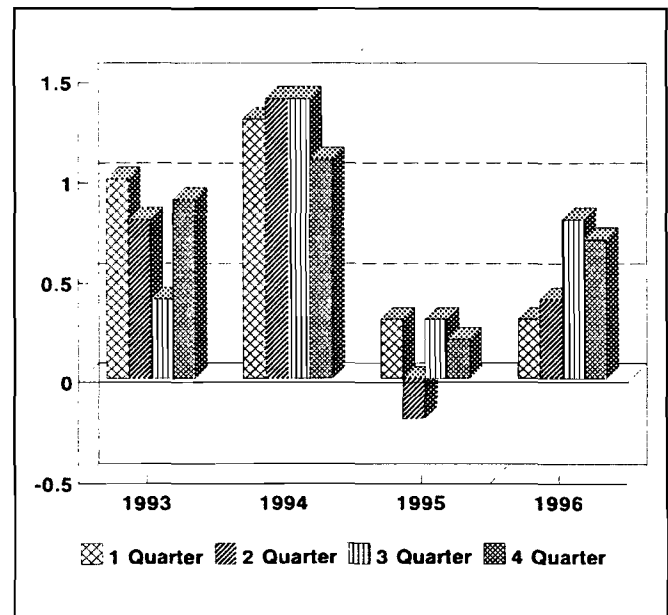
Inflation remained below 2% for the fifth year in a row, the most extended period of subdued price pressures since the early 1960s. Together with fiscal restraint at federal and provincial levels and output below potential, this allowed interest rates to decline throughout 1996 (appendix, table 1-1).

#### 1. Macroeconomic Aggregates

After weak growth throughout 1995 and the first two quarters of 1996, economic activity picked up significantly in the second half of the 1996, but growth for the year amounted to only 1.5%. The revival of economic activity was fueled by domestic demand, particularly increases in residential construction of 11.5% and investment in machinery and equipment, up by 11% (appendix, table 1-2).

Overall, final domestic demand rose 2.5%, slow by historical standards, but still its best showing in the decade. Business investment in machinery and equipment posted steady growth, following a sharp correction in inventories in the first six months of the year. Although personal expenditures rose -- particularly spending on housing and motor vehicles stimulated by the drop in Canadian interest rates-- the overall increase of 2.4% was still sluggish.

Figure 1 Canada: Real Gross Domestic Product (Quarterly % Change)



Government expenditure was down 1.9% as restraint in current expenditure and in transfers was also reinforced by falling interest payments on the debt. For its part, spending in non-residential construction declined 3.2%, largely due to the winding down of the Hibernia and fixed-link megaprojects in the Atlantic provinces.

After several years of leading growth, exports slowed to 4.5%, the smallest increase in four years, with import growth also decelerating to 5.1% in 1996.

Personal income increased 2.0% and personal income taxes grew by 7.1%. Consequently, disposable income increased by only 1.0%, a deterioration from the already weak performances posted in 1994 and 1995. As in the past four years, growth in consumer spending outstripped that of disposable income. With spending rising faster (3.6% at current prices) than disposable income, consumers drew from their savings pushing down the personal saving rate from 6.9% in 1995 to 4.6% in 1996, its lowest level since 1961.

In addition to the decline in personal savings, business saving dropped slightly in 1996 after growing for three consecutive years. However, with the drop in the deficit recorded by the government from \$24.8 billion in 1995 to \$8.6 billion in 1996 --attributable for the most part to fiscal restraint measures-- the overall savings rate increased to 4.9% (appendix, table 1-3).

Figure 2 Canada: Real Personal Consumption (Quarterly % Change)

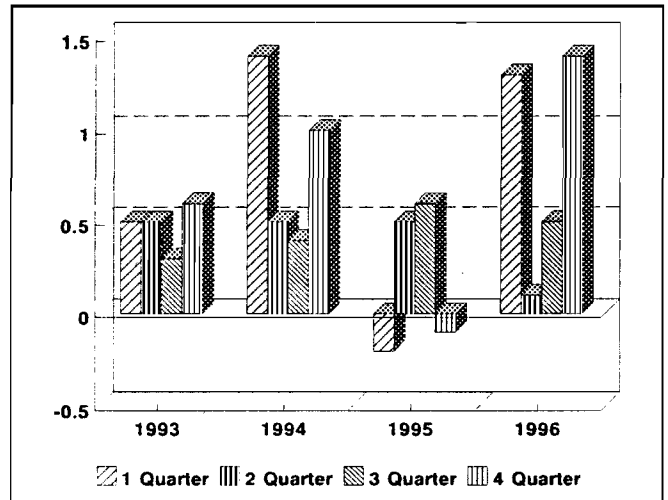
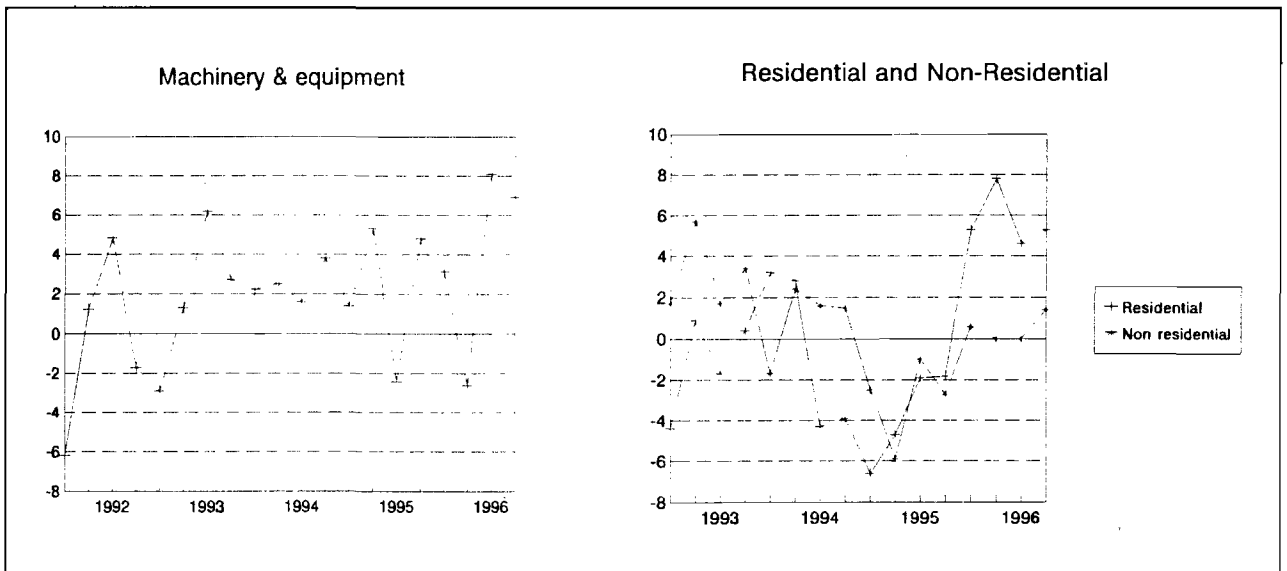


Figure 3 Canada: Real Investment (Quarterly % Change)





## 2. Sectoral Evolution

With the pace of economic activity reviving in the second half of 1996, manufacturing, mining and residential construction gained strength. However, three industries alone --business services, communications, and wholesale trade-- accounted for about half the overall gain in real GDP in 1996 (appendix, table I-4).

