



5995 Avebury Road, Suite 100
Mississauga, Ontario, Canada L5R 3T8

January 10, 2008

Competition Policy Review Panel
280 Albert Street, 10th Floor
Ottawa, ON K1A 0H5

Re: Submission to the Competition Policy Review Panel

This submission constitutes Purolator's response to the Competition Policy Review Panel's (the "Panel") request for comments set out in the Panel's consultation paper *Sharpening Canada's Competitive Edge* (the "Consultation Paper"). Specifically, this submission provides Purolator's views with respect to potential changes to Canada's current investment policies embodied in the *Investment Canada Act* (the "ICA").

About Purolator

Purolator is Canada's largest courier company. We employ 12,000 Canadians, have over 200 facilities in communities across Canada, operate over 5,000 ground vehicles and utilize an exclusive domestic air network of 15 dedicated aircraft. Together, these resources enable Purolator to transport one million packages across Canada and internationally every business day – far more than any one of our competitors in Canada.

Canada relies on Purolator. Due to the size and strength of Purolator's domestic operations, Purolator plays a vital role in connecting Canadian communities – both urban and rural – from coast to coast to coast. We deliver directly to many more points in Canada than any of our competitors. Each and every business day Canadians rely on Purolator to deliver life-saving medicines, manufacturing supplies, critical business documents and other items necessary for the well-being of our communities and the businesses that sustain them. Given the unique role that

Purolator plays in connecting our large and sparsely populated nation, we believe that Purolator provides a service that is essential to Canada's economic well-being and plays an integral role in sustaining rural economic development.

Purolator is also committed to Canada. Unlike our foreign competitors, our primary market is Canada. As such, we are investing \$500 million in Canada over the next five years to enhance our service offerings and improve the operational efficiency of our service delivery network. In this regard, we are investing in, among other things, new systems and technologies that will enable us to enhance our service offerings in Canada, state-of-the-art automated sortation facilities, and a fleet of leading edge, ultra-low and zero-emissions delivery vehicles.

These investments will position Purolator to provide better services to Canadians at a more competitive cost, and will produce significant secondary benefits to those industries engaged by Purolator to support this exciting transformation.

It is from the perspective of a vital and committed player in the Canadian marketplace that Purolator submits its views to the Panel.

Purolator's views in brief

Purolator agrees with Minister Prentice's assertion in his December 7, 2007 address to the Calgary Chamber of Commerce that "foreign investment is vital to [Canada's] future economic success" and that it "brings the knowledge, capital and global networks that Canadians need to remain competitive."¹ However, while foreign investment in Canadian assets has played an important role in Canada's economic development and should continue to do so, we feel that an abandonment of Canada's current ICA foreign investment review regime for At-Risk-Industries would exacerbate the hollowing out of corporate Canada. As the Consultation Paper states, while foreign direct investment ("FDI") outflows currently exceed FDI inflows, FDI inflows are being

¹ Industry Canada, *The Honourable Jim Prentice, Minister of Industry, speaks to the Calgary Chamber of Commerce* (7 December 2007), online: <http://www.ic.gc.ca/cmb/welcomeic.nsf/503cec39324f7372852564820068b211/85256a5d006b9720852573aa0063ab5d!OpenDocument>.

used to purchase cornerstone Canadian companies, while FDI outflows are being used to invest in the existing foreign affiliates of Canadian companies. Any weakening of ICA review for Canadian “At-Risk-Industries” (industries where Canadian companies are not on a level playing field with their foreign peers) could, in our view, significantly increase the risk that such Companies will be acquired entirely by foreign interests to the detriment of Canada’s long-term prosperity.

In light of the foregoing, our submission is structured as follows. First, we explain why Canadians should be concerned about the hollowing out of corporate Canada. Second, we review some of the possible causes of this hollowing out. Third, we provide our views on the ramifications of such hollowing out. Finally, we propose a long-term and a short-term strategy that would assist in reversing the hollowing-out challenge.

Finally, while Purolator supports the Panel’s review of the *Competition Act*, we currently have no comments related thereto. For this reason, we will not be making any submissions with respect to the *Competition Act*.

The hollowing out of corporate Canada?

