

General Adjustment Assistance Program (GAAP), established in 1968 and revised in 1971, helps manufacturers take advantage of export opportunities arising from the Kennedy Round and assists manufacturers of textile or clothing goods or footwear to improve their competitive position in domestic or export markets. The program also provides assistance to manufacturers who have been injured, or are threatened with serious injury, as a result of Kennedy Round reductions of Canadian tariffs, and to manufacturers of textile or clothing goods or footwear who require financing to adapt efficiently to disruptive import competition which is threatening, or causing, serious injury. Assistance under the program is also available to firms that provide marketing, financing or other services essential to the operations of manufacturers described above.

The governing Regulations require that eligible firms for whom loan insurance or direct loans are approved be unable to acquire the financing provided by the Board or through the Board's support from conventional sources on reasonable terms and conditions.

Assistance is available in three forms: government insurance against the risk of loss on loans made by private lenders for the purpose of financing viable restructuring projects; direct government loans to eligible applicants in special cases; and grants covering up to 50% of cost to manufacturers who require outside consulting assistance to develop restructuring proposals. The program is administered by a General Adjustment Assistance Board on which both private industry and government are represented.

Ship Construction Subsidy Regulations. The Department has been responsible since 1967 for shipbuilding matters, including the Ship Construction Subsidy Regulations and certain sections of the Income Tax Act and Regulations. The industry continues to respond to the policy of national competition for government shipbuilding requirements and has made active use of the subsidy program for commercial vessels. The latter provides a subsidy rate of 17% for ships other than fishing vessels. For fishing vessels, the subsidy rate is 35%. With the support of other programs, the Department has encouraged the development of production of marine components and exports in this area have been increased. Also, assistance has been given to several shipyards to encourage modernization of shipbuilding facilities.

Shipbuilding Temporary Assistance Program (STAP). Because the demand for Canadian-flag ships has been in a temporary decline and assistance under the Ship Construction Subsidy Regulations is not applicable to foreign-flag vessels, the Shipbuilding Temporary Assistance Program was announced in November 1970 to enable Canadian shipyards to maintain their employment levels by building for the world market. STAP shipbuilding grants, paid to shipyards building for registration in countries other than Canada, were initially at 17% of approved cost (14% for very large vessels) but are now 15.5% and 12.5%, respectively. Some \$271 million of shipbuilding contracts have been obtained (to December 1972) by Canadian yards with the assistance of this program.

Pharmaceutical Industry Development Assistance (PIDA). This program was authorized by Parliament in March 1968, and is administered by the Pharmaceutical Industry Development Advisory Committee. Through PIDA, the Department encourages development of a more efficient pharmaceutical industry; by means of financial assistance, firms are encouraged to form corporate units able to employ competent management and other personnel, perform suitable research and development and undertake effective marketing programs. It enables generic drug manufacturers to improve their ability to manufacture and market lower-priced prescription drugs at more competitive prices by reorganization of their manufacturing and marketing systems. The program is particularly helpful to smaller drug manufacturers. Direct loans at commercial interest rates are available to provide the capital necessary for implementation of approved pharmaceutical industry development proposals.

Program to Enhance Productivity (PEP). PEP offers outright grants of specific amounts up to \$50,000 to support half the costs of carrying out intensive feasibility studies on the use and application of innovative techniques to achieve significantly lower unit costs of production in manufacturing and processing industries in Canada.

To be considered for a grant, an applicant should have under development, with reasonably good hope of success, some application of existing technology to the production phase of his operation as distinct from the research stage. If further data on the projected gain