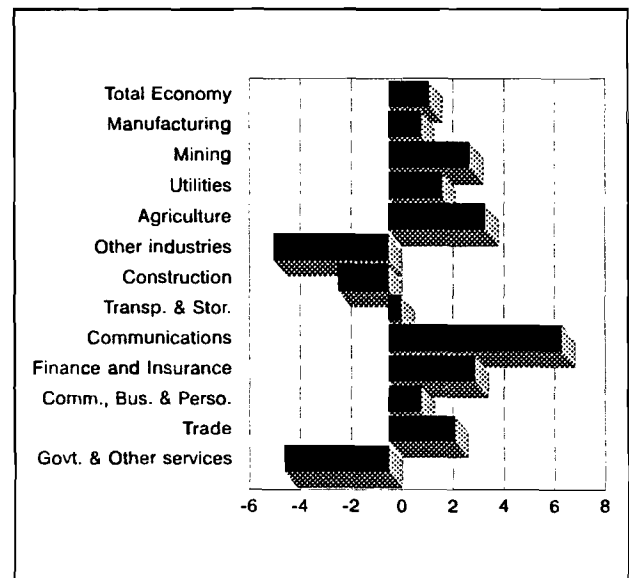
As the excess inventories accumulated during 1995 were drawn down, manufacturing activity slowed to 1.4% after increasing 3.8% in 1995, but still contributed to the 1996 growth in GDP. In particular, durable goods grew less than 2%, relative to over 6.5% in 1995. Electrical and electronic equipment, industrial machinery and transportation equipment also posted weak growth. Of note, is the 2.3% drop in motor vehicle assembly as production was disrupted by labor disputes in March and October. Elsewhere in manufacturing, the forestry sector presented mixed conditions in 1996. While production of wood recovered, growing by 4.5%, growth in sawmills was restrained by the new trade agreement between Canada and the United States, limiting the volume of lumber that can be exported duty-free to the U.S. market.

Output in Canada's mining sector grew 3.3% in 1996. Most of the gains were concentrated in the energy-related industries with production of crude oil and natural gas accounting for about half of the increase in the mining sector. Canadian oil production and total energy production reached record levels in 1996. Total energy production has grown by 27% since 1992, with production of natural gas growing the most rapidly, by 32% over the past five years. Further, activity in drilling rebounded 9.5% in 1996. On the other hand, energy consumption has also grown rapidly, at an average annual rate of 3.4% over the last five years, about one percentage point higher than the average growth of GDP.

Activity in Canada's construction sector declined again by 2% in 1996, after the sharp fall of 5% in 1995. Lower activity on engineering and non-residential building projects --which dropped significantly as the construction phase of the Hibernia project wound down-- more than offset an 8.2% gain in residential construction. The latter part of the year saw a revival of the resale housing market as sales of existing homes soared in response to the drop in residential mortgage rates combined with low house prices.

Some sectors like farming, continued its steady expansion, with notable advances for grain and oilseed. Crop production increased sharply in 1996, with production of barley, in particular, reaching a record high in 1996. Overall, the 1996 bumper crop and high grain prices pushed farm cash income to record levels.

Figure 4 Canada: GDP at Factor Cost by Industry (% Change)



In the service sector, financial and related services rose 3.3% in 1996, after growing 1.6% in 1995, largely as a result of gains in real estate, mutual funds and brokerage activities. Community, business and personal services grew 2.8% during the year, a slower pace than in 1995, but growth in business services remained firm. Growth in retail trade remained modest, expanding by 0.7% in 1996, while wholesaling activity accelerated to 4.4% in 1996. Though gains were widespread, sales of computers and software packages were particularly strong in response to strong capital spending by businesses.

By region, growth in 1996 was led by the provinces in Western Canada. In particular, the Prairies benefited from the boom in energy and grain. Central Canada was affected by the slowdown in manufacturing exports, and the Atlantic provinces by the end of megaprojects (appendix, table 1-5).

### 3. Employment

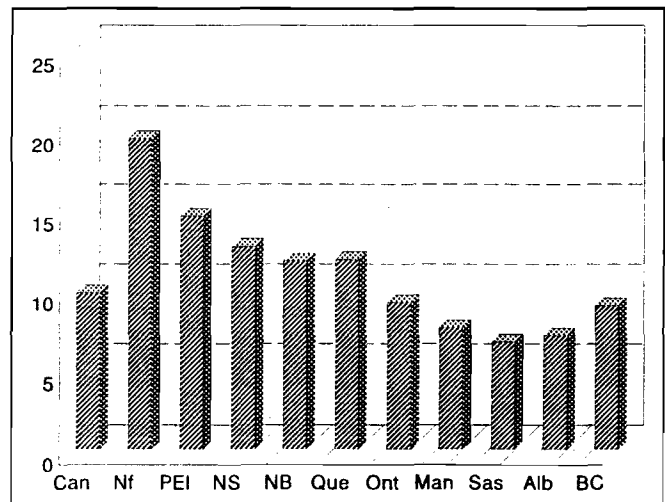
With the weakness in the domestic economy and reductions in government payrolls, Canada's labor market continued soft in 1996. Total employment grew by 1.3%, after having expanded over 1.6% the previous year. Moreover, excluding the expansion of farming due to the 1996 bumper crop, the number of non-agricultural workers was up only 1.1%, the smallest rise since 1992. Much of the slowdown reflected declines in construction and transportation.

Growth in private sector employment was stronger than in the public administration, with the gains evenly split between paid private-sector jobs and self employment. However, gains were concentrated in a few industries --business services, wholesale trade, and accommodation and food (appendix, table 1-6).

After remaining practically stagnant in 1995, labor force growth expanded by 1.5% in 1996. The unemployment rate drifted up throughout most of 1996 as labor force growth usually outpaced job creation. Overall, the labor force grew at the same rate as the population --aged 15 years and over-- during 1996, leaving the participation rate largely unchanged at 64.8%. With this, the unemployment rate increased from 9.5% in 1995 to 9.7% in 1996.

Employment growth was uneven across the regions of the country, with the regions east of Ontario generally showing considerable weakness relative to other regions, and relative to the previous year. Employment in the Prairie provinces increased again about 2% in 1996, above the national average for the third year in a row. With this, the unemployment rate fell to 7.1%, the only notable decline in any of the major regions.

