

Jim Quick
President & CEO
Aerospace Industries Association of Canada
255 Albert Street, Suite 703
Ottawa, ON, K1P 6A9

Re: Vision 2025 and the future of Canada's Aerospace Industry

October 15, 2019

Dear Mr. Quick

We appreciated the invitation to have our candidate, David Micallef, represent the People's Party of Canada in the Aerospace Industries Association of Canada organized debate, moderated by the Honorable Jean Charest. It was a great opportunity for us to interact with your organization and its members, and we are grateful for being given an audience.

We agree that Canada can be proud of its aerospace sector and we believe that the next decade will present a number of opportunities that will allow the Canadian aerospace sector to usher in an era of prosperity and leadership.

We believe Canada's aerospace sector has the experience, expertise, and passion to be a significant player on the world stage. The People's Party is committed to creating an environment and supporting the Canadian aerospace industry in such a manner as to ensure that our aerospace sector thrives. The People's Party of Canada would use Vision 2025 as a guideline to support the Canadian aerospace sector.

The People's Party of Canada is looking to do politics differently. Our platform, while ambitious, is based on what is achievable, and best for Canadians and the Canadian economy. We want long term prosperity. We believe in Canadians. We believe that when properly supported by the Federal government, Canadian organizations and businesses, such as those in the aerospace sector, are able to reach their full potential and be successful.

Despite the fact that Canadians generally rank as some of the most educated and experienced individuals in the world, the economic standing of our country continues to decline. A number of our skilled workers move south of the border, investments in Canada continue to decrease, and the increased regulatory capture plagues businesses' ability to be profitable.

- According to the latest OECD figures, Canada's combined federal-provincial corporate income tax rate is the 12th highest amongst the 36 OECD countries.

- In addition, the current economic environment in Canada has deteriorated and this can be seen in rankings established by a number of organizations. The 2019 edition of the IMD World Competitiveness Ranking places Canada 13th out of 63 countries, the worst performance in the annual survey's history, which goes back to 1997.
- The Financial Post published an article detailing how, according to Statistics Canada, the Direct Foreign Investment (DFI) in Canada (inflow) decreased from \$70 billion to \$30 billion, whereas the outflow increased from \$70 billion to \$100 billion.
- The current government poorly modified the taxation of private corporations. The Investment Industry Association of Canada (IIAC) declared that "The new rules were introduced too quickly and with insufficient analysis", which created a significant number of issues for small and medium sized businesses.
- Carbon taxes, in addition to CPP hikes, are making businesses less competitive due to the associated costs increase.

This list is not exhaustive and points to an environment which is not business friendly.

With emerging Asian markets, an increased demand for innovation in green technology, and the current fleet to be replaced within the next decade, the Canadian aerospace sector will be challenged on many fronts. It is imperative that we seize this opportunity and come out ahead.

The People's Party of Canada believes that the best approach is to create an environment where Canadian businesses, large and small, can thrive without having to deal with unnecessary bureaucracy and taxes. Without the proper support of the Federal government, the Canadian aerospace sector will be restricted in its success.

The concrete steps we would take include the following:

- In-depth conversations with organizations such as yours to get a better understanding of the pain points of your industry, and how we can address them – in addition to consulting Vision 2025;
- Continue to fund research and development;
- Promote foreign investment into Canadian companies;
- Increase the percentage of economic immigrants and improve the selection and (integration) process so that immigrants are set up for success;
- Roll-back the recent changes to the tax code that disproportionately affects small and medium sized business;
- Simplify the tax code;
- Abolish interprovincial trade barriers;
- Over the course of one mandate, gradually abolish the personal capital gains tax by decreasing the inclusion rate from the current 50% down to 0%; This will increase the return on investment and permit the allocation of capital to its most efficient uses and encourage riskier ventures that are likely to bring more innovation;
- Gradually reduce over the course of one mandate the corporate income tax rate from its current 15% down to 10%. When completed, this measure will make about

\$9.5 billion available to businesses, allowing them to increase salaries or invest in productivity improvements; and

- Adequately fund the military and maximize defence procurement and governments to drive new industrial growth.

Our complete platform is available online at: <https://www.peoplespartyofcanada.ca/platform>

We hope you will find our platform is best suited for the economic growth and prosperity of our country. The aerospace sector, without a doubt, is an industry that must not be taken for granted and its importance can't be overstated. The People's Party of Canada government has the bold new vision that the industry needs to thrive. We are able to create marvels like the Avro and CanadArm. However, they were not economic successes. Commercialisation is an important metric that we feel the Canadian industries have not been the most successful in. The past two decades have shown, under both Conservative and Liberal governments, a decrease in aerospace employment and contribution to GDP. The People's Party of Canada is the answer the aerospace industry needs to meet and exceed the challenges of tomorrow.

We are confident that come October 21st, you and members of the Aerospace Industries Association of Canada will make the right choice for the aerospace industry and vote for the People's Party of Canada.

Sincerely,



Maxime Bernier
Leader, People's Party of Canada
www.peoplespartyofcanada.ca