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PRIME MINISTER'S SPEECH AT ANNUAL WEF MEETING

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(APPLAUSE)

RT. HON. STEPHEN HARPER (Prime Minister of Canada): Merci beaucoup. Thank you, Professor Schwab, for that kind introduction. I also want to thank you particularly for the invitation to speak here that you extended to me earlier this year. But more than that, Professor, you have made the World Economic Forum an indispensable part of the global conversation among leaders in politics, business, and civil society. And in the face of continuing global economic instability, the opportunity that this gathering provides is now more valuable than ever. So I know everyone here joins me in thanking you for, in the service, really, of the common good, your leadership and your vision. (APPLAUSE)

My greetings to Ambassador Santi, to the Governor of the Bank of Canada, known internationally as chair of the Financial Stability Board, Mark Carney, to our hardworking Minister of International Trade, Ed Fast, and to the best Finance Minister on the planet, Jim Flaherty. That's an official title, he tells me. (LAUGHTER) And let me just say that I'm especially proud to see so many outstanding Canadian business leaders making their presence felt here in Davos.

Ladies and gentlemen, I will use my time today to highlight Canada's economic strengths and to frame the choices we face as we work to secure long-term prosperity for our citizens. In a difficult global environment, and I should say instability that in a difficult global environment is likely to remain with us.

Comme vous le savez, le Canada a connu une performance économique supérieure à la plupart des pays développés au cours

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de ces dernières années difficiles pour l'économie mondiale.

Forbes Magazine ranks Canada as the best place on the planet for businesses to grow and create jobs. The OECD and the IMF predict our economy will again be among the leaders of the industrialized world over the next two years. And one more cherished accolade, of course, is that for the fourth year in a row, this body, the World Economic Forum, says our banks are the soundest in the world. These evaluations are the result of sound fundamentals. Among G7 countries, Canada has the lowest overall tax rate on new business investment, our net debt to GDP ratio remains the lowest in the G7, and by far, and while remain concerned about the number of Canadians who are still out of work, Canada is one of only two G7 countries to have recouped all of the jobs lost during the global recession. Indeed, more Canadians are now working than before the downturn. How was this achieved?

Confronté à la pire crise économique mondiale depuis les années '30, notre gouvernement a mis en œuvre des mesures de stimulation économiques parmi les plus importantes, et les plus ciblées du G20.

We made historic investments in infrastructure, we encouraged businesses to invest and helped them avoid layoffs, we put substantial funding into skills training, and we extended support for workers who lost their jobs. These things we did on a timely, targeted and temporary basis. We did not create permanent new programs or government bureaucracy. As a consequence, our deficit is now falling, our debt-GDP ratio has already peaked, and we do not need to raise taxes going forward. I should add, we also did not reduce immigration or give in to protectionism. Instead, we've maintained the high levels of immigration that our aging labour force of the future will require. We have continued, as well, to pursue new trade

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agreements, and we have taken action to make Canada among G20 countries the first tariff-free zone for manufacturers.

Nous avons mis en place ces politiques, car notre priorité numéro un en tant que gouvernement est la prospérité, c'est-à-dire la croissance économique est la création d'emplois.

We have pursued these policies, ladies and gentlemen, once again because our number one priority as a government is prosperity. That is, economic growth and job creation. Now, that may sound obvious, almost cliché. But is it really? As I look around the world, as I look particularly at developed countries, I worry, I wonder, and I ask whether the creation of economic growth and therefore jobs really is the number one policy priority everywhere. Or is it the case that in the developed world, too many of us have in fact become complacent about our prosperity, taking our wealth as a given, assuming it is somehow the natural order of things, leaving us instead to focus primarily on our services and entitlements? Is it a coincidence that as the veil falls on the financial crisis, it reveals beneath it not just too much bank debt, but too much sovereign debt, too much general willingness to have standards and benefits beyond our ability, or even our willingness to pay for them? Now, I don't know, but what I do know is this.

Premièrement, que la richesse des économies occidentales n'ont en rien plus inévitables que la pauvreté des économies émergentes.

First, that the wealth of western economies is no more inevitable than the poverty of emerging ones, and that the wealth we enjoy today has been based on, and only on good growth-oriented policies, the right, often tough, choices, and the hard work done in the past. And second, that regardless of what direction other western nations may choose, under our

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government, Canada will make the transformations necessary to sustain economic growth, job creation and prosperity now and for the next generation.