Figure 5 Canada: 1996 Unemployment Rate



#### 4. Prices and Incomes

Throughout the year, downward pressure on inflation came from spare capacity in product markets and slack in labor markets. Consumer prices remained subdued, contained by slow growth of aggregate demand. Inflation, --as measured by the consumer price index, on a December-to-December basis-- increased by 2.2% in 1996. Most of the acceleration reflected increases in transportation charges. Advances in food prices, telephone charges, and fuel oil prices, also contributed to the advance (appendix, table 1-7).

Total wages and salaries grew only 2.8% in 1996, the slowest increase since 1993, with the slack in incomes originating mainly in the government sector. Private-sector wage settlements have moved upward since the end of 1992. In 1996, the increase in wage settlements was due to those achieved in manufacturing industries, such as the automotive sector. By contrast, public sector wage settlements --influenced by fiscal restraint-- have been below those in the private sector.

The price and overall cost performance of the Canadian economy remained good. After trending upward during 1994 and 1995 due largely to a weakening in productivity growth, growth in unit labor costs slowed during 1996.

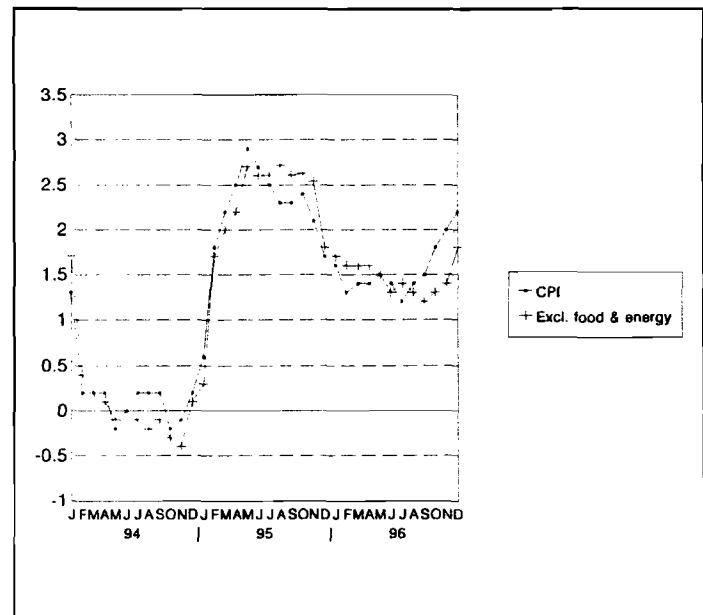
Productivity growth picked up somewhat in the second half of 1996, an improvement from its sluggish pace. This contributed to an easing in the year-to-year rise in unit labor costs --which represent roughly 60% of total production costs in the economy-- (appendix, table 1-8).

In 1996, the real value of household assets grew considerably more rapidly than the real value of debts. As a result, their real net worth continued to grow rapidly. Moreover, three-quarters of household debt is in mortgages, which are secured by even-larger asset holdings.

#### 5. Fiscal Policy

The government sector deficit, which reached a peak of Cn\$51.8 billion in 1993, dropped again from Cn\$31.9 billion in 1995 to Cn\$14.4 billion in 1996, the largest year-over-year decline ever. Consequently, the deficit relative to GDP stood at 1.8% --compared to over 4% and 7% in 1995 and 1993, respectively--, dropping at a faster rate than any of the other G-7 countries. From 1992 to 1997, Canada's total government deficit will have dropped from being the second highest among the G-7 countries to the lowest, at 1.8% of GDP (appendix, table 1-9).

Figure 6 Canada: Evolution of Prices (% change over twelve months)



As in the previous two years, both nominal and price-adjusted outlays fell in 1996, the first declines on record since the end of World War II. The reduction in the deficit was partly attributable for the most part to a drop in current expenditures of 0.8%, as both federal and provincial governments continued to pursue fiscal restraint based on spending reductions. Both expenditures on goods and services as well as interest on public debt decreased by 1.5%. By the end of 1995-96, 7 of the 12 provincial/territorial jurisdictions had balanced their budgets or were running surpluses. The combined provincial-territorial deficit declined from 3.6% of GDP since 1992-93 to 1.6% of GDP in 1995-96.

In the 1996 budget presented to Parliament, the government followed through on major government reforms and on the program outlined in the previous two budgets. Together the three budgets put in place savings amounting to Cn\$29 billion annually by 1998-99, of which about 90% are the result of expenditure reductions. In relation to the size of the economy, program spending by 1998-99 will be at its lowest level since 1949-50<sup>1</sup>. The deficit target for 1997-98 of Cn\$17 billion, or 2% of GDP remains within reach.

Despite the fiscal actions taken to date, the debt-to-GDP ratio amounted to 74% by the end of 1995-96, and it is expected to decline by 1997-98.

## 6. Monetary Policy

The cornerstone of monetary policy in Canada has been achieving and maintaining price stability. For this purpose, inflation-reduction targets were announced in February 1991 whereby the rate of inflation--as measured by the change in the consumer price index-- was to be gradually reduced by the end of 1995 to the midpoint of a band of 1% to 3%. In 1993, the targets were extended to the end of 1998 in order to keep holding inflation inside the band of 1% to 3%, with a midpoint of 2%. By that date, a decision will be made on a future target range that would be consistent with price stability. Since early 1993, inflation, as measured by the 12-month rate of increase in the core CPI (excluding food, energy, and the effects of indirect taxes) has remained consistently in the lower part of the inflation-control band.

In addition, the Bank of Canada has introduced changes to increase transparency in the way it conducts monetary policy and to reduce uncertainty in policy objectives. In this regard, since June 1994 the operational objective of monetary policy is to keep the overnight interest rate within a 50-basis point range. In February 1996, the Bank of Canada announced that the Bank Rate --the interest rate used by the Bank of Canada for advances to direct clearers and for transactions with key investment dealers in the money market-- would be set at the upper limit of the operating band for the overnight rate. With this, the Bank of Canada ended the practice of setting the Bank Rate off of the market for 3-month Treasury bills.

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<sup>1</sup> Canada, Department of Finance, The Economic and Fiscal Update, October 9, 1996, p.19

Monetary conditions in Canada eased throughout the year as the Bank of Canada provided monetary stimulus to the economy. Both the nominal and the real monetary conditions indexes --a combination of the short-term interest rate and the exchange rate-- have declined substantially since the early 1990s.

With the risk that inflation could move below the target range, the Bank of Canada reduced several times during 1996 the Bank Rate and the operating band for the overnight interest rate (appendix, table 1-10). Money market rates declined broadly in line with the overnight rate.

