

largely determine the industry's average plant size. However, among all 40 industries the leading four firms have much larger than industry-average plant size and this plays an important role in the degree of concentration.

17.3 Government assistance to manufacturing

17.3.1 Federal assistance

The Department of Industry, Trade and Commerce is responsible for stimulating the establishment, growth and efficiency of the manufacturing, processing and tourist industries in Canada, and also for developing export trade and external trade policies. It assists Canadian industries to initiate and take advantage of technological advances, improve products and services, increase productivity and expand domestic and foreign markets through a wide variety of programs and services. At each phase of the product cycle — from research, development and design through production and marketing — the Department can assist with information and financial assistance.

Program for the Advancement of Industrial Technology (PAIT). The objective of PAIT is to promote the growth and efficiency of industry in Canada by providing financial assistance for selected projects concerned with the development of new or improved products and processes incorporating advanced technology, which offer good prospects for commercial exploitation in domestic and international markets. The program, initiated in 1965, was revised in 1970 to provide cash grants in lieu of loans, and has been expanded to include assistance for some specific activities outside of the development phase.

Financial assistance, normally 50% of the development costs and certain eligible preproduction and marketing expenses, is available to companies incorporated in Canada for projects to be carried out in Canada. Title to any invention or patent is vested in and remains the property of the company. Companies are expected to have the capabilities and facilities to undertake the development work and also to provide for the manufacture and sale of the resulting products. Further details are given in Chapter 9, Section 9.2.6.

Industrial Research and Development Incentives Act. This legislation, enacted in March 1967, provides cash grants or equivalent tax credits equal to 25% of capital expenditures of corporations for scientific research and development conducted in Canada, and for the increase in current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years. To qualify for a grant, expenditures must be for scientific research and development which, if successful, is likely to lead to an extension of the business of the corporation. In addition, a corporation must undertake to exploit the results of the research and development in Canada and must normally be free to export products resulting from such research and development to all countries of the world (see also Chapter 9, Section 9.2.6).

Automotive Program. The Canada - United States Agreement on Automotive Products, signed in January 1965, provides for the removal of tariffs and other impediments to trade between the two countries in motor vehicles and original equipment parts. The basic objectives of the Agreement are: creation of a broader market to permit benefits of specialization and scale; trade liberalization to enable both countries to participate in the North American market on a fair and equitable basis; and development of conditions in which market forces would operate to attain economic patterns of investment, production and trade.

As a result of this program, Canada is now producing an increasingly larger share of the total North American output of vehicles and components. Canadian exports of vehicles and parts and employment in this industry have increased substantially, and investment in new plants and expansion of existing facilities have been extensive.

The Machinery Program was introduced on January 1, 1968 to increase efficiency in Canadian industry by enabling machinery users to acquire advanced capital equipment at the lowest possible cost while affording Canadian machinery producers tariff protection on what they manufacture. At the same time, Canadian machinery producers are protected by a single statutory rate of duty which applies immediately when they are in a position to supply. This is particularly significant for Canadian producers of custom-engineered machinery.

The program covers a broad range of machines classifiable under Tariff Item 42700-1 including general-purpose machinery, metalworking and woodworking machinery, construc-