While the debate concerning whether corporate Canada is being hollowed out continues, we have noticed a trend that gives us cause for concern: the increasing foreign acquisition of Canadian companies. From 2001 to 2005, with respect to acquisitions of businesses with assets of more than \$1 billion, foreign firms acquired Canadian assets worth approximately \$45 billion while Canadian firms acquired foreign assets worth \$30 billion, resulting in the loss of control of \$15 billion worth of Canadian assets in this fairly short timeframe.² In addition, from 2001 to 2006, foreign firms acquired 455 Canadian companies for an aggregate price of US\$137 billion.³

² C.D. Howe Institute, *Canada is Missing Out On Global Capital Market Integration* (21 August 2007), online: http://www.cdhowe.org/pdf/ebrief_48.pdf. This statistic is even more disconcerting when one considers that the average size of Canadian public companies is much smaller than the average size of public companies in the other G8 countries.

³ See Roger Martin & Gordon Nixon, *Growing Global Leaders: The ‘Hollowing Out’ Solution* (2 July 2007), online: http://www.rbc.com/newsroom/pdf/Hollowing_Out_Article_June29-07.pdf. See also KPMG, *Canadian Companies on Buying Spree – Will it Last* (9 May 2007), online: <http://www.kpmg.ca/en/news/pr20070509.html>, which notes

Adjusted for size of the economy, the *number* of companies is the second greatest in the world after Australia and the *value* paid is second highest after the UK.⁴ Furthermore, since the beginning of 2006, the *value* of acquired Canadian companies leads all countries.⁵ Moreover, while most developed countries are concerned about hollowing out, the effects on Canada seem more pronounced: since the beginning of last year, the value of public targets as a percentage of stock market capitalization has exceeded the UK, US, Nordic Countries and France *combined*.⁶ Finally, although the Institute for Competitiveness & Prosperity (“ICP”) noted that Canada “has more than more than twice as many global leaders [in 2006] as in 1985,⁷ since 2003, 15% of these global leading companies ceased to be Canadian-owned companies, and this trend may be accelerating.⁸

This overall trend has been noticed not just by domestic observers but by foreign observers as well. *The New York Times* noted over a year ago that Canadian companies have become “the hunted, not the hunter.”⁹ Even *The Economist* noted earlier this year that “[f]oreign investors ... are snapping up Canadian companies in record numbers.”¹⁰

Based on the foregoing, we believe that foreign acquisitions of Canadian companies are beginning to outpace the Canadian acquisitions of foreign companies and that this trend is accelerating.

that in 2005 and 2006, Canadian outbound deals accounted for US\$51 billion and inbound deals were almost double at US\$99 billion over the same period.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.

⁷ See Institute for Competitiveness & Prosperity, *Agenda for Canada’s Prosperity: Report on Canada 2007* (March 2007) p. 47, online: http://www.competeprosper.ca/index.php/work/reports_canada/. Note that Minister Prentice also referenced this statistic in his speech supra note 1.

⁸ Roger Martin & Gordon Nixon, “A prescription for Canada: rethink our tax policy” in *The Globe and Mail* (1 July 2007), online:

<https://secure.globeadvisor.com/servlet/ArticleNews/story/RTGAM/20070701/wagendamartinnixon0702>. This observation and the resulting concerns about the possibility of hollowing out are that much more concerning since Roger Martin is the Chairman of the ICP and this article was published after the ICP report supra note 7.

⁹ Ian Austen, “Canada Wonders Why It’s the Bought and Not the Buyer” in *The New York Times* (24 October 2006), online:

<http://www.nytimes.com/2006/10/24/business/worldbusiness/24place.html?n=Top/Reference/Times%20Topics/Subjects/F/Foreign%20Investments>.

¹⁰ The Economist, *Time to put a tiger in his tank* (21 June 2007), online:

http://www.economist.com/world/la/displaystory.cfm?story_id=9366129.

What is causing this hollowing out?

While there is no single cause for the increasing foreign acquisition of Canadian companies, there are several structural and economic factors that make Canadian companies more susceptible to foreign takeover in the global trend towards consolidation.¹¹

First, Canada has a relatively small population; in fact, it has the smallest population by far of any G8 country, constituting less than 4% of the total population of all G8 countries combined.¹² This means that despite Canada's wealth, Canadian companies that have focused on the domestic market cannot reach the same size as companies in G8 countries with similar economies but with much larger populations. Such limitations are disconcerting given that "it is appearing absolute size is mattering more and more in the global consolidation game."¹³

Second, Canada's small population is also low-density by any standard, with three people per square kilometer vs. a global average of 48 people per square kilometer.¹⁴ This means that in comparison to their global competitors, Canadian companies often have increased costs in accessing all of Canada's population and may, therefore, limit their expansion to more population-dense regions of Canada, further limiting the potential growth and, hence, size of Canadian companies.

