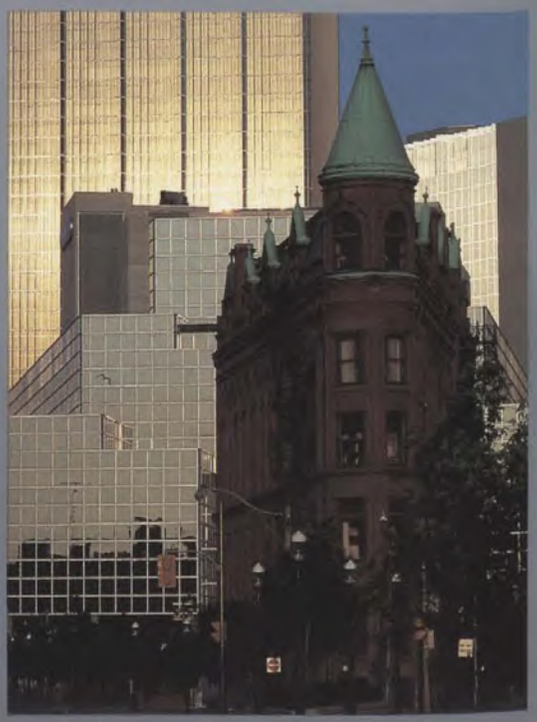


Welcome to the trading nation.

Canada's vibrant economy produces the fourth highest per capita GNP in the Western world. We are truly a trading nation: almost 30% of our GNP is devoted to exports.

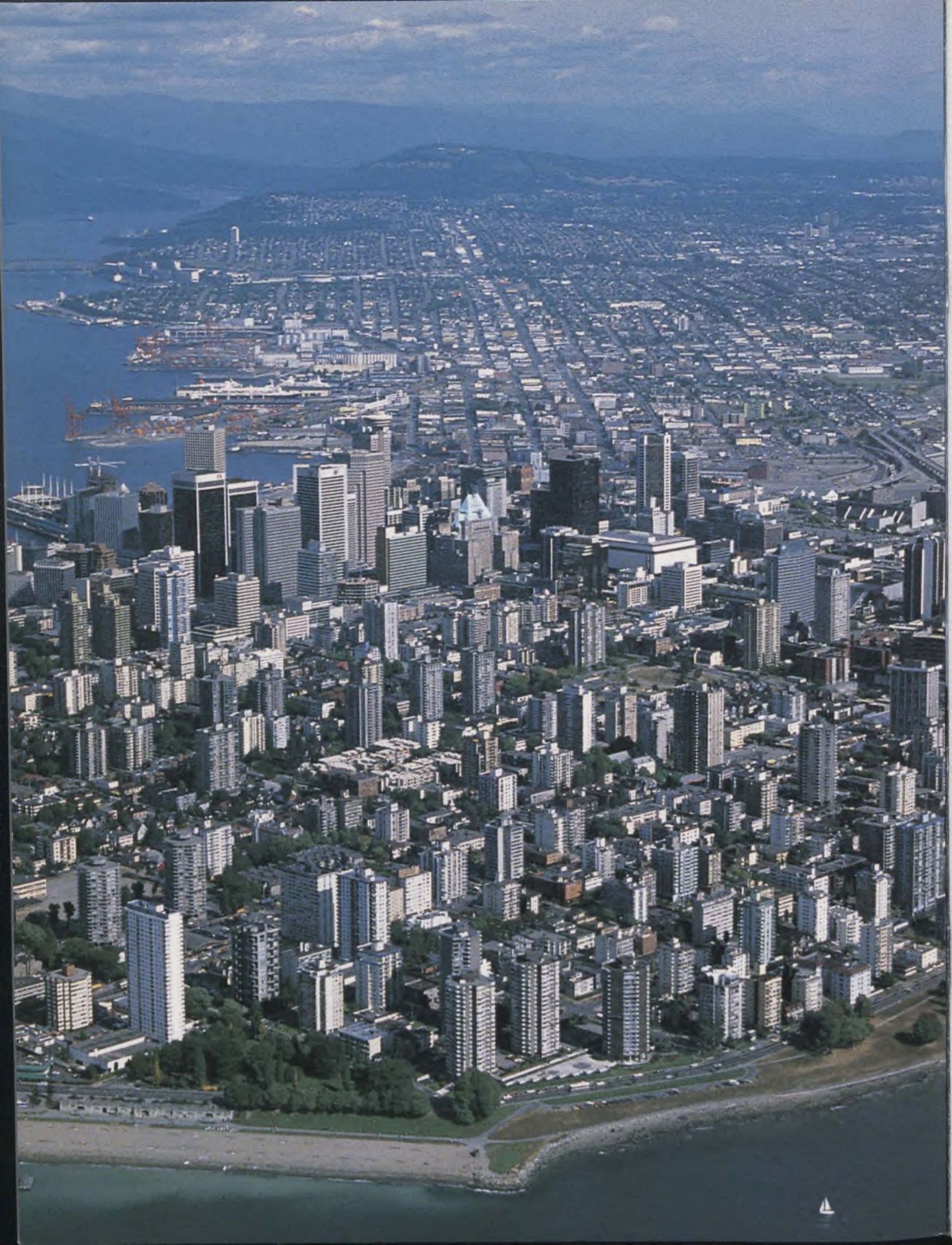
There is a tremendous variety of land and sea scapes: mountains, prairies, rich flatlands, great lakes and rivers, coves, inlets, islands. Canadians have defied this geography to create a modern, sophisticated nation.

Our climate is equally diverse. Coastal cities enjoy a much milder climate than those inland. Generally, Canada enjoys four distinct seasons: a long, mild spring and summer; a cooling autumn and usually, a crisp white winter. Vancouver weather is much like London, England; Toronto and Montreal, like Chicago or New York; Halifax is much like Boston.

Canada is a federation of ten provinces and two territories. We've enjoyed continuous, stable and democratic government for over 115 years. Three main political parties are active in federal politics: the Progressive Conservatives, the Liberals and the New Democrats. Elected in September, 1984, the current government is led by Progressive Conservative Prime Minister Brian Mulroney.

Our 25.3 millions represent a rich ethnic diversity. The country has two official languages, English and French. There is also a strong cultural pluralism; Canadians of all backgrounds are encouraged to preserve their heritage.

The second largest country in the world has enjoyed over 100 years of stable, democratically-elected government. It is a peaceful country, safe and sound; no war has been fought on our soil for over 170 years.



"Reduce the federal deficit, limit government interference, develop a new energy policy, enhance external trade."

Canada actively encourages private investment in new ideas and technology. When the present government came to power (1984), a number of initiatives were taken: reduce the federal deficit, limit government interference in the marketplace, develop a new energy policy, enhance external trade, establish a new investment policy.

As a result, the growth of the federal deficit has finally been curbed. To reduce intervention, the government has privatized certain publicly-owned corporations.

Deregulation is being considered for several industries (telecommunications and transportation, for example).

As for energy, the new federal government dismantled the National Energy Program, replacing it with a market-driven policy. The Western Accord with the natural gas-producing provinces of British Columbia, Alberta and Saskatchewan makes the industry more market-oriented and eliminates a number of federal oil and gas taxes. The Atlantic Accord with the Province of Newfoundland finally provides a management and revenue-sharing system for off-shore oil. Further, there's a new frontier energy policy to provide incentives for petroleum exploration. As a result, drilling went up by Cdn$55.1 million in 1985.

This trading nation is working to strengthen its major global relationships. Right now, Canada and the US are each other's biggest trading partners. Even so, negotiations are under way to liberalize trade with the US even further. Such measures will give our goods better access to US markets and increase our specialization and product rationalization. For the first time ever, our trade with the Pacific Rim countries exceeded our trade with the European Economic Community. (Incidentally, Canada supports a new round of multilateral trade negotiations within the General Agreement on Tariffs and Trade.)

Our new investment policy is designed to provide a most attractive investment climate. The basic welcoming agent for this new policy is Investment Canada, created in June, 1985, replacing the Foreign Investment Review Agency. The new agency's fundamental purpose is to facilitate investment from both domestic and international sources. Investment Canada reviews only major non-Canadian investments to be certain they are of net benefit to Canada. Cultural industries, less than 1% of Canada's GNP, will be given special consideration.

The Agency also advocates policies that lead to an attractive business climate in Canada.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The right time: for 1986, OECD predicts Canada will have a GNP growth second only to Japan.

Canada has the seventh largest economy in the western world (GNP, 1985: Cdn$453 billion), an increase of nearly 4.5% over 1984.

Canada is a thriving free market economy. It is diverse, with businesses ranging from small and owner-operated to multi-nationals. Government programs often supplement initiatives by the private sector and are designed to expand and diversify the economy.

We are justly renowned as the western world's richest resource-based country. However, manufacturing accounts for over 35% of our domestic output. In 1984, 40% of our exports were end products.

There's a fresh economic vibrancy reflected by our key economic indicators. In 1985, over 311,000 jobs were created. Our consumer price index inflation for the same year was the lowest since 1973: 4%.

Real domestic product in manufacturing rose from Cdn$23.1 billion in 1982, to Cdn$27.4 billion by third quarter 1985, an average annual increase of 5.8%.

Domestic investor confidence has increased. Between 1980 and 1985, the average annual investment rate in manufacturing went up by 3.9%; in finance, insurance and real estate, 6.6%. By 1984, 417 of the Fortune 500 had active operations in Canada.

