

Decision-making is carried out at different levels. Mixed private sector and public sector boards provide pragmatic market-oriented decisions by drawing on the experience of prominent businessmen. Decentralized boards in the various regions of Canada, with delegated approval limits, make faster decisions possible, with awareness of regional business conditions a factor.

Forms of EDP assistance. Five types of grants are available to offset partially the cost of consultants to develop proposals for projects for assistance; to study market feasibility; to study productivity improvement projects which, while requiring no new technology, could involve some risk; to promote greater use of industrial design for mass-produced products; and 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 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, two forms of special purpose assistance are available: loans and grants to encourage restructuring of firms in footwear or tanning industries, 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.

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 of benefit to Canada. As a result of restrictions in government spending, the payment of grants for work carried out after December 1975 was terminated, and the act was expected to be repealed in late 1978.

17.2.2 Automotive program

A Canada-United States agreement on automotive products in January 1965 provided for the removal of tariffs and other impediments to trade between the two countries in motor vehicles and original equipment parts. The basic objectives were 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 there were substantial increases in Canadian exports of vehicles and parts, employment in the industry, investment in new plants and expansion of existing facilities.

17.2.3 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 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 equipment. The statutory rate of duty is 2½% British preferential and 15% most-favoured-nation. Since June 1971 the program has been extended to imports covering machinery for use in sawmills and logging.

The duty otherwise payable on machines, accessories, attachments, control equipment, tools and components may be remitted if such remission is in the public interest and the goods imported are not available from production in Canada. A