Third, Canada's tax system does not do enough to encourage Canadian companies to expand, both domestically and internationally. For example, Canada has one of the highest corporate tax rates in the world as evidenced by the fact, for example, that its rate is significantly above the Organization for Economic Co-operation and Development ("OECD") average.¹⁵ This ensures that domestic companies may not have as much available after-tax cash flows as their OECD peers to undertake capital investment, including foreign acquisitions. In addition, the Canadian tax regime appears to be hindering the ability of Canadian companies to expand abroad. One

¹¹ With respect to the global consolidation trend, see supra note 8.

¹² G8 Summit Heiligendamm, online: <http://www.g-8.de/Webs/G8/EN/G8Summit/Participants/G8/g8.html>

¹³ Supra note 8.

¹⁴ United Nations, *World Population Prospects: The 2006 Revision Population Database*, online: <http://esa.un.org/unpp/>.

¹⁵ KPMG, *Corporate Tax Rate Survey* (2007), online: <http://www.kpmg.com/NR/exeres/EC5931FC-261B-4D7D-80DF-9E5C49C6F2F8.htm>.

recent example is the recent change to deny the deductibility of interest expense incurred by Canadian companies to finance their foreign assets.¹⁶ Although this change may seem fairly innocuous, mainstream commentators have noted that it will “lead to more foreign takeovers of Canadian companies, stifled Canadian investment in global markets and an exodus of head offices, and it could ultimately weaken Canada’s economy overall.”¹⁷

Fourth, non-tariff interprovincial trade barriers also either discourage Canadian companies from expanding within all 13 jurisdictions in Canada or raise compliance costs for those that do.¹⁸ These barriers place a heavy burden on Canadian companies who already struggle with the lack of scale economies in the small Canadian market.

Fifth, Canada has, in global terms, small capital markets. While the TSX Group is the seventh largest stock market in the world, it represents less than 5% of the combined market capitalization of the top 10 global stock markets.¹⁹ In fact, the TSX Group itself states that its “niche in North America is the small and medium-sized companies”²⁰, and the Government of Canada has acknowledged that “Canada’s capital markets represent a small share of a huge global capital market where capital is increasingly mobile.”²¹ Moreover, in light of the spectacular growth of equity market capitalization in the so-called BRIC countries (Brazil, Russia, India and China), those capital markets will soon overtake Canada’s in global standings.²²

¹⁶ KPMG, *Tax NewsFlash-Canada: Foreign Affiliate Tax Proposals Will Handicap Canadian Business* (3 May 2007), online: <http://www.kpmg.ca/en/services/tax/tnf/tnfc0719.html>.

¹⁷ Ibid.

¹⁸ See generally Conference Board of Canada, *Death by a Thousand Paper Cuts: The Effect of Barriers to Competition on Canadian Productivity* (May 2006), online: <http://sso.conferenceboard.ca/e-Library/temp/BoardWise2HOHHNPKCBDKDKNMDLDJOGPIJ20071211113841/173-06-Barriers%20to%20Competition-WEB.pdf>.

¹⁹ See World Federation of Exchanges, online: <http://www.world-exchanges.org/publications/EQUITY106.pdf>.

²⁰ See Toronto Stock Exchange, online: http://www.tsx.com/en/about_tsx/corporate_information/competition.html.

²¹ Government of Canada, *Aspire to a Stronger, Safer, Better Canada: Creating a Canadian Advantage in Global Capital Markets* (19 March 2007), p. 14, online: <http://www.budget.gc.ca/2007/pdf/bkcmoe.pdf>.

²² Conference Board of Canada, *Canada and the New World of Integrative Trade* (December 2005), online: <http://sso.conferenceboard.ca/e-Library/LayoutAbstract.asp?DID=1465>.