In November 1996, for instance, the prime rate was down to 4.75%, its lowest level since 1956 while the 5-year mortgage rate came down to 6.95%, its lowest level in decades. Short-term interest rates have fallen much more than long-term interest rates. As a result, the yield has become very steep by historical standards.

Since the start of 1996, short-term interest rates in Canada have been below those in the U.S.. The ability of Canada to run a negative short-term interest rate spread with the U.S., without downward pressure on the Canadian dollar, reflects Canada's inflation rate remaining very low, the significant progress in reducing federal and provincial governments' deficits, and the narrowing of Canada's current account deficit to one of its best levels in 10 years.

In credit markets, the public sector reduced its demand for funds relative to 1995, as a consequence of the substantial drop in government borrowing. Federal borrowing fell by 57% and other governments' borrowing by 36%, as public deficits were cut by half between 1995 and 1996. This was accompanied, however, by moderate growth in business and household credit aggregates, generally in line with the expansion in nominal spending. The personal sector increased borrowing, largely in the form of mortgages. With the rise in mortgage debt, the ratio of household debt to after-tax income reached 96.7% by year-end 1996.

Total business credit grew modestly, as the fairly high level of corporate profits allowed firms to finance increased investment spending largely out of internal funds. In this regard, stock market activity helped corporations to continue restructuring their balance sheets. The bulk of funds raised by corporations were share issues, such that the debt-to-equity ratio continued to decline (appendix, table 1-11).

With respect to monetary aggregates, their evolution during 1996 was indicative of low inflation. For the past years, growth in M2+ --between 3% and 5% yearly-- has been consistent with inflation remaining in the bottom half of the target range (appendix, table 1-12). The deceleration of M2+ in the second half of the year, partly reflected a shift away from fixed-term deposits into mutual funds. On the other hand, M1 expanded quite rapidly during the year due in part to rapid growth in corporate demand deposits as a result of more competitive interest rates paid in some of these accounts.

## II. INTERNATIONAL TRANSACTIONS

In 1996, Canada's trade surplus jumped to a record breaking Cn\$34.5 billion, or 4.3% of GDP, mostly as a result of an increase in the positive balance with the United States. Mainly as a consequence of the surge in the merchandise trade surplus, the current account deficit declined sharply to Cn\$1.7 billion, its lowest level since 1984 both in dollar terms and as a percentage of GDP. As a proportion of GDP, the current account deficit fell to 0.2% in 1996.

Capital account developments in 1996 registered continued foreign investment both in portfolio Canadian bonds and in direct investment, but less than the record amounts of the previous year. Inflows into Canadian stocks surged also in 1996. However, these inflows were for the most part offset by Canadian investment in foreign stocks and a build-up of official reserves which rose to their highest level ever. Last, Canada's net international liability position increased by only 0.5% in 1995, such that as a share of GDP it fell to 43%.

### 1. Exchange Rates

The Canadian dollar held steady at about 73 cents U.S. dollar throughout most of 1996, while it rose slightly against overseas currencies (appendix, table 2-1). The aim of the Bank of Canada's intervention policy was to provide an element of stability to both domestic financial markets and the foreign exchange market.

In 1996, Canada's terms of trade moved to a new high for the fifth consecutive year, with the export-to-import price index rising by 2.8%, largely as a result of a drop in import prices. This was the largest gain in 10 years.

### 2. Merchandise trade

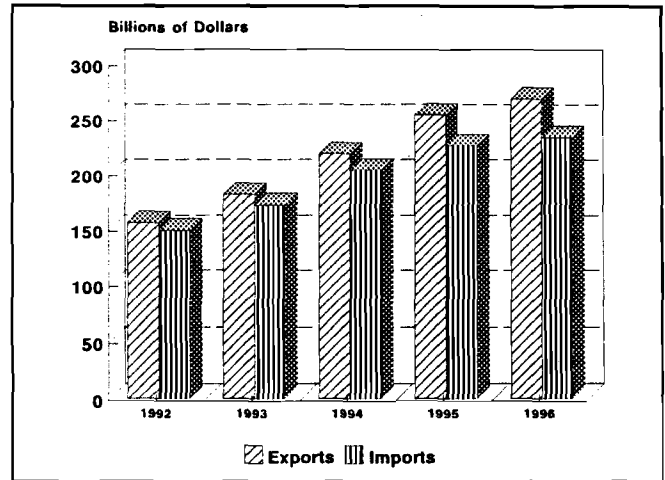
Canada's merchandise trade surplus increased from Cn\$28.4 billion in 1995 to a record breaking Cn\$34.5 billion in 1996, or 4.3% of GDP. However, the pace of both exports and imports slowed in 1996, relative to previous years. The deceleration in exports was due to both a slowdown in the U.S. market as exports increased by 7% in 1996, compared to double-digit increases in the previous four years, and a drop in exports to the rest of the world. This slowdown in export growth, however, was more than offset by restraint in imports due to weakness in several import-sensitive areas of domestic spending (appendix, table 2-2). Throughout, gains in volume were the leading factor relative to prices.

In 1996, exports advanced 5.4%, compared to 16% in 1995, to reach Cn\$267.5 billion, the smallest increase since 1991. Increases in exports of machinery, energy products, and lumber accounted for most of the rise. Exports of machinery and equipment grew 9%, with telecommunications equipment and aircraft exports maintaining a 20% growth. Energy --oil and gas in particular-- and agriculture advanced by 25% and 11%, respectively. In the case of agriculture,

Figure 7 Canada: Merchandise Trade

grain exports increased sharply by 15% as wheat prices jumped due to world shortages. By contrast, exports of pulp and paper products fell 18% as market prices collapsed. Also, exports of automotive products stalled, rising by only 1%, in response to stagnant sales in the U.S. market (appendix, table 2-3).

Imports, for their part, reached Cn\$233 billion, growing 3.4% in 1996, compared to 11% in 1995. The slowdown in imports reflected the softness in many areas of domestic spending, in particular the import-intensive business investment sector. Imports of machinery and equipment rose by only 1%, with slower growth also affecting high tech areas as computers and communications equipment. Losing the most ground were metals and metal ores, and drilling machinery. By contrast, energy products were alone in posting exceptional gains, rising over 30%, as oil prices increased sharply (appendix, table 2-4).



