

The author of these views was sworn in today as Premier of Ontario.

These trilateral trade talks complement our many other initiatives designed to position Canada as a competitive force in an increasingly open and interdependent global economy.

You are all aware that one of the key elements of our domestic economic strategy is expenditure reduction. During the past six years, we have made real progress in reducing government expenditures.

Federal program spending as a proportion of the Canadian economy is now at its lowest level in almost 20 years. We have also reversed our annual operating balance (the difference between revenues and program spending) from a 16 billion dollar deficit when we took office, to a 10 billion dollar surplus last year.

Tax reform is also one of the pillars of our government's program to prepare the Canadian economy for the competitive challenges of the 21st century.

We believe it is essential to get the status quo Manufacturers' Sales Tax off the backs of Canadian exporters by replacing it with the Goods and Services Tax this January.

The Canadian Exporters' Association supports the GST because it will enable you to price your exports more competitively.

Under the status quo, exports are not taxed directly, but sales taxes paid earlier in the production chain become an indirect charge on Canadian products abroad. This adds an additional burden of around 10% of the competitive margin of the goods you export.

A few percentage points can make a big difference in the eyes of your foreign customers. This added 10% burden makes it more difficult for you to meet the competition and to invest and grow in Canada. Our GST tax reform measures will eliminate this burden and enable you to meet the competition who have already benefitted from similar tax measures.

On the day we announced the last election, the government staked out its position on the GST and tax reform when we declared:

"under tax reform, we would bring Canadian industry onto a level playing field vis-a-vis their competitors, particularly with regard to our capacity to export, thereby creating jobs here at home."

Following the election, a Parliamentary Committee conducted public hearings across the country and heard testimony