Cela veut dire deux choses : nous devons prendre de meilleures décisions économiques dès maintenant, et nous préparer dès maintenant aux pressions démographiques auxquelles l'économie canadienne fait face.

That further means two things: making better choices, better economic choices now, and preparing ourselves for the democratic pressures the Canadian... the demographic pressures, excuse me, that the Canadian economy faces. On what we must do now, first, we will, of course, continue to keep taxes... tax rates down. That is central to our government's economic vision. But we will do more, much more. In the months to come, our government will undertake major transformations to position Canada for growth over the next generation. For example, we will continue to make key investments in science and technology necessary to sustain a modern competitive economy. But we believe that Canada's less than optimal results for those investments is a significant problem for our country. We've recently received a report on this, the Jenkins report, and we will soon act on the problems the report identifies. We will continue to advance our trade linkages, we will pass agreements signed, particularly in our own hemisphere, and we will work to conclude major deals beyond it.

Comme vous le savez, nous nous attendons à compléter les négociations dans l'accord de libre échange avec l'Europe cette année.

We expect to complete negotiations on a Canada-EU free trade agreement this year. We will work to complete negotiations on a free trade agreement with India in 2013, and we will begin entry talks with the

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Trans-Pacific Partnership, while also pursuing other avenues to advance our trade in Asia. I will, of course, for example, be making another official visit to China very shortly. We will also continue working with the Obama administration to implement our joint Beyond the Border initiative. This is our plan to deepen our economic and security links to our most important partner. However, at the same time, we will make it a national priority to ensure we have the capacity to export our energy products beyond the United States, and specifically, to Asia. In this regard, we will soon take action to ensure that major energy and mining projects are not subject to unnecessary regulatory delays, that is delay merely for the sake of delay. This complements work we're already doing and that we will move forward on with the Canadian Federation of Independent Business to cut the burden of red tape for entrepreneurs. We will also undertake significant reform of our immigration system. We will ensure that while we respect our humanitarian obligations and our family reunification objectives, we will make our economic and labour force needs the central goal of our immigration efforts in the future. As I said earlier, one of the backdrops for my concerns is Canada's ageing population. If not addressed promptly, this has the capacity to undermine Canada's economic position and for that matter, that of all western nations well beyond the current economic crisis. Immigration does help us address that, and will even more so in the future.

Notre situation démographique représente aussi une menace pour les programmes sociaux et les services que les Canadiens et les Canadiennes ont en cœur... ont à cœur. C'est pourquoi nous prendrons des mesures importantes dans les mois à venir.

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Our demographics also constitute a threat to the social programs and services that Canadians cherish. For this reason, we will be taking measures in the coming months not just to return to a balanced budget over the medium term, but also to ensure the sustainability of our social programs and our fiscal position over the next generation. We've already taken steps to limit the growth of our healthcare spending over that period. We must do the same for our retirement income system. Fortunately, the centrepiece of that system, the Canada Pension Plan, is fully funded, actuarially sound, and does not need to be changed. For those elements of the system that are not funded, we will make the changes necessary to ensure sustainability for the next generation while not affecting current recipients.

Now let me summarize, ladies and gentlemen, by saying this: that notwithstanding Canada's many advantages, we remained very concerned about the continuing instability of the global economy of which we are very much a part. The problems afflicting Europe, and for that matter, the United States, are not only challenging today, but in my judgement, threaten even greater problems in the future.

Ceci étant dit, chaque pays a son propre choix à faire.

Having said that, each nation has a choice to make. Western nations in particular face a choice of whether to create the conditions for growth and prosperity, or to risk long-term economic decline. In every decision or failure to decide, we are choosing our future right now, and as we all know, both from the global crises of the past few years, and from past experience in our own countries, easy choices now mean fewer choices later.

Le choix du Canada sera de façon claire et sans détour de prendre en main et de maîtriser notre avenir, d'être un modèle de confiance, de

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croissance, et de prospérité pour le 21^e siècle.

Canada's choice will be with clarity and urgency to seize and to master our future, to be a model of confidence, growth and prosperity in the 21st century economy. Merci beaucoup. Thank you, ladies and gentlemen, for your kind attention. (APPLAUSE)

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