

The basic objective of the plan is to provide a rapidly expanding market for Canadian motor vehicle and component producers. In this way production, trade, employment and efficiency will be increased to a substantial degree. In order to enable Canadian vehicle and parts producers to achieve these objectives, a number of important features were incorporated into the program. The most important of these safeguards was provided by the undertaking of Canadian motor vehicle manufacturers to expand very considerably Canadian production over a period of three and a half years. Whereas Canada has been producing some 4.0 p.c. of total North American automotive production, it has been consuming about 7.5 p.c.; as a result of the new program, Canada should be producing a substantially larger share by the time vehicles for the 1968 model year are available. Canadian exports of vehicles and parts had already increased by 95 p.c. in the first six months of 1965 over the same period the previous year and employment in the motor vehicle and parts industries had increased by 13 p.c. Since the announcement of the Canada-United States automotive agreement, there have been numerous announcements of new plants and expansions to existing plants in the Canadian automotive industries.

**Adjustment Assistance for Firms in the Automotive Parts Industries.**—An economic expansion of the magnitude of that at present taking place in the automotive industries was bound to result in certain transitional adjustments. The automotive program offers new large-scale opportunities to Canadian automotive parts manufacturers for expanded production, rationalization of output and reduced costs. As a result, many Canadian parts makers must engage in substantial re-equipment and expansion programs.

An Adjustment Assistance Program has been established to make loans available to those automotive products manufacturers who have a reasonable prospect of profitable operation but who otherwise would be prevented from doing so through lack of financing. These loans are made for the purpose of acquisition, construction, installation, modernization or development of facilities or machinery and for use as working capital. They carry an interest rate of 6 p.c. and are repayable over not more than 20 years for land and buildings and 10 years for other purposes.

**Designated Area Program.**—The Tax Incentive Program introduced Jan. 29, 1964 to foster economic development in areas of high and chronic unemployment has been replaced by a program of cash grants to new and expanding manufacturing and processing facilities as provided in the Area Development Incentives Act passed on June 30, 1965. New criteria for the designation of areas take into account not only conditions of high and chronic unemployment and slow economic growth, but now also consider the degree of under-employment as measured by low non-farm family income.

More than 250 firms indicated their intention to establish facilities in designated areas under the old program and to invest more than \$560,000,000. More than 18,500 new jobs were to be provided directly by these factories and a like number of additional jobs associated with supply and service industries. The new program embraces large regions of the country, in all 10 provinces, with 65 National Employment Service office areas and 16 counties and census divisions being designated. The new program covers approximately 16 p.c. of the labour force, compared with 7½ p.c. under the old program.

**Program for the Advancement of Industrial Technology (PAIT).**—In 1965, the Department initiated a Program for the Advancement of Industrial Technology to promote the application of scientific and technological advances to the development of new products and processes in Canadian industry. The basic concept of the program is to provide loans to help industry improve its technological capability. Projects which involve a genuine technical advance and which, if successful, offer good prospects for commercial exploitation are eligible for support. Assistance under the program was made available to individual firms or groups of firms that have the capabilities and facilities to undertake such development work and to manufacture and market the results. This program was designed to