Domestic Investment—Capital Expenditure

	1980	1981	1982	1983	1984	1985*
Agriculture, Fishing	4.5	4.7	4.3	4.1	4.2	4.1
Forestry	0.3	0.3	0.1	0.2	0.2	0.2
Mining, Quarrying, Oil Wells	8.2	9.4	10.4	9.6	9.7	11.3
Construction	1.1	1.3	1.3	1.3	1.3	1.4
Manufacturing	9.5	12.4	11.5	8.9	9.1	11.5
Utilities	13.1	16.3	17.9	15.5	14.4	14.1
Trade	1.6	2.0	1.9	2.0	2.4	2.4
Finance, Insurance, Real Estate	3.7	4.6	3.9	3.9	4.0	5.1
Commercial Services	4.0	4.3	4.0	3.9	5.0	6.0
Institutions	2.0	2.4	2.9	2.9	2.8	3.0
Housing	10.9	13.1	10.1	13.0	12.5	12.9
Sub-Total	58.9	70.9	68.5	65.3	65.6	72.0
Government	6.5	7.6	8.3	8.3	9.6	10.1
TOTAL	65.4	78.5	76.8	73.6	75.2	82.1

*Revised intentions at mid-1985.
Source: Statistics Canada, Private and Public Investment in Canada, (61-206)

Gross Domestic Product at Factor Cost in Constant (1971) Prices (billions of dollars)

	1980	1981	1982	1983	1984	1985†	Average Annual Growth rate 1980-83	Average Annual Growth rate 1982-85
Goods Producing Industries								
—Agriculture	2.9	3.2	3.3	3.1	3.1	3.2	1.7	−1.0
—Forestry, Fishing and Trapping	1.0	0.9	0.9	1.0	1.0	1.0	−0.8	3.6
—Mines, Quarries and Oil Wells	3.5	3.3	2.9	3.0	3.5	3.5	−4.5	6.5
—Manufacturing	25.8	26.1	23.1	24.4	26.4	27.4	−1.9	5.8
—Non-Durables	12.5	12.7	11.7	12.4	12.9	13.2	−0.4	4.1
—Durables	13.3	13.4	11.4	12.0	13.5	14.2	−3.3	7.6
—Construction	7.0	7.4	6.7	6.4	6.2	6.5	−3.3	−1.0
Service Producing Industries								
—Transportation, Storage and Communications	16.3	16.9	16.1	16.8	18.0	18.6	1.0	4.9
—Trade	15.0	15.2	14.2	15.4	16.3	17.2	0.8	6.6
—Finance, Insurance and Real Estate	15.4	16.0	16.1	16.5	16.9	17.7	2.3	2.2
—Community, Business and Personal Services	22.7	23.9	24.1	23.9	24.8	25.6	1.6	2.0
—Public Administration and Defence	8.0	8.1	8.4	8.5	8.6	8.7	2.3	1.2
Total Gross Domestic Product	117.8	121.1	115.9	119.0	124.9	129.3	0.3	3.7

Source: Statistics Canada; Gross Domestic Product by Industry Sept. 1985 61-005.
†Average of first three quarters

The trading nation: Canada is the United States' biggest trading partner: Cdn $166 billion in 1985. Over the past decade our average annual growth rate in trade was 13.3%.

Not only a trading nation, a leading trading nation. In fact, among the leading OECD Summit countries, only West Germany is more export-oriented.

More than 3 million Canadian jobs depend upon exports, nearly one quarter of our total workforce. In the manufacturing sector alone, upwards of 1.2 million are employed directly or indirectly in export activity.

Canada's trade growth is impressive: between 1975 and 1985, imports and exports grew at an average annual rate of 11.8% and 13.6% respectively.

Three quarters of our major exports are manufactured goods or end products. In 1985, at current dollars, exports constituted 27% of our GNP.

Principal Canadian Imports (Customs Basis) ($ billions and % distribution)

Commodity Group	1975 Value	1975 %	1980 Value	1980 %	1984 Value	1984 %	1985* Value	1985* %	% Change 1984-85	Avg. Ann. Growth Rate, 1975-85(%)
Transportation Equipment	9.5	27.4	16.4	23.7	30.2	31.5	36.5	34.5	20.9	14.4
Communications & Computers	1.2	3.4	3.9	5.6	8.8	9.2	8.5	8.0	−3.4	21.6
Other Industrial Equipment	2.3	6.6	4.2	6.0	6.3	6.6	7.0	6.6	11.1	11.8
Food, Feed, Beverages & Tobacco	2.6	7.5	4.7	6.8	5.8	6.0	5.8	5.5	—	8.4
Chemicals	1.5	4.3	3.4	4.9	5.2	5.4	5.5	5.2	5.8	13.9
Special Industry Machinery	1.9	5.5	4.3	6.2	4.0	4.2	5.0	4.7	25.0	10.2
Oil & Coal	3.9	11.2	7.7	11.5	4.5	4.7	4.5	4.2	—	1.4
Textiles, Clothing and Footwear	1.4	4.0	2.5	3.6	3.9	4.1	4.2	4.0	5.1	11.6
General Purpose Machinery	1.3	3.7	2.4	3.5	2.6	2.7	3.0	2.8	15.4	8.7
Non-ferrous Metals	0.4	1.2	2.6	3.8	2.3	2.4	2.6	2.5	13.0	20.6
Other Products	8.7	25.1	17.2	24.8	22.2	23.1	23.1	21.9	12.6	11.1
TOTAL IMPORTS	34.7	100.0	69.3	100.0	95.8	100.0	105.7	100.0	10.3	11.8

Source: Statistics Canada, Summary of Canadian International Trade

*11 months annualized.

Note: Due to statistical "rounding", figures may not add up to 100%.


Hapag-Lloyd
TIPHOOK
TIPHOOK
HAPAG
LLOYD

Imports and exports

We maintain active trade relations with all major industrialized nations. However, our trade partnership with the US is the most important. Canada and the US do more than Cdn$166 billion in trade annually; no other nation comes close to that volume.

Japan is our second-most important trading partner, with 4.9% of all exports and 5.7% of total imports in 1985. Third is the United Kingdom, with 2.1% of exports, 3.0% of imports. Fourth, the USSR with 1.4% of exports, 0.3% of imports. The People's Republic of China is fifth, with 1.1% of exports, 0.4% of imports.

The Pacific Rim has increased in importance and scope. Between 1978 and 1984, volume of trade with these countries virtually doubled to Cdn$6.2 billion.

Principal Canadian Exports (Customs Basis) ($ billions and % distribution)

Commodity Group	1975 Value	1975 %	1980 Value	1980 %	1984 Value	1984 %	1985* Value	1985* %	% Change 1984-85	Avg. Ann. Growth Rate, 1975-85(%)
Transportation Equipment	7.3	22.5	13.4	18.0	32.3	29.5	36.5	31.4	13.0	17.5
Wood and Paper	5.0	15.4	12.5	16.8	15.2	13.9	15.8	13.5	3.9	12.2
Oil, Gas & Coal	4.6	14.2	7.8	10.5	10.1	9.2	11.9	10.2	17.8	10.0
Food, Feed, Beverages & Tobacco	4.0	12.3	8.0	10.8	10.3	9.4	9.1	7.8	−11.6	8.6
Communications & Other Equipment	1.0	3.1	3.0	4.0	6.0	5.4	6.4	5.5	6.7	20.4
Non-ferrous Metals	1.7	5.2	6.1	8.2	6.3	5.8	6.0	5.1	−4.8	13.4
Chemicals	1.0	3.1	4.1	5.5	5.3	4.8	5.5	4.7	3.8	18.6
Metal Ores, Concentrates & Scrap	2.3	7.1	4.2	5.6	3.7	3.3	3.5	3.0	−5.4	4.3
Refined Petroleum	0.6	1.8	2.3	3.1	3.2	2.9	3.2	2.7	—	18.2
Industrial Machinery	0.9	2.8	2.2	3.0	2.8	2.6	3.0	2.6	7.1	12.8
Other Products	4.1	12.6	10.8	14.5	14.3	13.1	15.5	13.3	8.4	14.2
TOTAL DOMESTIC EXPORTS	32.5	100.0	74.4	100.0	109.5	100.0	116.4	100.0	6.3	13.6
RE-EXPORTS	0.8		1.7		3.0		3.3		10.0	15.2
TOTAL EXPORTS	33.3		76.2		112.5		119.7		6.4	13.7

Source: Statistics Canada, Summary of Canadian International Trade

*11 months annualized.

Note: Due to statistical "rounding", figures may not add up to 100%.

In per capita wealth, Canada ranks fourth in the world. (EMF: 1985)* Further, we are a major partner in the North American market system of 250 million consumers.

As a market by itself, Canada had a GNP of Cdn$453 billion in 1985, seventh largest in the Western world.

Disposable income is high, and has grown at an annual average rate of 9.8% since 1980. By 1984, disposable income for workers averaged Cdn$26,367.

We are principally an urban society with a moderate population density. Two thirds of our 25.3 million Canadians are adult consumers of working age. Eighty percent of these are concentrated within 320 km (200 mi) of the Canada-US border. One third live in three major metropolitan markets: Vancouver, Toronto, Montreal. Over half live in 25 cities of 100,000 or more.

Eighty-two percent of Canadian households own automobiles. (Japan, France, Germany, and the UK, have household car ownerships between 60% and 70%.) Our households rank high, if not highest, for durable goods owned: refrigerators and radios (99%), television sets and telephones (98%), washing machines (77%) and video recorders (23.4%). Some 60% of Canadian families own their own homes, over 55% earn in excess of Cdn$35,000.

