

A program of tariff remissions on imported machinery and equipment was also introduced in order to further assist the automotive parts producers to expand and modernize productive facilities. The tariff remissions cover machinery and equipment used in the production of original equipment automotive parts, accessories and tooling when such machinery and equipment are not available from Canadian manufacturers in time to meet production schedules.

Adjustment Assistance (General).—In late 1967, the Government put forward a program of adjustment assistance related to the Kennedy Round. Objectives of the program are, first, to enable Canadian industries to benefit as much as possible from the widening markets and the increased scope for specialization and longer production runs and, secondly, to assist firms adversely affected by Kennedy Round agreements to adapt to more competitive conditions. Some firms will be forced to reorganize and re-equip to meet new challenges and others may wish to extend their opportunities. Under this program, the Government proposes to offer insurance on the major share of risk of loss for industrial adjustment assistance loans made by private lenders. Where obvious injury can be proved, direct loans may be made available. Technical assistance may also be offered to manufacturers preparing adjustment proposals in order to improve production, managerial skills, marketing and financial operations.

To be eligible for insured loans, firms must establish injury resulting from Kennedy Round tariff reductions or show that their export opportunities are significantly increased. A plan for re-structuring operations on a more competitive basis must be presented. An Adjustment Assistance Board will examine the feasibility of such plans. Finally, firms must demonstrate that suitable financing is not available from other sources on reasonable terms. Where a firm has incurred serious threat or injury due to the tariff changes, and where suitable private financing is not available, the Government may offer direct loans on the condition that a firm co-operate fully with the Board in seeking a workable solution to its difficulties. When necessary, firms may be assisted to find competent technical and professional advice from the private sector. The Government may contribute a maximum of 50 p.c. of the cost of such consulting services.

Shipbuilding Construction Assistance.—During 1967, the Federal Government continued its program of encouraging a self-sustaining and efficient shipbuilding industry. The program included examination of financial measures in support of shipbuilding and the application of general assistance plans administered by the Department of Industry. Legislation introduced in 1967 included transfer of responsibility for shipbuilding matters from the Canadian Maritime Commission to the Department of Industry.

The industry continued to respond to the policy of national competition for government shipbuilding requirements. Similarly, the industry made active use of the subsidy program for commercial vessels which provides a subsidy rate of 25 p.c. for vessels other than fishing trawlers for the period 1966-69, after which time it will be reduced by 2 p.c. each year until a rate of 17 p.c. is reached in 1972. The subsidy rate of 50 p.c. for fishing trawlers was reduced to 35 p.c.

With the support of other programs such as the Defence Development Sharing Program, the Department has encouraged the development of production of marine components and exports in this area have been increased.

Technical Missions.—Technical missions concerning magnesium manufacturing, structural steel, and powder metallurgy technology were recently organized to visit industrial establishments in the United States and Europe. The purpose of these missions is to enable Canadian business men to examine and assess the latest technological developments taking place outside Canada in their particular industries. The information gained is prepared in report form and circulated to Canadian industry.