

Supportive

Government

Policies

As mentioned at the beginning of this document, the Government of Canada recognizes the need to have the right balance of strong economic fundamentals if Canada is to be competitive and provide jobs for its citizens. Sound fundamentals begin with a commitment to fiscal responsibility and deficit reduction.

"We had tremendous support from the federal and provincial governments, including the Canadian embassies which we view as the best in the world in helping us market our products worldwide."

Dell Young, President,
Bell Helicopter Textron

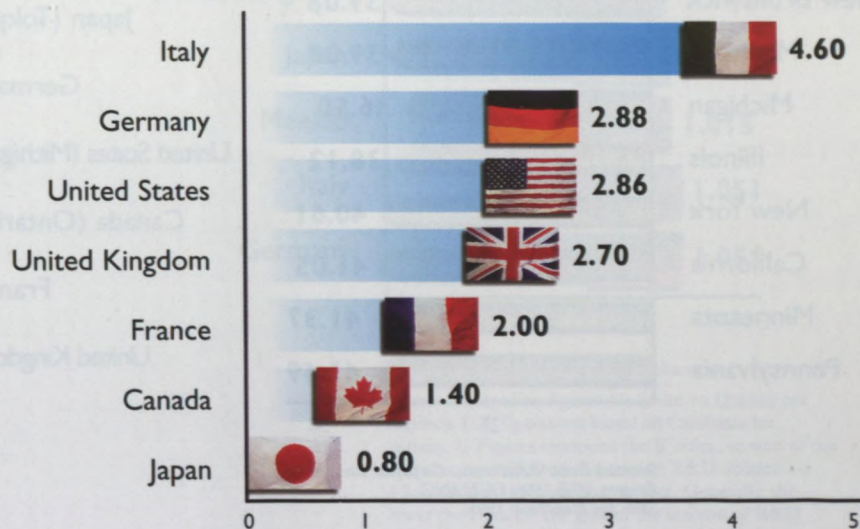
Competitive Tax Regimes

With Canada's economy so closely linked to that of the U.S., Canadian governments are sensitive to the need to maintain a competitive tax regime. A number of tax reform measures instituted over the past few years have been specifically targeted at removing tax barriers to international competition.

In addition to phasing out many tariffs on production inputs from the United States and Mexico, the Canadian government has replaced the federal sales tax (FST) with a value-added tax, the goods and services tax (GST).

Low Inflation Rate in the G-7

% increase in consumer prices — 1992 - 1996 Average



Source: IMF, *International Financial Statistics*, February 1997.