*The European Management Forum is an impartial foundation based in Switzerland. Founded in 1971, it is recognized as a world economic forum. Every year, EMF prepares international competitiveness comparisons.

North America's Regional Markets

Populations reached by truck
One day's trucking
Two days' trucking

Western	Midwest	Central	Eastern
Victoria	Regina	Chicago	Quebec City
Seattle	Thunder Bay	New York City	Saint John
Calgary	Denver	Boston	New York
Edmonton	Kansas City	Washington	Boston
San Francisco	Chicago	St. Louis	Montreal
Salt Lake City	Detroit	Minneapolis	Philadelphia
	Minneapolis	Detroit	Portland
	Bismark	Montreal	

Canada in the North American markets

As for the United States, Canada is quite simply that country's biggest trading partner. Over Cdn$91 billion in our goods and services was bought by the Americans in 1985. That's more than Japan sold there; more than Germany, France and the United Kingdom sold combined.

Many major American centres, including New York, Chicago, Seattle, Minneapolis, Philadelphia and Boston are all within one day's trucking distance of the Canadian border. Others (San Francisco, Denver, Kansas City, Nashville) are only two days away.

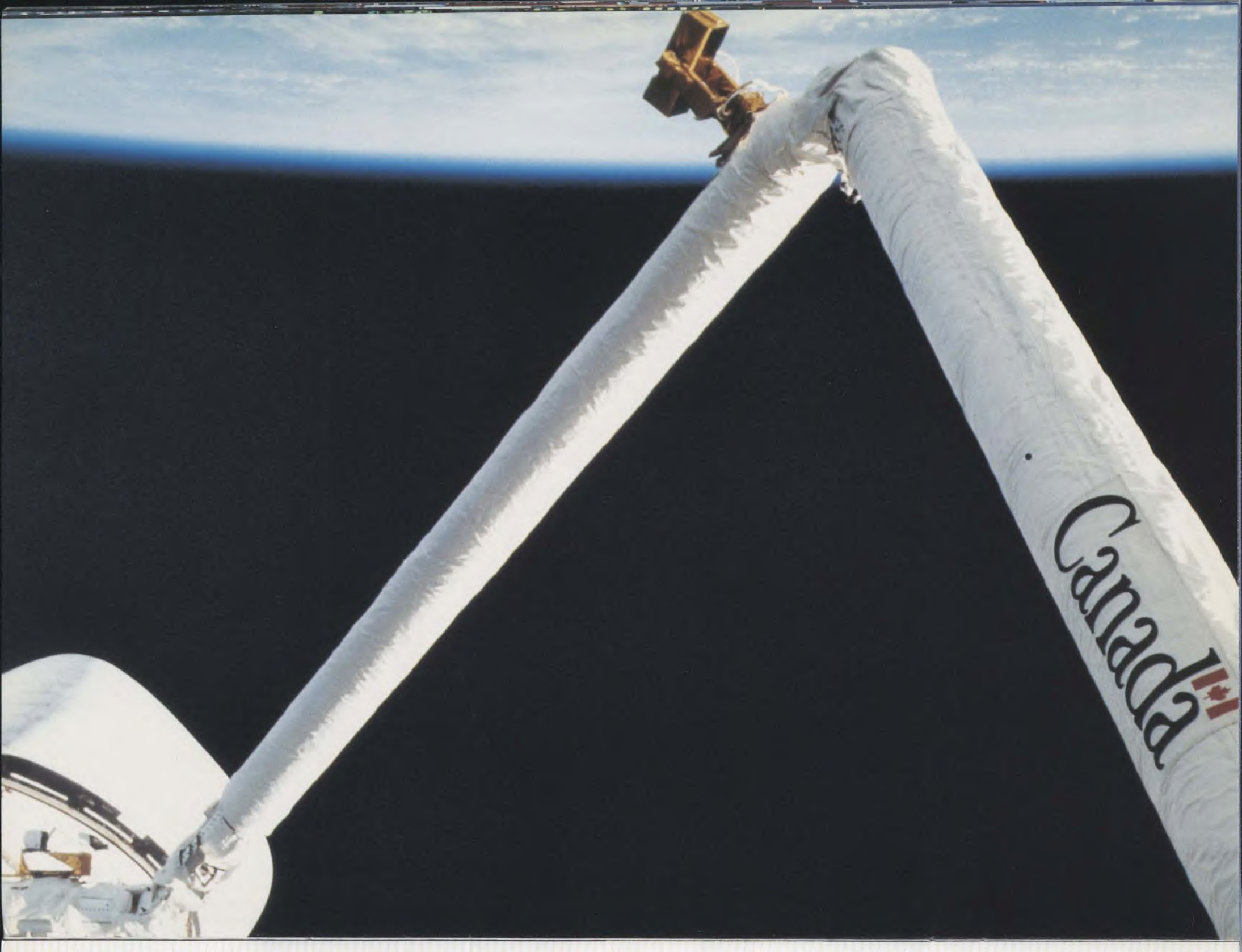
Trade flows naturally north and south, between the regional markets. The reasons? Proximity, similar business practices, common language, shared time zones and climates, plus such liberal trade agreement as the Auto Pact and the General Agreement on Tariffs and Trade. According to GATT, (Tokyo Round) 80% of all Canadian exports will enter the US duty-free by 1987. A further 10% will carry a duty of less than 5%.

Many international companies have taken advantage of Canada's premium position in the North American and world markets. Toyota, Siemens, Ikea, Volvo, Pechiney and Olivetti have established here for just that purpose. US firms (Westinghouse, United Technologies, Litton Industries, for example) have specialized operations here, many of which handle specific world product mandates.

Major Regions of Canada (1985)

Region	GDP (Cdn$ billion)	Major Industries	Major Exports	Major Cities—Census Metropolitan Areas
Pacific	$51	forestry, mining, tourism, agriculture, fishing, manufacturing, transportation	wood, paper, energy	Vancouver, British Columbia: 1.33 million Victoria, British Columbia: 242,000 Whitehorse, Yukon Territory: 14,814 (1981) Yellowknife, NW Territories: 10,000 (1981)
Prairie	$89	oil and gas, coal, minerals, agriculture, pulp and paper	energy, fuels, petro-chemicals, wood products, grains	Edmonton, Alberta: 687,500 Calgary, Alberta: 619,700 Winnipeg, Manitoba: 603,500 Regina, Saskatchewan: 173,400 Saskatoon, Saskatchewan: 165,000
Central	$252	manufacturing, petrochemicals, agriculture	transportation equipment, wood and paper products, energy, advanced technology equipment	Toronto, Ontario: 3.14 million Ottawa, Ontario: 756,500 Montreal, Quebec: 2.90 million Quebec City, Quebec: 589,100
Atlantic	$24	fishing, refining, forestry, minerals	wood and paper, fish products, energy, transportation equipment	Halifax, Nova Scotia: 285,900 St. John, New Brunswick: 115,500 Charlottetown, Prince Edward Island: 152,282 (1981) St. John's, Newfoundland: 160,000

Source: Statistics Canada, 1985. Estimates except where indicated.


Canada

A tradition of innovation: the telephone was invented here; in 1984, we produced the space shuttle arm for NASA.

Our sophisticated technological infrastructure provides leading incentives for investment.

As a pioneer in space technology, Canada was the first nation in the world to orbit a commercial communications satellite system. We continue on the leading edge with the development of a UHF mobile satellite system.

Our telecommunications industry has a strong manufacturing and research base. For example, the longest commercial fibre optic system in the world connects 52 communities in the Province of Saskatchewan, a 3 268 km (2,031 mi) network.

Canadian technology automates the Bibliothèque Nationale de France, the Vatican library and the national telephone systems of Saudi Arabia, Iraq and Tunisia.

Specialized robotics have had a significant Canadian input. The Canadarm, the remote manipulator system of the space shuttle, is one of our contributions to the US space program. The resulting technology is now being applied to mining and deep-sea energy exploitation. We lead the world in cold-weather oil production and recovery. The Candu nuclear reactor has an enviable record of performance and safety.

In advanced agricultural research, we have developed the high-yield disease-resistant Durum wheat and Canola. Our Holstein genetics have greatly improved milk yield and breeding performance. Canada is now the number one exporter of Holstein semen.