Sixth, Canada has far more publicly listed companies per capita than many other developed countries.²³ While this creates strong diversity in the Canadian marketplace, it dilutes domestic capital, increases the overall cost of capital (studies suggest that it costs more to raise capital in Canada than the U.S., for example),²⁴ ensures that Canadian companies are smaller than companies in other competitive jurisdictions and thereby limits the ability of Canadian companies to access the larger foreign capital markets.²⁵ It is no surprise, therefore, that expanding the size of Canada's companies has been recognized as a key component of the defence to hollowing out of corporate Canada by the Canadian Council of Chief Executives.²⁶

Seventh, Canadian management must deal with various stakeholders that are averse to global expansion. As one commentator has noted, "the general view held by the Canadian capital markets is that it is risky for Canadian firms to take steps to grow aggressively abroad, which implies that it is safer for these firms to stay in Canada."²⁷ In addition, the "excessive emphasis on short-term earnings",²⁸ presumably driven by shareholders, also contributes to the problem.

Eighth, Canada has an open economy that has embraced global trade and investment. Although signing the North American Free Trade Agreement and other bi-lateral trade agreements has increased Canada's prosperity, as the Panel notes in the Consultation Paper, it has reduced trade barriers and thereby further exposed Canadian companies to increased competition, including presumably an increase in the possibility of acquisition by foreign companies.²⁹

²³ Ibid., p.13.

²⁴ Ibid., p.14, citing Utpal Bhattacharya, *Enforcement and its Impact on Cost of Equity and Liquidity of the Market* (May 2006 study commissioned by the Allen Task Force). See also: Hail, L., and C. Leuz, "International Differences in the Cost of Equity Capital: Do Legal Institutions and Securities Regulation Matter?", Working Paper, Wharton School (2005).

²⁵ Supra note 21 at p.13.

²⁶ Canadian Council of Chief Executives, *Competitive Offence is Best Defence Against Hollowing Out*, *Business Leaders Say* (12 October 2007), online: http://www.ceocouncil.ca/en/view/?document_id=592&area_id=1.

²⁷ Roger Martin, "Underestimating the Risk of the {Status Quo}" in *Rotman Magazine* (Spring 2007), online: <http://www.rotman.utoronto.ca/rogermartin/Underestimatingtherisk.pdf>.

²⁸ Gordon Pitts, "For Sale: Corporate Canada" in *The Globe and Mail* (9 September 2006).

²⁹ Consultation Paper, p. 6. See, in addition, Stephen Clarkson and Roopa Rangaswami, "Canada and Continental Integration under NAFTA since 9/11" in James Bickerton and Alain Gagnon, eds., *Canadian Politics*, 4th edition, online:

<http://www.chass.utoronto.ca/~clarkson/publications/Canada%20and%20Continental%20Integration%20under%20NAFTA%20since%209-11.pdf>. See also Mel Hurtig, *The Vanishing Country - Part I of III* (November 2003), online: <http://www.policyalternatives.ca/index.cfm?act=news&call=850&do=article&pA=BB736455>.

Ninth, the increasing proliferation of foreign state-owned enterprises (“SOEs”) and state-sponsored sovereign wealth funds (“SWFs”) making forays into international investment further exposes Canadian companies to acquisition. CVRD, the Brazilian company that purchased Inco, is a good example of an SOE. CVRD, now known as Vale Inco, is partially owned by certain agencies of the Brazilian government, which also owns a special class of shares that provides the government with control over important changes to CVRD.³⁰ Examples of SWFs are state-controlled funds that invest in sensitive industries such as financial services, transportation and energy. As commentators have recently suggested, the concern is that SOEs and SWFs “will use their financial clout in the pursuit of non-commercial economic, political or national security objectives.”³¹ In response to this concern, the federal government recently issued guidelines under the ICA to clarify that SOEs will be subject to increased scrutiny under the “net benefit” test of the ICA with respect to their governance structure and commercial orientation.³²

The foregoing nine factors are just some of the factors that give entities in other developed countries an advantage in acquiring Canadian companies. Moreover, we expect competition to increase dramatically in the coming years in light of key new players in the evolving global economy, such as the BRIC countries, which currently constitute approximately 45% of the world’s population.³³ In fact, if the BRIC economies continue to grow at their current pace, in 30 years their economies will be larger than the economies of the G6 combined.³⁴ Unless steps are taken now, the acquisition of Canadian companies will only increase as companies based in the BRIC countries (and their like) become more dominant on the world stage. We have seen early evidence of this with Lenovo (China) buying IBM’s personal computer business and, more recently, CVRD (Brazil) buying Inco. But in response, we have seen limited action from Canada

³⁰ Supra note 3.

