



**Remarks at the International Civil Aviation
Organization Reception
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Bombardier is delighted to welcome you to Montréal and this seminar as well as the ICAO Worldwide Air Transport Conference. As many of you know, Bombardier is the world's third largest producer of aircraft and Montréal is our home town.

This seminar and the ICAO Worldwide Air Transport Conference are occurring at a time when the air transport industry worldwide is enveloped in a gale of economic change. The forces of falling passenger demand, dropping yields, slowing economics, high fuel, insurance and labour costs, security concerns and now, war with Iraq, have combined to create a "perfect storm" that threatens the existence of some of the world's best known airlines. The result for the major airlines has been massive job losses, reduction of service and widespread destruction of shareholder value.

We have all felt the changes, I'm sure that many of us have our own experiences of "shock and awe" as a result of industry restructuring.

The fact that, in the midst of this crisis, ICAO has convened a conference on the challenges and opportunities of liberalization, is remarkable. I believe that this is a positive development. It is a sign of faith in the future of the air transport industry. We believe that the industry will set through this difficult phase, and you are taking steps, through liberalization, to plan for a better future.

The winds of liberalization and restructuring blowing through the industry today are creating opportunity. Not all air carriers are doing badly in the current environment. Low Fare Carriers and Regional Airlines, in particular, continue to prosper. Both low fare carriers and regional airlines have the advantages of relatively low cost structures, greater agility and aircraft capacity that is well matched to market demands. These carriers are able to respond quickly to the shifting market needs of better service and better value.

A liberalized market environment makes it possible for these carriers to respond to these needs.

In recent years, we are seeing an accelerating pace of liberalization, most notably in the European Community. Even here, between the world's two largest trading partners – Canada and the USA, true air market liberalization was only achieved as recently as 1995. Following this US-Canada "Open Skies" agreement. We saw a rapid increase and improvement in service. 30% year over year traffic and revenue growth continued from

1995 right up the events of Sept. 11, 2001. Passengers now enjoy more choice, more convenience –for example, same day return business travel became possible in many more markets and economic growth was greatly stimulated.

We at Bombardier are proud of the role that our own Canadair Regional and Dash 8Q Series played in the opening of many new transborder routes.

This seminar occurs at a time when liberalization is increasingly being embraced in emerging air transport markets. At the same time, we are seeing the emergence of viable and modern regional airline networks in countries such as China and India.

This is occurring as countries recognize that an important driver of economic growth is better air service, especially to smaller cities.

There is growing recognition of the importance of airline service using modern, efficient 50 to 90 seat aircraft. Bombardier believes that there is much untapped demand for more regional airline service worldwide. Our forecasts indicate that the worldwide fleet of regional aircraft with fewer than 100 seats will double in the next 20 years.

To conclude my remarks, the path that you have embarked upon here is critical to the future of air transport worldwide.

I encourage you to look beyond today's industry challenges to a brighter future where liberalized air travel markets result in greater trade and economic growth plus more choice and convenience for all passengers.

We believe that modern regional airline networks will be a key ingredient of successful liberalized markets.

On behalf of all my colleagues at Bombardier, I wish you a very enjoyable evening and a very successful conference.

Thank you ! Merci!.