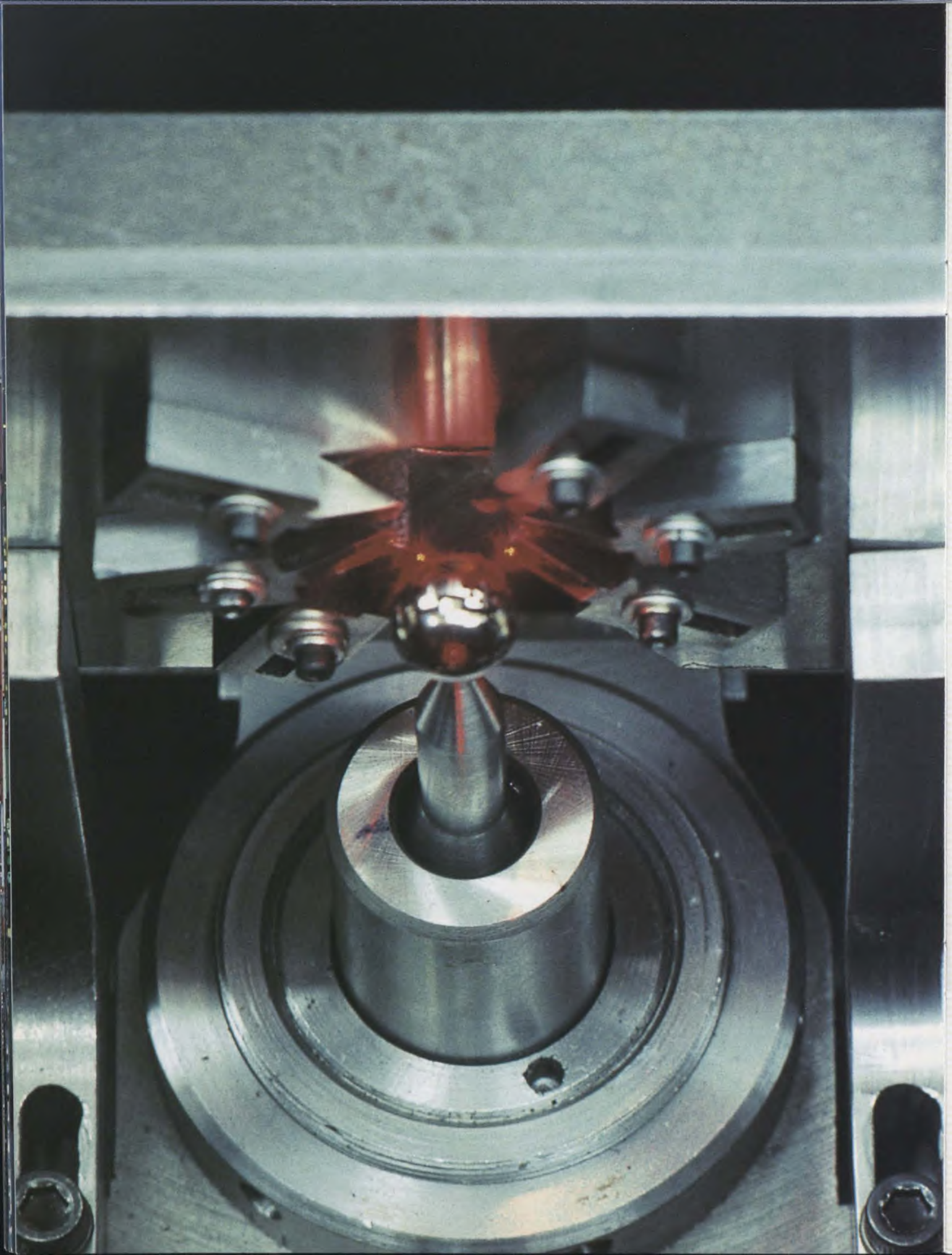
Our universities and community colleges (post secondary trade schools) play a major role. Universities work with industry on research in a broad range of disciplines, then put that research back to industry for implementation. A number of these "technology clusters" have emerged (see chart). Central to each is a first class university actively involved with the private sector. Three other factors characterize the clusters: an educated and entrepreneurial population, a government willing to encourage and support high risk ventures and a plentiful supply of capital. Disciplines include biotechnology, communications and electronics.

Research universities and the private sector have produced: "vicogen", a vaccine for calf scours; a cow heat test for dairy farmers; a DNA probe assay to detect viral contaminants in seed potato; downstream processing and separation technology; a water immersion vaccine for fish; encapsulation technology for insulin-producing cells.

In biomedical research, they have produced: a non-oxydizing tendon pin for the replacement of human joints; identification of the gene group causing cystic fibrosis; carbohydrate-based reagents for blood typing; a technique to isolate and purify enzymes used in medical diagnostic test kits.

Some Canadian Inventions

Insulin; the first commercial alternating-current radio tube; Pablum; the self-propelled combine harvester; the heart pace-maker; the telephone; the paint roller; acetylene; the cobalt cancer treatment; automatic 5-pin setting machine for bowling; instant mashed potato flakes; the Laser sailboat; carbide; the blood vessel stapler; the snowmobile; degradable plastic; short take-off and landing aircraft ("STOL"); the Slick Licker for cleaning oil spills at sea; the continuous pour concrete technique.



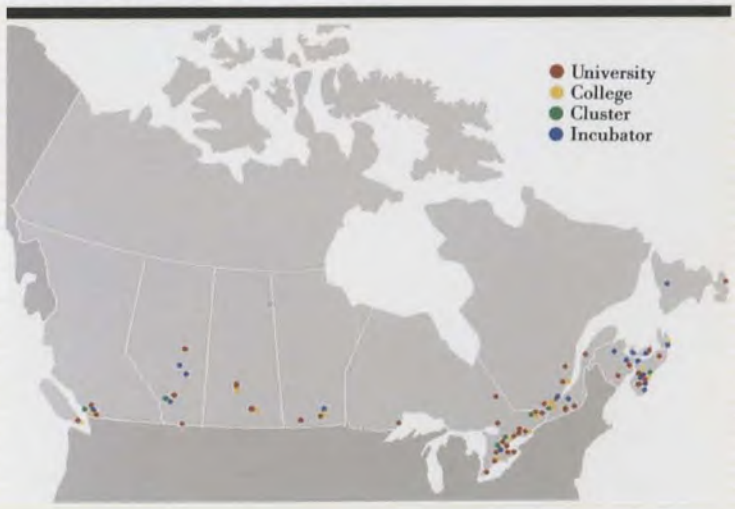
Technological innovation

Other medical advances include the discovery of insulin, Cobalt cancer treatment and the development of the electron microscope.

There are major R&D centres on or near many university campuses. At some, an especially innovative development is taking place: "the business incubator". These provide entrepreneurs with space, telephones and access to professional services at reduced rates. In Western Canada, there's a multi-tenant research facility near the British Columbia Institute of Technology, housing some 50 companies. The Calgary Research and Development Authority combines space for the Alberta Research Council with space for 20 firms. In Ontario, Innovation Place is sponsored by the University of Waterloo; 30 firms have graduated in three years (only two have failed). On the east coast, the Technical University of Nova Scotia (TUNS) is a clearing house for technology related to computer-aided design and computer-aided manufacturing. TUNS is made up of 90 representatives from industry, government, universities and R&D centres from across Canada.

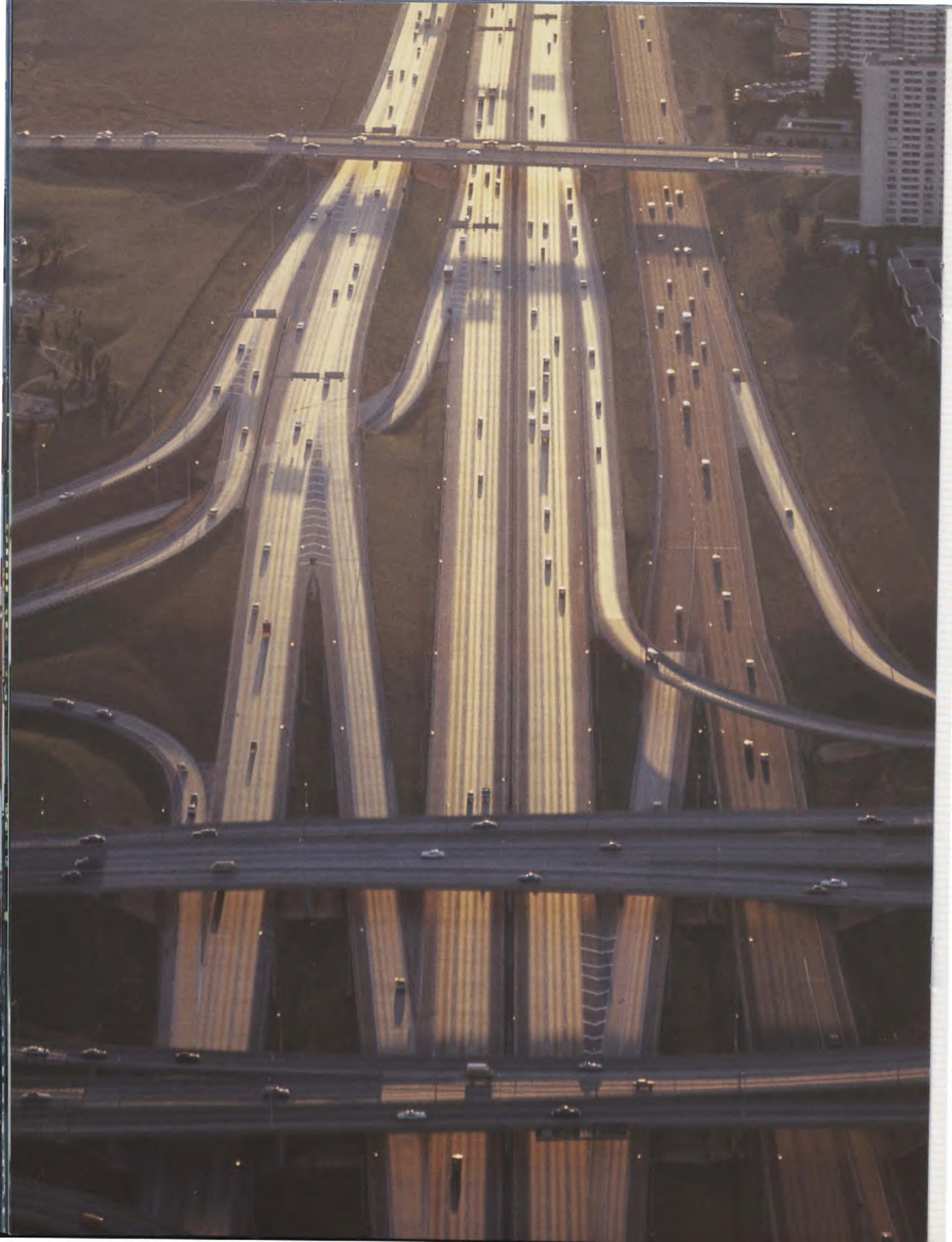
Canada's stock of natural scientists and engineers increased by 70% (1971 to 1983). We now have over 515,000 scientists, engineers and technologists on the job. In 1982 alone, our community colleges turned out 49,994 diploma graduates in data processing, computer science, engineering, chemical technology, financial management, electrical and electronic technology and architecture.

