This year, our operating surplus will be $12.7 billion, compared to the $16 billion operating deficit we inherited in 1984. That is a $28.7 billion turnaround. Only the interest on the national debt causes our deficits. In fact, compound interest on the debt we inherited accounts for over 80 per cent of the debt incurred since 1984. Next year we will get the deficit below $25 billion for the first time in a decade.

The Government is steadily reducing its demands on the capital markets. In the long term, this should make investment capital easier to obtain for all of you.

But with or without the competition from the Government for capital, aerospace companies have a tough time finding institutional financing. New product development means risk. You need adequate capital to cover front-end risks.

But profit margins, especially in the civil aerospace industry, are razor thin. Companies within the industry often have difficulty generating adequate internal funds or private capital to finance high-cost product development activities.

What can be done to make the financial community as familiar with the strengths and opportunities of your sector as they are with the risks?

Private investors are not lining up. The high risk and the relatively lengthy investment/return cycle means that they can find more profitable opportunities elsewhere.

Most of the companies in the world's aerospace industry rely on government support in one form or another.

How can we use government investment in your industry as a lever to encourage more investment from other quarters?

Domestic Markets

The fourth area where Canada's competitiveness must improve is in its domestic market.

A market in which our consumers demand the best. A market in which our suppliers can provide the best. A market in which neither consumer nor suppliers are hamstrung by outmoded intellectual property laws or regulations that no longer serve a public policy purpose. A market that is not fragmented by internal barriers to trade.