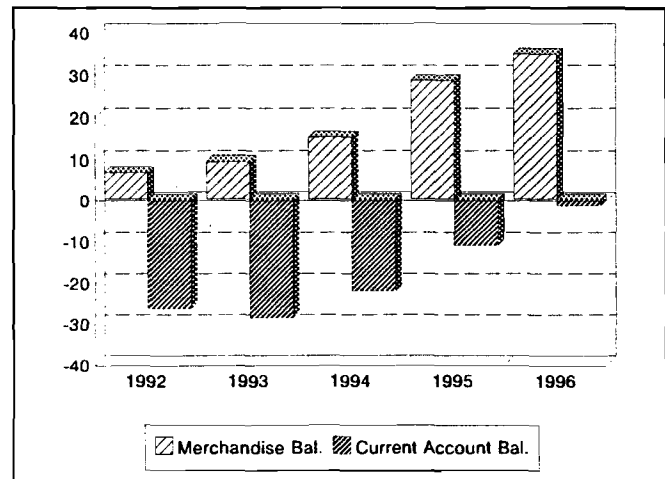
By area, Canada significantly increased its merchandise trade surplus with the U.S. and to a lesser extent with Japan. Moreover, with exports to the U.S. increasing and those to the rest of the world falling, the U.S. market accounted for a record 81.2% share of Canadian exports in 1996. At the same time, Canada increased its deficit with the United Kingdom and with other countries in the European Community (appendix, table 2-5).

### 3. Current Account

Due mainly to the surge in the merchandise trade surplus, the current account deficit --which amounted to Cn\$11.1 billion in 1995--, declined sharply for the third consecutive year to Cn\$1.7 billion, its lowest level since 1984. As a proportion of GDP, the current account deficit fell from 1.7% in 1995 to 0.2% in 1996.

The deficit in the non-trade portion of the current account was Cn\$36.2 in 1996, down from Cn\$39.6 billion the previous year. The deficit on investment income fell to Cn\$28 billion, as a result of lower interest rates and a slowing overall stock of foreign-held debt to be serviced. For its part, the deficit on services remained at Cn\$9.4 billion, with both the deficits on commercial services and on travel increasing slightly (appendix, table 2-6). The surplus in unilateral transfers increased to Cn\$1.2 billion in 1996.

Figure 8 Canada: Current Account Balances



#### 4. Capital Movements

Overall capital account developments show that foreigners continued to invest both in portfolio Canadian bonds and through direct investment, though less than the record amounts of 1995. Also, foreigners made their second largest investment on record into Canadian stocks. These inflows, however, were largely offset by a record investment by Canadians in foreign stocks accompanied as well by an increase in official reserves which rose to their highest level ever.

In 1996, foreign investment in Canadian bonds amounted to Cn\$18.4, a substantial amount, but less than the record Cn\$29.8 billion acquired in 1995. About half of the foreign investment went into bonds issued by Canadian corporations. Foreign investment in Canadian stocks amounted to Cn\$7.8 billion, the second largest investment on record, after withdrawing from that market the previous year.

Investment of foreign multinationals in Canada amounted to Cn\$9.1 billion, the third largest investment on record, with the U.S. as the leading investor. As in the previous year, a substantial portion of their investment was financed through Canadian profits which foreign multinationals reinvested in their Canadian operations.

Finally, the current account deficits of the past years have generated high levels of indebtedness to foreign lenders. Relative to its size, Canada's economy is highly indebted, with its net international investment position reaching a negative Cn\$333 billion by year-end 1996. However, this net foreign liability declined by 1.1%, from Cn\$337 billion in 1995. As a share of gross domestic product, Canada's net international liabilities fell to 42%, down from a peak of 45% in 1994 (appendix, table 2-7). The drop in net foreign borrowing resulted from a slower pace of borrowing from abroad as well as from fluctuations in the value of the Canadian dollar against foreign currencies.

In 1996, external liabilities reached Cn\$818 billion, while total assets amounted to Cn\$482 billion. The U.S. continued to be Canada's largest foreign creditor, holding half --53%-- of all net liabilities to non-residents. Bonds accounted for the largest foreign investment in Canada --44%-- of total investment held by foreigners, mainly debt of the various levels of government in Canada.

Canadian direct investment abroad grew by 6% in 1996, to Cn\$171 billion, less than 13% average of the previous three years. About half, 54%, of that investment went to the U.S.. In addition, Canadians continued to invest heavily in portfolio foreign stocks, with about one-fifth of Canada's external assets now invested in portfolio foreign investment.



**PART TWO**  
**STATISTICAL APPENDIX<sup>2</sup>**

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<sup>2</sup>All monetary figures are expressed in Canadian dollars.

Table 1-1  
Canada: Main Economic Indicators

	1992	1993	1994	1995	1996
<b>Gross Domestic Product</b>					
(Billions of 1986 dollars)	559.3	571.7	597.9	608.4	617.7
Per Capita GDP (1986 dollars)	20378	19908	20282	20484	20521
Population (Millions)	28.4	28.8	29.4	29.7	30.1
<b>Growth Rates</b>					
GDP	0.0	2.2	4.6	1.7	1.5
Per capita GDP	0.0	-2.3	1.9	1.1	0.2
Implicit GDP Deflator	1.4	1.1	0.7	1.5	1.3
Consumer prices (Dec to Dec)	2.1	1.7	0.2	1.7	2.2
Personal disposable Income	2.3	2.5	1.8	2.6	1.0
Money (M1)	6.0	13.3	6.3	8.8	19.7
<b>Percentages</b>					
Unemployment rate	11.3	11.2	10.4	9.5	9.7
Fiscal Deficit (% of GDP)	7.1	7.1	6.6	4.1	1.8
Personal Savings as (% of Personal Disposable Income)	9.6	9.1	7.9	6.9	4.7
<b>Billions of dollars</b>					
<b>Balances</b>					
Merchandise Trade	6.7	9.5	17.1	28.4	34.5
Non-Merchandise	-33.2	-38.1	-37.3	-39.6	-36.2
Current Account	-26.5	-30.7	-24.8	-11.2	-1.7
Capital Account	20.7	30.1	23.1	14.7	9.0
Net Int. Investment Position	-298.1	-323.8	-336.4	-336.8	-333.1

Source: ECLAC, based on data from Statistics Canada.

Table 1-2  
Canada: Gross Domestic Product

	Billions of 1986 dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Global Supply	751.3	780.6	828.8	861.4	883.7	2.1	3.9	6.2	3.9	2.6
GDP	559.3	571.7	597.9	608.4	617.7	0.8	2.2	4.6	1.7	1.5
Imports	192.0	208.9	230.9	253.1	266.0	5.8	8.8	10.5	9.6	5.1
Global Demand	752.9	782.7	829.8	862.6	883.7	1.9	4.0	6.0	4.0	2.5
Consumption	455.7	461.5	469.8	473.6	480.0	1.1	1.3	1.8	0.8	1.4
Private	337.6	342.9	353.2	357.8	366.4	1.1	1.6	3.0	1.3	2.4
Government	118.1	118.7	116.6	115.7	113.6	0.9	0.5	-1.8	-0.7	-1.8
Investment	117.7	123.1	133.7	134.8	138.0	-3.0	4.6	8.6	0.8	2.4
Business fixed	105.2	105.8	113.7	111.3	120.0	-2.9	0.6	7.5	-2.1	7.8
Residential	33.0	31.5	32.5	27.2	30.4	6.8	-4.5	3.2	-16.2	11.5
Non-residential	25.7	25.9	27.2	25.9	25.1	-14.6	0.8	5.0	-4.8	-3.2
Machinery & Equipment	46.6	48.4	54.0	58.2	64.6	-1.7	3.9	11.6	7.7	11.0
Government fixed Invest.	16.2	16.3	17.3	17.9	17.4	0.0	0.6	6.1	3.2	-2.8
Inventories	-3.7	1.0	2.8	5.6	0.7	-	-	-	-	-
Exports	179.4	198.1	226.3	254.3	265.7	8.1	10.4	14.2	12.4	4.5