Universities, colleges, technology clusters and business incubators



Selected technology cluster areas in Canada

CITY	Institution	Research	Key Facts
Vancouver, British Columbia	University of British Columbia, British Columbia Institute of Technology, B.C. Research, Forintek, Pulp and Paper Research Institute of Canada	all forms of technical research for pulp and paper innovation to nuclear acceleration and brain scans	TRIUMF nuclear accelerator —brain imaging research facility
Calgary, Alberta	Calgary Chamber of Commerce, University of Calgary, City of Calgary, Honeywell, Digital, Alta-Can Telecom Inc.	industrial innovation and development e.g. seismic technology	—150 high-tech firms and one-seventh of the world's seismic industry
Toronto, Ontario	Ryerson Polytechnical Institute, Northern Telecom, IBM, Hewlett Packard	advanced technology education for businesses, ranging from the use of robotics to the application of lasers and fibre optics	—conducts seminars in computer-integrated manufacturing (CIM) and photonics (application of lasers and fibre optics) —fully simulated CIM environment —North America's first ASEA-1000 six-axis industrial robot
	University of Toronto, Bell Canada, Bell-Northern Research, Northern Telecom, IBM, Ontario Hydro, Spar Aerospace, Esso Research, Pratt & Whitney	integrated circuit design, software development for flexible manufacturing systems, robotics, research on digital switching systems, and metal fatigue research	
	Sheridan Park Research Centre, Ontario Research Foundation, Xerox Canada	R&D of products, environmental R&D	—total value of present development: over Cdn$100 million —total annual expenditures: Cdn$445 million
Kitchener-Waterloo, Ontario	University of Waterloo, Hewlett Packard, IBM and Digital Equipment	advanced technical research in most forms of industry at the Research Industrial Park	—chosen to design data-base version of Oxford English dictionary
Ottawa, Ontario	Bell-Northern Research, Northern Telecom, Gandalf, Cognos, Mitel, Carleton University, Ottawa University, the National Research Council and other federal government laboratories	telecommunications, micro-electronics	—more than 400 advanced technology firms
Montreal, Quebec	National Research Council, Xerox, Labatts, McGill University, Domtar, SNC, Zenon, Lavelin, Laval University, Alcan	biochemical and genetic engineering, molecular immunology, cell fusion, sectoral research	—when completed in 1986, will employ 220 scientists and accommodate 80 guest workers from industry —one of the largest dedicated biotechnical research institutes in the world



Immense distances and rugged terrain have made us masters of transport and communications.

Canada has a superb network of airports, railways, deep-water ports and multi-lane highways. Every region in the country is served.

There are two transcontinental railroads fed by more than 20 regional systems. Every urban centre in the country is connected by freight rail service through 95 000 km (59,000 mi) of track. In turn, this service connects to the eastern, mid-west and west coast rail networks of the US. Shipped by rail, 1983: 221 million tonnes.

In 1983, Canada's trucks moved 196.3 million tonnes of freight over 271 000 km (168,000 mi) of inter-city highways; all integrated with the US. Some 28% of these are two or four-lane limited access freeways designed for high speed delivery.

There are 25 major deep-water ports and some 650 smaller ports. In terms of international trade tonnage, Vancouver is Canada's largest: 49.7 million tonnes. This traffic is growing rapidly as our bulk commodity trade to Pacific Rim countries increases.

The St. Lawrence Seaway is a 3 747 km (2,328 mi) system of deep-water canals and natural water connecting such mid-America centres as Chicago and Toronto directly to the Atlantic Ocean. There are 25 deep-water ports serving both oceans. Loaded and unloaded in 1983: 178.4 million tonnes.

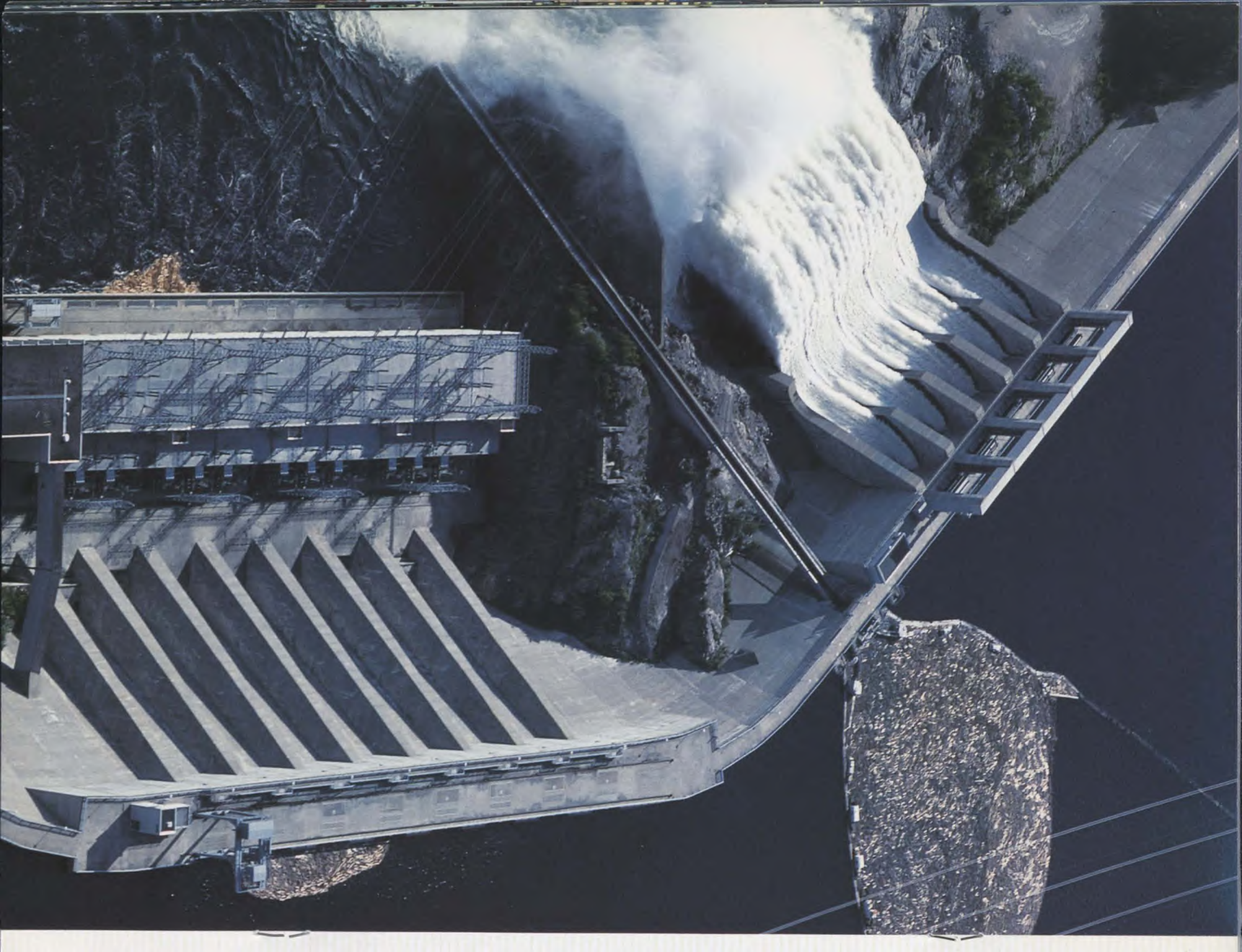
Canada has over 1,600 airports, 11 of which are international: Vancouver, Victoria, Calgary, Edmonton, Gander, Halifax, Mirabel, Montreal, Ottawa, Toronto and Winnipeg. Four major domestic carriers (Wardair, Air Canada, Canadian Pacific Airlines and Pacific Western) fly to all the principal cities of Canada and the world. There are more than 250 airports in remote regions (north of 60°) serviced by commercial carriers.

Canada's telephone system is enormous, consisting of some 120 separate networks bound into one. It is unquestionably one of the finest systems in existence today.

Both microwave and satellite communication systems operate; what's more, these diverse technologies are united into one common network. This advanced, working technology is being used by other countries: the United States, France and Saudi Arabia, for example.

Radio devices are widespread, ranging from the simple paging apparatus to mobile radios. New cellular phones mean that the international telephone network is instantly available from practically anywhere.

We are at the forefront of voice, text and data facilities. There is a sophisticated infrastructure for high speed, high quality digital data transmission. (Northern Telecom sells more digital switches than any other firm in the world.) We are also the world leader in videotex and fibre optics technology. (Domestically developed Telidon is the videotex standard for North America.)



For secure, cheap energy and raw materials, Canada ranks number one in the world (EMF, 1985).

Canada is virtually self-sufficient in all forms of energy. What's more, prices are stable.

