

manufacturing equipment to meet exacting military standards; and assistance with pre-production expenses to establish manufacturing sources in Canada for export markets. Manufacturing equipment projects are selected for assistance on the basis that the machinery acquired will make a significant contribution to increased productivity.

**The General Adjustment Assistance Program (GAAP)**, established in 1968 and revised in 1971, helps manufacturers 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, resulting from disruptive import competition. 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 from conventional sources on reasonable terms and conditions without the program's support.

Assistance is available in three forms: government insurance against the risk of loss on loans made by private lenders to finance 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.

**Shipbuilding assistance program.** On March 5, 1975 the domestic shipbuilding assistance program, Ship Construction Subsidy Regulations (SCSR) and the export program Shipbuilding Temporary Assistance Program (STAP) were replaced by a combined program of assistance to the shipbuilding industry. This new program provides for a subsidy rate of 14% of approved costs of vessels built in Canada. This subsidy level will be reduced to 8% at the rate of 1% annually starting January 1, 1976. The program also provides for an incentive grant of up to 3% of the cost of vessels entitled to subsidies or purchased by the federal government. This incentive grant will be paid when matched by an equal investment by a shipyard and is for investment which will result in improved performance. The new program will encourage the use of Canadian materials, components and equipment when they are available at competitive prices.

**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 manufacturers of generic drugs to improve their ability to produce and market lower-priced prescription drugs at more competitive prices by reorganizing 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 implementing 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 in productivity cannot be obtained without committing additional financial resources to a more extensive in-depth feasibility study, and if the investigation would otherwise be shelved, money may be made available under PEP. The program is, however, designed to eliminate support for projects that would in all probability be carried out in the normal course of events.

If the study includes carrying out market research, not more than 25% of total approved costs should represent this component.

**The Program for Export Market Development** is designed to help increase exports of Canadian goods and services. Canadian companies may obtain repayable contributions toward