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-3  
Evolution of Gross Saving

	Billions of dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Gross Savings	10.0	14.5	25.6	35.4	39.5	-41.2	45.0	76.6	38.2	11.6
Private <sup>a</sup>	49.5	50.8	58.9	60.2	48.1	-6.1	2.6	15.9	2.3	-20.2
Personal	50.5	44.6	39.0	34.8	24.0	6.1	-11.7	-12.6	-10.7	-31.0
Business	-1.0	7.1	19.9	25.4	24.1	-119.6	-810.0	180.3	27.6	-5.3
Government	-39.5	-44.2	-33.0	-24.9	-8.6	-	-	-	-	-
Coefficients (Percentages)										
Gross Savings/GDP	1.6	0.9	3.4	4.6	5.0					
Personal Savings/Personal Disposable Income	9.6	9.1	7.9	6.9	4.6					

Source: ECLAC, on the basis of data from Statistics Canada.

a. Numbers do not round up due to adjustment to farm income.

Table 1-4  
Canada: Real GDP at Factor Cost by Industry  
(1986 prices)

	Millions of Dollars		Growth Rates	
	1995	1996	1995	1996
Total Economy	542007	550766	2.0	1.6
Goods	185934	188100	1.9	1.2
Industrial Production	143694	146134	3.4	1.7
Manufacturing	102384	103694	3.8	1.3
Non-durable goods	43949	44272	0.2	0.7
Durable goods	58385	59372	6.7	1.7
Mining	23678	24443	4.2	3.2
Utilities	17632	17997	0.1	2.1
Agriculture	11441	11877	2.2	3.8
Fishing, trapping, Logging & forestry	3980	3800	-0.9	-4.5
Construction	27221	26680	-5.0	-2.0
Services	356073	362667	2.0	1.9
Transportation and Storage	25712	25838	2.2	0.5
Communications	22893	24444	7.2	6.8
Finance, Insurance & Real State	86772	89758	1.6	3.4
Community, Business & Personal	122110	123664	2.4	1.3
Wholesale and Retail Trade	65494	67210	1.9	2.6
Government and Other Services	32690	31362	-2.0	-4.1

Source: ECLAC, on the basis of data from Statistics Canada, and the TD Quarterly Economic Report.

Table 1-5  
Canada: Real GDP at Factor Cost by Province

	Billions of Dollars (a)		Growth Rates	
	1996	1994	1995	1996
Canada	551.2	4.1	2.0	1.7
Newfoundland	6.48	1.8	-0.3	-0.7
Prince Edward Isla	1.87	4.9	3.6	1.6
Nova Scotia	13.32	0.6	0.9	0.8
New Brunswick	10.82	3.0	2.4	1.5
Quebec	119.87	3.4	1.3	1.2
Ontario	216.19	4.4	2.7	1.6
Manitoba	18.73	3.7	2.6	2.9
Saskatchewan	18.98	4.9	1.7	3.6
Alberta	73.07	5.2	1.9	2.9
British Columbia	69.02	4.6	1.0	1.0

Source: ECLAC, on the basis of data from Statistics Canada and TD Quarterly Report  
(a) 1986 dollars.

Table 1-6  
Canada: Employment and Unemployment

	Thousands of Persons					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Total Labor Force	14482	14663	14832	14928	15145	0.5	1.2	1.2	0.6	1.5
Participation Rate %	65.9	65.5	65.3	64.8	64.9					
Employment	12842	13015	13292	13506	13676	-1.9	1.3	2.1	1.6	1.3
Unemployment Rate %	11.3	11.2	10.4	9.5	9.7					
Non-Agricultural Employment	12405	12564	12867	13075	13223	-2.1	1.3	2.4	1.6	1.1
Manufacturing	1879	1893	1949	2061	2083	-6.8	0.7	3.0	5.7	1.1
Construction	717	694	750	724	719	-10.7	-3.2	8.1	-3.5	-0.7
Transportation & Comm	971	961	978	1033	1020	-3.7	-1.0	1.8	5.6	-1.3
Trade	2267	2253	2314	2307	2361	-3.5	-0.6	2.7	-0.3	2.3
Finance, insurance, real estate	804	810	788	809	800	0.7	0.7	-2.7	2.7	-1.1
Services	4621	4790	4932	5036	5141	1.8	3.7	3.0	2.1	2.1
Public Administration	879	903	877	810	820	0.1	2.7	-2.9	-7.6	1.2
Other	267	260	279	295	279	-0.7	-2.6	7.3	5.7	-5.4
Agriculture	437	450	425	431	453	3.6	3.0	-5.6	1.4	5.1

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-7  
Canada: Consumer and Producer Prices

	1992	1993	1994	1995	1996
	December to December				
Consumer Prices	2.1	1.7	0.2	1.7	2.2
Food	2.1	1.7	0.3	1.9	2.2
Energy	3.7	-1.4	2.3	0.8	5.4
Services	2.1	1.9	2.0	1.8	1.8
All items excluding food & energy	2.0	2.1	0.0	1.8	1.8
Industrial Product	2.2	3.2	7.9	5.2	-0.2
Finished goods	3.8	2.2	3.3	3.4	2.6
Capital equipment	5.1	3.5	3.7	3.5	1.9
Intermediate goods	3.4	1.9	11.1	6.2	-2.1
	Year to year				
Consumer Prices	1.5	1.8	0.2	2.1	1.6
Food	-0.3	1.7	0.4	2.4	1.3
Energy	0.2	1.3	0.6	1.3	2.9
Services	2.2	2.1	1.7	2.5	1.5
All items excluding food & energy	2.0	2.0	0.1	2.2	1.5
Industrial Product	0.5	3.3	5.7	8.0	0.5
Finished goods	1.9	3.2	3.2	3.4	2.8
Capital equipment	3.2	4.3	3.9	3.5	2.8
Intermediate goods	-0.5	3.4	7.4	11.1	-0.9

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-8  
Canada: Income and Wage Indicators

	Millions of Dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Income										
Per capita disposable personal income	16727	16960	17003	17144	17052	1.2	1.4	0.3	0.8	-0.5
Total weekly hours worked (thousands of hours)	410618	414161	423095	431451	430862	-0.1	0.9	2.2	2.0	-0.1
Average weekly hours worked (hours per week)	35.87	35.86	36.03	36.10	35.92	0.0	0.0	0.5	0.2	-0.5
Average compensation (\$ per hour)	18.28	18.42	18.53	18.75	19.31	1.3	0.8	0.6	1.2	3.0
Unit Labor Cost (a)	0.700	0.702	0.693	0.700	0.702	1.7	0.3	-1.3	1.1	0.3

Source: ECLAC, on the basis of data from Statistics Canada.