As for raw materials, of the top seven Western industrialized nations, only Canada and the US are self-sufficient. Even so, our trade surplus in those materials is almost 15 times that of the US.

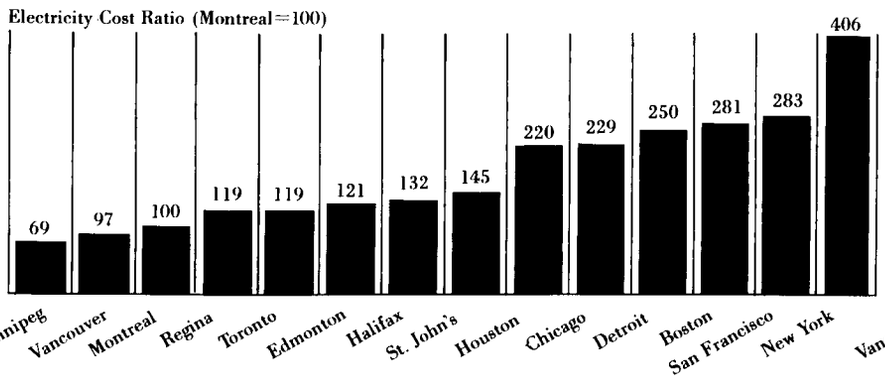
As a direct result of recent positive initiatives taken by the government, activity in the energy sector has increased markedly. In the first half of 1985, drilling in Canada was up by 13% over the same period in 1984. Petroleum and gas well outlays are slated to rise by 27%, from Cdn$7.2 billion to Cdn$9.1 billion.

Canada's energy reserves are enormous: tar sands and bitumen deposits rival Middle Eastern oil reserves. Energy supplies in oil, natural gas, coal and hydro electricity far exceed domestic demand. As a result, Canada is a major exporter of energy.

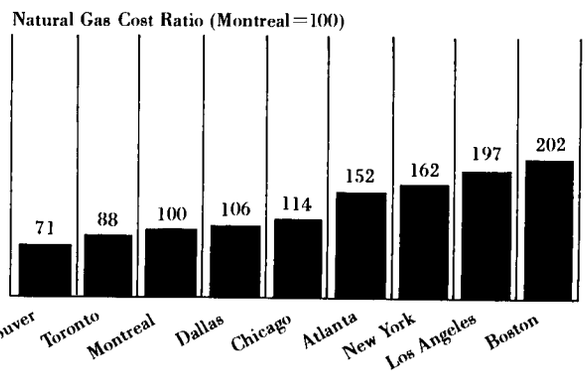
We have the edge in price as well. A 1985 study of industrial users showed that the rates in Toronto, Montreal and Vancouver were over 75% lower than New York City; over 50% lower than San Francisco, Chicago and Houston (see chart).

Canada is rich in natural gas supplies and has a widespread distribution network. Thus the cost of this energy is also significantly lower here than in the US. Average 1984 cost in Canada: Cdn$3.62 per million BTU for industrial users; in the US: Cdn$5.96. (Large companies such as ENI, Air Liquide and Gould Inc., have located in Canada to take advantage of our energy costs and security of supply.)

Comparative cost of electricity Canada vs US 1985



Comparative cost of natural gas Canada vs US 1984



Source: Montreal Urban Community Department of Economic Expansion

A sophisticated and expanding workforce: between 1972 and 1982, Canada's university graduates increased from 72,000 to 87,000.

Community colleges are a special Canadian institution, training highly skilled workers in such post-secondary degree courses as precision soldering, computer-aided drafting, fluid power robotics and business management. Over 70,000 graduated in 1982, a 47% increase in ten years. This demonstrates (1) the determination of the educational system to provide high-level industrial skills training, and (2) an equal determination on the part of our young people to take advantage of it.

In fact, Canada's universal public education system and network of over 300 universities and colleges have produced a highly educated workforce. Over 50% of our 12.4 million workers are high school graduates. One in five has a university or community college degree.

There's been an impressive change in our work performance. In the past four years, time lost due to work stoppage dropped by 57%. As a percentage of total work days, time lost was reduced to 0.16%, significantly less than time lost to illness and accident.

Of equal significance: most of the time lost was often confined to relatively few strikes. For example, in the manufacturing sector in 1984, ten of the total 147 strikes in the country accounted for over half the downtime.

Canada is ranked fifth in the world for human resources among the industrialized nations (EMF: 1985). Indeed, we have one of the highest ratios of scientists and engineers among the OECD countries. There are some 515,000 of them working in a variety of sectors.

Productivity is up,
Labour costs are down
(Manufacturing: 1984)
Output per man hour up 4.7%
Unit labour costs down 2.3%

Scientists, Engineers & Technologists (by industry, 1983)

	No.	%
Agriculture	*	
Other Primary	29,000	5.6
Manufacturing	89,000	17.3
Construction	7,000	1.4
Transportation	48,000	9.3
Trade	15,000	2.9
Finance	15,000	2.9
Services	211,000	41.0
Public Administration	95,000	18.5
Unclassified	6,000	1.2
Total	515,000	100.0

*Less than 500.

Source: Statistics Canada, Science and Technology Indicators 1984.

Workforce

Our labour costs are lower than those in the US, particularly when industrial heartlands are compared. For example, in August 1985, the average hourly wage (manufacturing) in the Canadian province of Ontario was Cdn$11.59; in Quebec, Cdn$10.91. Compare that to Cdn$17.04 in Michigan and Cdn$15.28 in Ohio (see chart).

In addition to this obvious difference (in part caused by the exchange rate) there are hidden differences to consider. Canada's universal, pre-paid health care and pension plan reduce labour benefit costs even further.

Time lost to work stoppage

Industry	1980	1981	1982	1983	1984	% of estimated working time, 1984 (%)
Primary	1152	938	272	196	47	.07
Manufacturing	3137	4644	1691	1385	2356	.49
Construction	1107	43	2200	244	213	.18
Transportation & Utilities	729	1514	566	275	550	.27
Trade, Finance & Services	2150	1021	636	2032	635	.03
Public Administration	700	717	251	312	71	.04
TOTAL TIME LOST	8975	8877	5616	4444	3872	.16

Source: Labour Canada, Strikes and Lockouts in Canada

Total cost to employer* in four professions: '000 Cdn dollars (1984)

	Montreal	Toronto	Vancouver	Chicago	Los Angeles	New York
Machinist	33,040	32,258	35,649	48,776	44,536	44,855
Production Manager	55,460	51,612	58,483	62,827	60,047	67,526
Electrical Engineer	42,280	43,401	47,183	57,193	59,390	53,986
Secretary	23,541	22,815	24,931	30,901	32,409	30,335

Source: Decision Montreal.
*Total cost to employer includes the gross salary paid to the employee and all the social costs the employer must pay.

Comparative hourly wages: US and Canada (manufacturing, August, 1985)

	(Cdn$)
Ontario	11.59
Quebec	10.91
Ohio	15.28
Michigan	17.04
Pennsylvania	12.93
New York	13.01

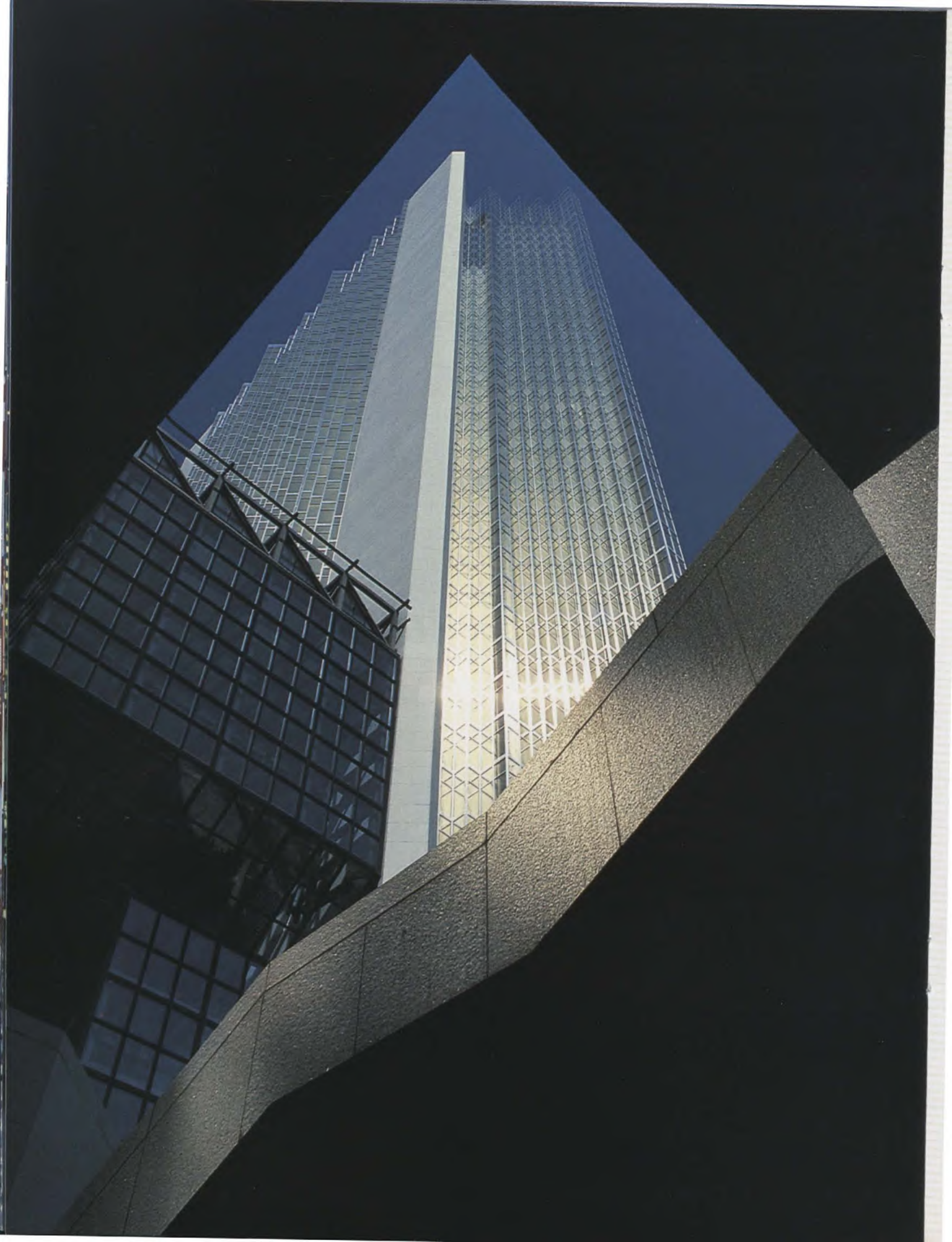
US$=Cdn$1.357 as of August, 1985
Source: US Department of Labor

