

Enhancing Canadian competitiveness lies at the heart of the Government's agenda. Through eliminating the deficit and measures stimulating economic growth, we have made significant strides in boosting our standard of living. From 1997 to 2002, Canada recorded the fastest rate of GDP growth per capita - which represents the best measure of living standards - among other leading industrialized countries, including the United States.

In 2000, the Government introduced a five-year \$100 billion tax reduction plan - the largest tax cut in our history - establishing a tax advantage for investment Canada as a fundamental part of our strategy to foster a strong and productive economy. With cuts implemented to date, together with cuts to provincial corporate taxes, the average (federal and provincial) corporate tax rate (including capital taxes) is now below the average US rate. *Budget 2003* builds on this investment advantage by proposing the elimination of the federal capital tax over a period of five years, completely eliminating the tax for medium-sized corporations as early as 2004.

Budget 2003 will also help to ensure that Canada's productivity growth continues to rise, and with it, Canadians' standard of living, through the Government's continued investments in strengthening skills and learning for Canadians. Four national innovation priorities have been identified to guide our investment in these areas: promoting a culture of lifelong learning; increasing workplace skills and development; promoting an inclusive workforce; and expanding our knowledge and information on learning. These priorities are reflected in *Budget 2003* announcements including: improvements to the full-time Canada Student Loans Program; the Aboriginal Skills and Employment Partnership Initiative; renewed funding for Employability Assistance for Persons with Disabilities; and enhanced foreign credential recognition processes.

Budget 2003 also included significant new funding commitments to support working families with children, including such initiatives the National Child Benefit Supplement and the recently announced Child Disability Benefit for low- and modest-income families. The Government is providing \$2.2 billion over 5 years to support provincial and territorial investments in early childhood development services, as well as funding to improve access to affordable, quality provincially- and territorially-regulated early learning child care programs and services.

Since the Agreement on Internal Trade (AIT) came into effect in 1995, strong progress has been made in eliminating barriers to the movement of persons, goods, services and investments within Canada, specifically in key areas such as procurement, labour mobility, consumer-related standards and measures, transportation and the environment. A key element of the AIT is the requirement on each party to recognize the qualifications