³¹ Gail Book-Bennett, “The risks of sovereign funds” in *The Globe and Mail* (7 December 2007), online: <http://www.reportonbusiness.com/servlet/story/RTGAM.20071207.wagendacookbennett1210/BNSStory/robAgenda/home>. This article also explains how the CPP Investment Board is not a sovereign wealth fund since it has an “investment only” mandate and no level of government is involved in its investment decisions.

³² See Industry Canada, *Guidelines – Investment by state-owned enterprises – Net benefit assessment*, online: <http://strategis.ic.gc.ca/epic/site/ica-lic.nsf/en/lk00064e.html#state-owned>.

³³ Maureen Appel Molot, “Introduction” in *Canadian Foreign Policy* (Carleton University, vol. 13 (#2), p.11), online: <http://www.carleton.ca/cfpj/issue-archive-13.2.html>.

³⁴ *Ibid.*, p.12.

as “Canadian investment in the BRIC economies has been limited and stands as a very small percentage of total FDI in these economies.”³⁵

Ramifications of hollowing out?

Although the debate regarding the costs and benefits of foreign ownership of Canadian companies is ongoing and there are certain benefits to foreign ownership,³⁶ we feel that the following negative consequences may emerge over the long term as a result of foreign acquisition of Canadian companies:³⁷

- Reduced company employment;
- Loss of influential head offices;
- Lower tax revenue;
- Reduced capital markets listings;
- Reduced use of domestic service providers, including high-value service providers;
- Reduced or eliminated service to more remote (and less profitable) Canadian markets;
- Less innovation and R&D investment;³⁸ and
- Reduced corporate philanthropy.³⁹

If some or all of these risks are realized, Canada also runs the structural risk of transforming its cities from primary economic engines to secondary branch-plant outposts.⁴⁰ In a world where we

³⁵ Ibid.

³⁶ See Statistics Canada, *Multinationals in Canada: An Overview of Research at Statistics Canada* (November 2007), online: <http://www.statcan.ca/bsolc/english/bsolc?catno=11-622-MIE2007014>.

³⁷ See, for example, Clarkson & Rangaswami, *supra* note 29; Harry Arthurs, *The Hollowing Out of Corporate Canada* (1998), online: http://www.yorku.ca/robarts/archives/pub_domain/pdf/apd_arthurs.pdf.

³⁸ *Supra* note 36. This report states that with respect to “R&D and innovation, the results indicate that domestic producers with foreign operations ... exhibit a slightly better performance.” (p.9)

³⁹ Alison Azer, *The Changing Corporate Landscape and its Effect on Charitable Giving* (January 2003), Produced for the Canadian Centre for Social Entrepreneurship, online: <http://www.business.ualberta.ca/ccse/publications/publications/The%20Changing%20Corporate%20Landscape%20-%20final.pdf>.

⁴⁰ See Eric Reguly, “The Hollowing Out of Corporate Canada” in *Corporate Knights* (15 October 2004), online: http://www.corporateknights.ca/content/page.asp?name=hollowing_corporate_canada.

are seeing globally competitive companies in all industries becoming headquartered in a limited number of locations,⁴¹ this loss of control is disconcerting. It suggests that Canada is on the cusp of economic (and hence political) marginalization. And this is even more problematic if, as certain commentators have suggested, the current trend towards global consolidation is a structural reorganization of the global economy that is casting the mold for economic destinies for the foreseeable future.⁴² We need to ensure that Canadian companies are not being acquired by foreign companies but rather that they become the acquirers. Corporate Canada needs to become the predator, not the prey.

Moreover, the Canadian public seems to be aware of these risks. Most Canadians agree that the increasing foreign takeover of Canadian companies is a negative indication for the long-term future health of the Canadian economy and that the Canadian government should do more to limit it.⁴³

And Canada's political parties are responding to this public concern. The Conservative Party established the Panel to examine these issues. The Liberal Party felt that there should be a three-month moratorium on foreign takeovers of large Canadian companies until a panel could review Canada's foreign investment laws.⁴⁴ Finally, the New Democratic Party has also expressed concern about the number of Canadian companies acquired by foreign interests.⁴⁵

How can Canada stem the tide of hollowing out?