Average hourly wage across Canada, August 1985

Cdn$

	Forestry	Mining	Manufacturing	Construction	Transportation	Trade	Finance	Commerce	Services
Newfoundland	13.54	15.63	9.70	9.96	10.82	6.48	7.31	7.65	7.88
PEI			7.35	8.47	11.60	5.78	6.53	4.90	6.68
Nova Scotia	8.89	12.12	9.89	10.39	11.32	6.57	6.94	7.49	7.96
New Brunswick	11.39	14.13	10.33	10.51	11.45	6.67	7.66	8.21	8.32
Quebec	12.36	14.41	10.91	14.76	13.69	7.60	8.55	8.89	9.00
Ontario	15.27	14.82	11.59	13.05	13.14	7.62	7.83	8.34	8.68
Manitoba	13.49	15.19	9.94	11.84	12.49	7.91	7.50	8.47	9.18
Saskatchewan	11.78	14.81	11.56	11.22	13.41	8.06	7.79	9.20	9.25
Alberta	11.11	15.69	12.43	13.12	13.06	8.58	9.03	8.91	9.49
B.C.	17.66	18.01	15.00	17.42	15.26	9.61	8.10	9.83	10.75
Yukon	–	–	–	–	14.48	10.90	n.a.	7.40	10.62
NWT	–	–	–	–	14.03	7.90	10.42	9.73	10.33
Canada	14.66	15.39	11.58	13.52	13.34	7.88	8.10	8.72	9.09

Source: Statscan, Employment earnings and hours, August, 1985



According to the EMF, Canada leads West Germany, France and Japan in availability of risk capital.

Canada's banking and financial system is competitive, active and growing.

Our six largest chartered banks rank among the top 60 in the world. In the fourth quarter of 1985, the net income from our top ten banks reached Cdn$567 million, an increase of 28% over 1984.

There is an enormous network of bank branches: over 7,400 across the country (plus some 300 offices in over 40 countries). Customers have access to a wide range of services to and from virtually any point in the world. These include savings and chequing accounts, deposit receipts, personal and commercial loans, bankers' acceptances, currency trading and both off-shore and domestic market information.

Fifty-eight of the top foreign banks have active operations here. Thus, international investors can deal directly through their own financial institutions.

There is a highly developed capital market: mortgage, loan and trust companies, venture capital companies and credit unions, sales finance and insurance companies, pension funds and securities firms.

There are two principal federal government sources of finance: the Federal Business Development Bank and the Export Development Corporation.

The FBDB principally serves small and mid-size businesses with loans, loan guarantees and financial planning, investment banking, and management services. In 1985, the FBDB loaned over Cdn$527 million.

The EDC helps business through insurance, loan guarantees and export financing. Any business in Canada can use these services, provided the export transaction is sound and the material has a 60% Canadian content. In 1984, EDC supported export transactions with Cdn$4.23 billion.

There are five stock exchanges: Montreal, Vancouver, Calgary, Winnipeg and Toronto. In 1984, they had a combined trading value of Cdn$20.2 billion. There are commodity exchanges in both Winnipeg and Toronto.

From 1982 to mid-1985, the Toronto Stock Exchange out-performed both the London and New York exchanges. By mid-1985, the TSE composite index was 70.8% higher than the year before. In that same period, the Dow Jones industrial composite was up 62.3%, the London Exchange Index was up 69.7%.

Canada has no foreign exchange controls: all profits, dividends or royalties can be remitted at will.

Exchange Rates: 1980-85

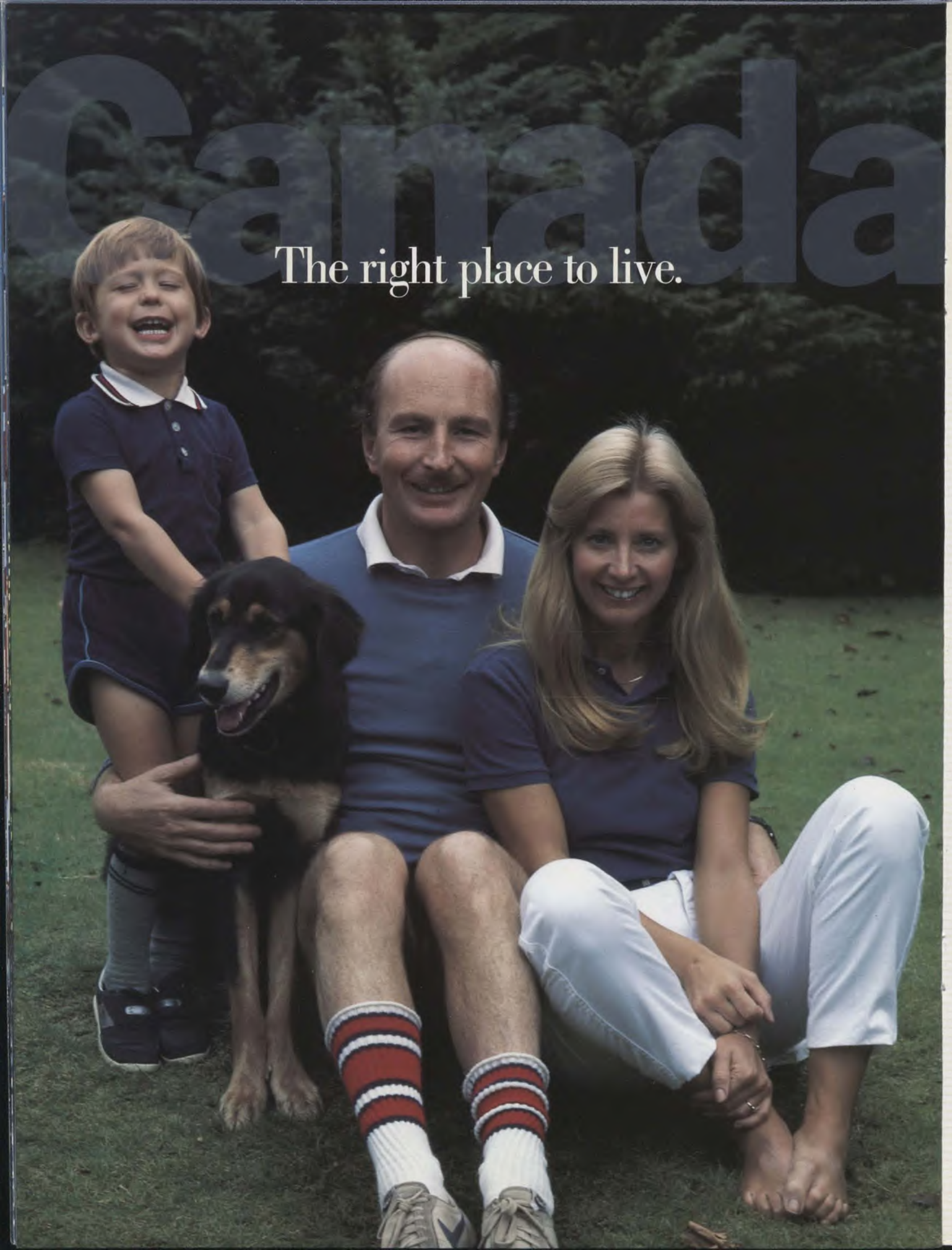
	Paid per Cdn$					
Year	US Dollar	British Pound	French Franc	German Mark	Swiss Franc	Japanese Yen
1980	0.855	0.368	3.609	1.552	1.431	192.9
1981	0.834	0.412	4.335	1.880	1.633	183.5
1982	0.810	0.463	5.305	1.966	1.642	201.4
1983	0.811	0.535	6.158	2.069	1.703	192.7
1984	0.772	0.578	6.725	2.191	1.809	183.2
1985	0.732	0.565	6.523	2.138	1.781	173.4

Source: Bank of Canada Review

Largest Canadian Banks, ranked by assets (September, 1985)

Bank	Assets (Cdn$billion)
Royal Bank	95.52
Bank of Montreal	83.35
Imperial Bank of Commerce	76.44
Bank of Nova Scotia	60.80
Toronto-Dominion Bank	51.10
National Bank	21.79