(a) \$ per 1986 \$.

Table 1-9  
Canada: Government Receipts, Expenditures, and Debt

	Millions of dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Total Revenue	296395	303395	314135	328963	342239	2.9	2.4	3.5	4.7	4.0
Direct taxes	154645	157587	164015	175378	184752	2.6	1.9	4.1	6.9	5.3
Individuals	139495	140869	145269	153520	161410	2.9	1.0	3.1	5.7	5.1
Business	13582	15077	17056	20162	21200	-0.9	11.0	13.1	18.2	5.1
Non-residents	1568	1641	1690	1696	2142	4.0	4.7	3.0	0.4	26.3
Indirect taxes	98161	100482	104611	104996	107161	4.2	2.4	4.1	0.4	2.1
Other transfers	4143	4708	4566	4775	4895	5.9	13.6	-3.0	4.6	2.5
Investment income	39446	40618	40943	43814	45431	1.7	3.0	0.8	7.0	3.7
Total Current Expenditure	338791	347559	347168	353819	350820	3.9	2.6	-0.1	1.9	-0.8
Goods and Services	149731	153121	150758	150834	148548	3.8	2.3	-1.5	0.1	-1.5
Transfer payments	125464	129377	127854	126844	127282	6.6	3.1	-1.2	-0.8	0.3
Interest on public debt	63596	65061	68556	76141	74990	1.7	2.3	5.4	11.1	-1.5
Savings	-42396	-44164	-33033	-24856	-8581	10.7	4.2	-25.2	-24.8	-65.5
Capital allowances minus investment	-6324	-6351	-6408	-7037	-5845	-7.0	0.4	0.9	9.8	-16.9
Surplus or deficit	-48720	-50515	-39441	-31893	-14428	7.9	3.7	-21.9	-19.1	-54.8
Deficit as a % of GDP	7.1	7.1	5.3	4.1	1.8	-	-	-	-	-

Source: ECLAC, on the basis of data from Statistics Canada

Table 1-10  
Canada: Interest Rates

	1992	1993	1994	1995	1996
Nominal rates; Percent per annum					
Short Term Rates					
Bank rate	6.8	5.1	5.8	7.3	4.5
Prime rate	7.5	5.9	6.9	8.7	6.1
90 day Treasury Bills	6.5	4.9	5.4	7.0	4.3
90 day commercial paper	6.7	4.9	5.7	7.2	4.4
Long Term Rates					
5 year mortgage rate	9.5	8.8	9.5	9.2	7.9
Canada Bond Rate	8.8	7.9	8.6	8.3	7.5

Source: ECLAC, on the basis of data from Bank of Canada.

Table 1-11  
Canada: Total Credit Market Debt of Domestic Non Financial Sectors

	Billions of Dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Total	1497.2	1598.7	1693.0	1760.7	1818.0	6.5	6.8	5.9	4.0	3.3
Government										
Federal	371.3	405.5	432.8	457.3	466.9	7.4	9.2	6.7	5.7	2.1
Other levels	219.5	254.1	277.8	294.2	308.9	16.4	15.8	9.3	5.9	5.0
Non financial Government enterprises	96.7	96.5	100.0	93.8	91.1	5.1	-0.2	3.6	-6.2	-2.9
Persons and Unincorporated										
Business	455.7	476.5	499.8	518.7	543.5	3.9	4.6	4.9	3.8	4.8
Mortgages	312.4	328.6	345.2	358.2	374.2	7.5	5.2	5.1	3.8	4.5
Consumer Credit	98.1	103.5	110.8	116.7	123.6	-0.8	5.5	7.1	5.3	5.9
Other	45.1	44.4	43.8	43.8	45.6	-8.7	-1.6	-1.4	0.0	4.1
Non-financial Busine	354.1	366.1	382.7	396.8	407.4	3.9	3.4	4.5	3.7	2.7

Source: ECLAC, on the basis of data from Statistics Canada.

Table 1-12  
Canada: Money Stock, Liquid Assets, and Debt Measures

	Millions of dollars; December of each year					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Monetary Base	27351	28830	29351	29682	30847	4.7	5.4	1.8	1.1	3.9
Concepts of Money and Liquid Assets <sup>a</sup>										
M <sub>1</sub>	45377	51445	54592	59385	71062	6.0	13.4	6.1	8.8	19.7
M <sub>2</sub>	349106	360063	369894	384870	395751	3.1	3.1	2.7	4.0	2.8
M <sub>2+</sub>	556179	575111	589071	615762	637549	4.4	3.4	2.4	4.5	3.5
M <sub>3</sub>	414229	425000	446782	468915	496603	6.2	2.6	5.1	5.0	5.9

Source: ECLAC, on the basis of data from Statistics Canada.

a. Seasonally adjusted

Table 2-1  
Canada: Evolution of the Exchange Rate

	1992	1993	1994	1995	1996	I	II	III	IV
Canadian dollar per U.S. dollar <sup>a</sup>	1.21	1.29	1.37	1.37	1.36	1.37	1.36	1.37	1.35
Nominal effective exchange rate <sup>b</sup>	95.8	90.3	84.7	83.0	84.5	83.9	84.5	84.0	85.4
Percentage changes <sup>c</sup>									
Canadian dollar per U.S. dollar	0.0	6.6	6.2	0.0	-0.7	1.0	-0.3	0.4	-1.4
Nominal effective exchange rate	-5.8	-5.7	-6.2	-2.0	1.8	-0.4	0.7	-0.6	1.7

Source: ECLAC, on the basis of data from the International Monetary Fund

a. Period average

b. Index Numbers 1990=100

c. Compared with preceding period

Table 2-2  
Canada: Main Indicators of Merchandise Trade  
(BOP basis)

	Millions of dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Exports	155794	181251	217854	253821	268203	11.1	16.3	20.2	16.5	5.7
Imports	149101	171928	202807	225431	233026	9.1	15.3	18.0	11.2	3.4
Trade Balance as % of GDP	1.4	1.3	2.3	3.7	4.5	-	-	-	-	-
Indexes (1990=100)										
Exports										
Value (fob)	108.6	126.2	155.4	186.7	199.4	11.4	16.2	23.2	20.1	6.8
Volume	110.0	120.9	140.4	156.9	163.6	8.9	9.9	16.1	11.8	4.3
Unit value	98.7	104.4	110.7	119.0	121.9	2.3	5.8	6.0	7.5	2.4
Imports										
Value (fob)	112.6	130.8	160.7	184.9	197.8	11.6	16.2	22.8	15.1	6.9
Volume	109.5	120.0	138.5	153.2	162.1	6.9	9.6	15.4	10.6	5.8
Unit value	102.8	109.0	116.0	120.7	122.0	4.3	6.0	6.4	4.1	1.1
Terms of Trade	96.0	95.7	95.4	98.6	99.9	-1.8	-0.3	-0.3	3.3	1.3

Source: ECLAC, on the basis of data from the I.M.F. and Statistics Canada.