While there are certainly no easy answers as to how to the hollowing out challenge, we believe the Canadian government needs to adopt both a long-term and a short-term strategy to address the issue.

⁴¹ Supra note 8. See also generally Richard Florida, *The World is Spiky*, Atlantic Monthly (October 2005).

⁴² Ibid.

⁴³ Harris/Decima, *Sale of Canadian Companies a Concern* (5 September 2007), online: http://www.decima.com/en/pdf/news_releases/070907E.pdf.

⁴⁴ Stephen Azzi, "Foreign Investment Limits: Déjà Vu All Over Again" in Policy Options (July/August 2007), online: <http://www.irpp.org/po/archive/jul07/azzi.pdf>.

⁴⁵ New Democratic Party, *Jack Layton's speech to the Montreal Council on Foreign Relations* (8 June 2007), online: <http://www.ndp.ca/page/5419>.

Over the long term, we agree with the President of the Canadian Council of Chief Executives that the Canadian government needs to (1) fuel the aspirations of Canadian companies to own foreign business, and (2) ensure Canada is a preferred location for influential head-office jobs.⁴⁶ In order to execute on this strategy, the Canadian government needs to embark on a cross-disciplinary public policy improvement project that addresses the myriad factors that can empower Canadian companies and make Canada a destination for foreign (and domestic) greenfield operation head offices. While the results of the Panel’s work should factor into such long-term strategy development, more is required. The federal government needs to take a hard look at the factors (including the nine identified above) that are causing Canadian companies to miss the mark and attempt to mitigate their impact by introducing creative, fair and effective policies. These policies will likely touch on a variety of areas such as the environment, taxes, infrastructure, employment, immigration, health care, trade agreements, bankruptcy regime and education.

In the short term, the Canadian government needs to ensure that Canadian and foreign companies operating in industries where the structural limitations of Canada’s economy are greatest (“At Risk Industries”) are on a level playing field before ceasing to review whether foreign acquisitions of Canadian companies are of “net benefit” to Canada. By way of example, an At-Risk Industry would be one that requires significant up-front capital investment to penetrate a market, thereby creating high barriers to entry and exit in this industry. It is part of the nature of this kind of At-Risk Industry that there are limited opportunities for incremental growth – expansion is done in large regional or national steps. Canadian companies in such industries face, by virtue of their limited size and the other structural issues affecting them, tremendous challenges in penetrating foreign markets. If the foreign acquisition of Canadian companies were no longer subject to ICA review, leading Canadian companies in At Risk Industries would, over time, be acquired by much larger foreign-controlled entities without any review or consideration of whether such acquisitions would in fact be of “net benefit” to Canada.

⁴⁶ For more on this, see Thomas D’Aquino, *Building Canadian Corporate Champions: Issues and Priorities in the National Debate* (21 November 2007), online: http://www.ceocouncil.ca/publications/pdf/test_6a404f8a1e81bdbaf2f8d7749c8e9a77/Building_Canadian_Corporate_Champions_Notes_for_Remarks_Thomas_dAquino_November_21_2007.pdf.

In light of the foregoing, we suggest that the Panel ensure that the current standard of ICA review continue to apply to At-Risk Industries. Furthermore, such At-Risk Industries should be granted the benefit of the ICA review mechanism until the long-term strategy discussed above has been put into place and Canadian companies in this industry are on a level playing field with their foreign counterparts.

Conclusion

As mentioned at the outset of this submission, Purolator has no comment with respect to the *Competition Act* but feels that Canada's ICA review mechanism should be maintained at least with respect to At-Risk Industries. If the Panel decides that the ICA review mechanism should not apply to At-Risk Industries, we feel that there is a strong likelihood that foreign companies will acquire Canadian companies in such industries, thereby exacerbating the hollowing out of corporate Canada to the detriment of Canada's long-term economic performance.

With respect to the consultation process undertaken by the Panel, Purolator would like to commend the Panel, Industry Canada and the Government of Canada for enabling this thorough public consultation process. The existence of the Panel and of its consultation process is further evidence that Canada is at a crossroads on the issue of the productivity and competitiveness of its economy. Although we agree with the Panel that "choices will have to be made, and decisions taken," we hope that such decisions and choices are fair, effective and creative, since nothing less than our economic future is at stake.

Sincerely,

PUROLATOR COURIER LTD.



Robert C. Johnson

President & Chief Executive Officer