

is used only to pay interest on the debt and, ultimately, reduce the debt.

One of the steps we took to put our financial house in order was a systematic privatization program. To date we have dissolved 14 government-owned businesses and undertaken 23 privatization initiatives. De-regulation has also been an important feature of the government's economic program. We replaced the Foreign Investment Review Agency, which discouraged investment, with investment Canada, an organization that now encourages it.

These efforts are paying off. Net foreign direct investment in Canada has increased significantly since the FTA. For instance, Price Club of San Diego has expanded into Canada and now boasts 17 locations and 7,000 Canadian employees. Another local company, Solar Turbines, has made extensive sales in Canada and has entered into a joint venture with a Canadian company, the Nicholls Radtke Group, to manufacture steam turbines in Cambridge, Ontario.

We welcome these enterprises and we are confident this trend to invest in Canada will only grow under the NAFTA. Foreign investors see Canada as an attractive base for their North American operations, thanks to our highly educated work force, sophisticated infrastructure and abundant resources. Now the NAFTA will offer such companies secure access to Mexico and even better economies of scale.

The term "strategic alliance" has become part of the current coin in business circles. At a time when maintaining competitive advantage is seen as a basic survival skill, more and more companies recognize the merits of partnership. That's why the Government of Canada and the provinces of British Columbia, Ontario and Quebec held the Canadian-American Business Matchmaking Forum in San Diego last July.

It was designed to identify local companies with strong potential to form strategic alliances with Canadian companies. The program offers tremendous potential for companies interested in the following areas: licensing products for production in Canada; expanding through a joint venture; entering into a co-operative marketing agreement; or wishing to take advantage of Canada's generous research and development tax incentives.

This forum was not a raiding exercise -- the aim was to co-operate, not compete. Because of our emphasis on creating a win-win situation for all potential partners, our co-sponsors were the San Diego Economic Development Corporation and the local office of the U.S. Department of Commerce.

The San Diego event was our most successful in California thus far. Of the 40 participants, we identified 12 with strong potential as a strategic alliance partner, considering the technology, the market and the individual business proposals each