Table 2-3  
Canada: Merchandise Exports  
(BOP basis)

	Millions of dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Total Exports	155402	181251	217854	253821	268203	10.8	16.6	20.2	16.5	5.7
Agricultural and Fishing products	14609	15717	17863	20002	22364	16.4	7.6	13.7	12.0	11.8
Energy products	15401	18000	19820	20761	26043	10.1	16.9	10.1	4.7	25.4
Forestry products	19693	23149	28575	35634	33304	7.8	17.5	23.4	24.7	-6.5
Industrial goods and materials	28759	30978	37632	46914	48197	3.3	7.7	21.5	24.7	2.7
Finished products	73321	89511	109211	125350	132294	14.3	22.1	22.0	14.8	5.5
Machinery and equipment	31397	36485	46497	56267	61485	10.5	16.2	27.4	21.0	9.3
Automotive products	38035	48067	56540	61617	62235	16.1	26.4	17.6	9.0	1.0
Other consumer goods	3889	4959	6174	7466	8574	28.6	27.5	24.5	20.9	14.8
Other transactions and adjustments	3619	3896	4753	5160	6001	6.8	7.7	22.0	8.6	16.3

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-4  
Canada: Merchandise Imports  
(BOP basis)

	Millions of dollars					Growth Rates				
	1992	1993	1994	1995	1996	1992	1993	1994	1995	1996
Total Imports	143374	171928	202807	225431	233026	4.9	19.9	18.0	11.2	3.4
Agricultural and Fishing products	9736	11014	12576	13370	14129	8.1	13.1	14.2	6.3	5.7
Forestry products	1388	1566	1810	2038	1912	14.0	12.8	15.6	12.6	-6.2
Energy Products	6478	6969	6959	7250	9581	-2.3	7.6	-0.1	4.2	32.2
Industrial goods and materials	26932	31133	38448	44976	45824	10.6	15.6	23.5	17.0	1.9
Finished products	98840	114695	137412	151697	153967	9.0	16.0	19.8	10.4	1.5
Machinery and equipment	46030	53159	65575	75623	76589	7.1	15.5	23.4	15.3	1.3
Automotive products	33867	40165	48318	50503	51542	8.8	18.6	20.3	4.5	2.1
Other consumer goods	18943	21368	23519	25571	25836	14.0	12.8	10.1	8.7	1.0
Other transactions and adjustments	5827	6554	5602	6100	7613	150.6	12.5	-14.5	8.9	24.8

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-5  
Canada: Merchandise Imports and Exports by Area  
(BOP basis; Millions of dollars)

	Exports			Imports			Trade Balance		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
Total	217854	253821	268203	202807	225431	233026	15047	28390	35177
United States	177881	202038	217682	151625	168985	176369	26256	33053	41313
United Kingdom	3080	3798	4105	4782	4829	5532	-1702	-1031	-1427
Japan	9332	11499	10558	8239	8361	7178	1093	3138	3380
EC excluding U.K.	8194	12125	11291	11331	15178	14739	-3137	-3053	-3448
Other OECD	4073	4337	4858	7231	7815	8812	-3158	-3478	-3954
Other Countries	15294	20024	19709	19600	20263	20397	-4306	-239	-688

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-6  
Canada: Balance of Payments  
(Millions of dollars)

	1992	1993	1994	1995	1996
Balance on Current Account	-26483	-28794	-22299	-11202	-1685
Merchandise Trade Balance	6692	9323	15046	28390	34525
Exports	155794	181251	217854	253821	3e+05
Imports	149101	171928	202807	225431	2e+05
Real Services (Net)	-13026	-12487	-9430	-9357	-9350
Travel & Transportation	-8475	-7965	-5354	-3970	-3713
Other Services	-4551	-4522	-4076	-5387	-5637
Factor Income (Net)	-20265	-26069	-28895	-30615	-2801>
Investment Income					
receipts	9939	9980	11824	17147	17766
payments	30204	36049	40719	47762	45782
Unilateral Transfers	116	493	979	380	1155
Balance on Capital Account	19497	30104	23130	14731	9006
Direct Investment	1073	-1065	1713	6839	-1176
Outflows	-4458	-7490	-6526	-7874	-1028>
Inflows	5531	6425	8239	14713	9107
Portfolio Investment	10259	27097	12515	20133	7839
Outflows	-8287	-13888	-8691	-5426	-1839>
Inflows	18546	40985	21206	25559	26230
Other Capital Movements	6670	11954	11718	-16788	-5093
Official	3203	9284	-746	-4070	-8048
Private	3467	2670	12464	-12718	2955
Net errors & omissions	1495	-9159	3958	4547	7436
Global Balance	-6985	-599	-1630	3529	7321
Variation of official reserve assets	6987	598	1630	-3529	7320

Source: ECLAC, on the basis of data from Statistics Canada.

Table 2-7  
 Canada: International Investment Position  
 (at year end; Billions of dollars)

	1992	1993	1994	1995	1996
Total Assets	298.5	325.3	391.6	423.5	485.1
Direct Investment	111.7	122.5	143.0	160.5	170.8
Portfolio Investment	67.7	70.4	80.5	82.2	99.8
Official reserve assets	15.1	16.9	17.5	20.8	28.2
Loans & subscriptions					
Government of Canada	36.5	39.2	41.1	44.8	48.8
Canadian Banks net foreign					
currency assets	57.0	49.1	73.1	78.4	98.3
Other assets	32.4	40.4	48.3	48.6	50.6
Allowances	-11.9	-12.2	-11.9	-11.8	-11.5
Total liabilities	596.6	650.2	727.9	760.3	818.2
Direct Investment	137.9	141.3	153.7	167.8	180.4
Portfolio Investment	196.2	353.9	393.6	422.4	437.3
Other Debt	48.3	47.5	44.9	42.9	55.3
Banks net foreign					
currency liability positio	96.5	91.4	117.9	108.9	126.5
Other liabilities	15.7	16.1	17.6	18.1	18.7
Net International Investment Position	-298.1	-323.8	-336.4	-336.8	-333.1

Source: ECLAC, on the basis of data from Statistics Canada

