

Forms of EDP assistance. Five types of grants are available. These include: grants to offset partially the cost of consultants to develop proposals for projects for assistance; grants to study market feasibility; grants to study productivity improvement projects which, while requiring no new technology, could involve some risk; grants to promote greater use of industrial design for mass-produced products; and grants for technological innovations which could lead to industrial growth and economic benefit to the firm and to the Canadian economy.

Loans or loan insurance for adjustment projects facilitate restructuring of manufacturing or processing firms by providing last resort financial assistance. The purpose is to help Canadian firms to meet international competition in both domestic and export markets. In some cases, the usual sources of financing are inadequate for smaller and medium-sized firms, and loan insurance (guarantees) can be provided. Direct loans may also be provided, but these are restricted to firms which have been injured by import competition. These loans and loan insurance may provide for plant expansion, equipment modernization or working capital. Because of risks associated with last resort financing, this type of assistance may be associated with one or more of the grants described above.

In addition, three forms of special purpose assistance are available. These include: loans and grants to encourage restructuring of firms engaged in footwear or tanning industries; insurance on surety bonds for offshore turnkey projects; and insurance on loans, leases and conditional sales agreements to air-carriers in Canada and the United States to acquire de Havilland DHC-7 aircraft. More information on the Enterprise Development Program may be obtained from the Program Office, Department of Industry, Trade and Commerce, Ottawa.

Industrial Research and Development Incentives Act. This legislation enacted in March 1967, provided cash grants or equivalent tax credits to corporations that carried out research and development which was of benefit to Canada. As a result of restrictions in government spending, the payment of grants for work carried out after December 31, 1975 has been terminated. The last date for the acceptance of applications for grants was December 31, 1976. It is expected that the act will be repealed when all administrative work has been completed.

17.2.2 Automotive Program

The Canada-United States Agreement on Automotive Products of 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 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 an equitable basis, and development of conditions in which market forces would operate to attain economic patterns of investment, production and trade.

As a result, 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.

17.2.3 The Machinery Program

This program was introduced in January 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. 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 including general-purpose machinery, metalworking and woodworking machinery, construction and materials-handling equipment and various types of special industry machinery, such as pulp and paper and plastics industry machinery, and service industry