Source: Canadian Bankers Association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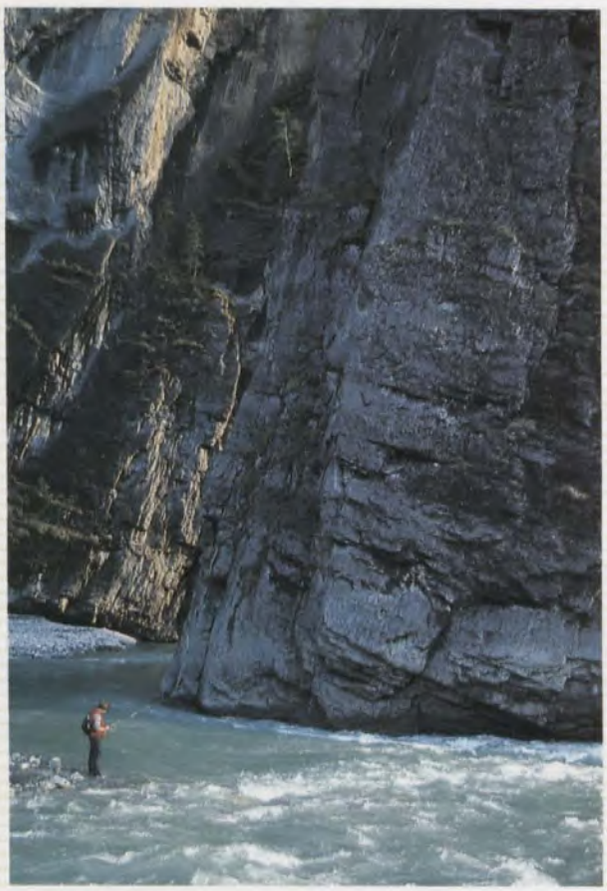

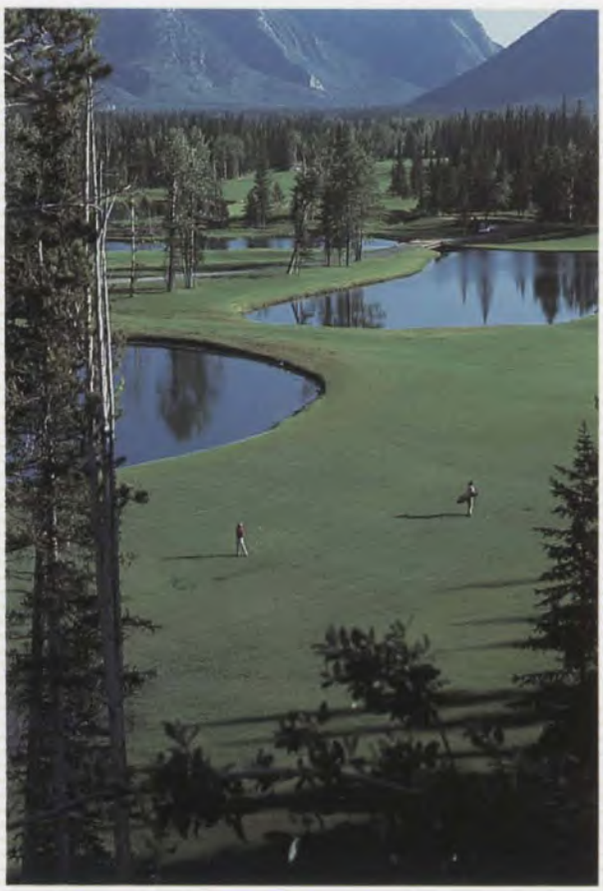

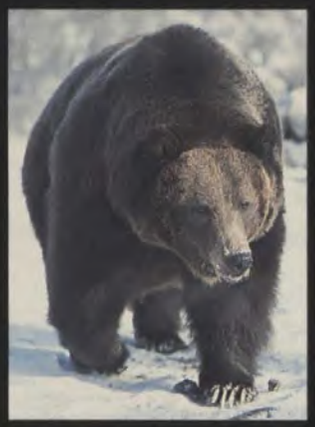

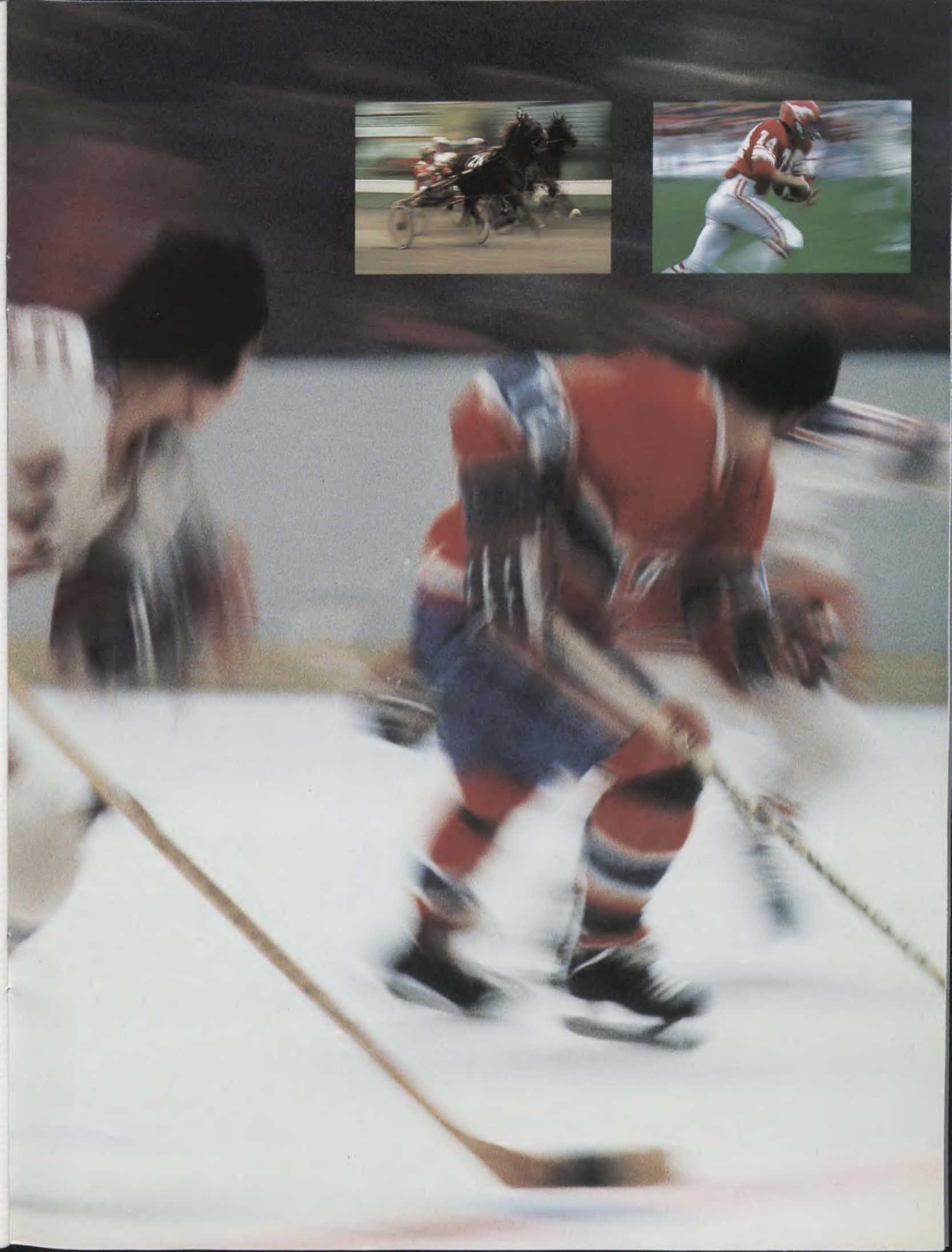


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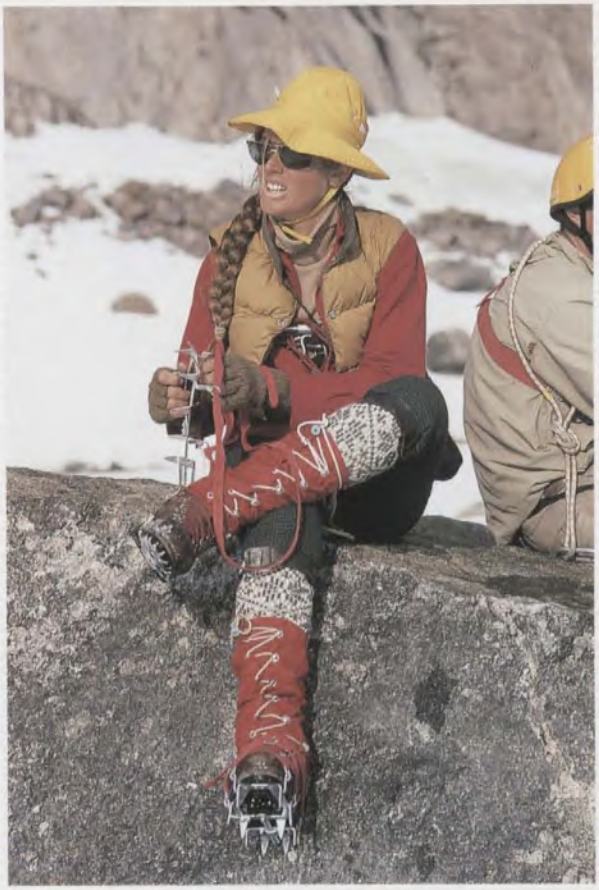

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