

This agency is prepared to take an equity position in manufacturing industries wishing to locate in New Brunswick. A research and productivity council (RPC) provides technical support services for New Brunswick industry. RPC carries out research and problem-solving on a cost-recovery basis for clients in Canada and abroad. An industrial engineering service and free technical information are made available to NB (and PEI) companies by RPC in co-operation with the National Research Council.

16.7.5 Quebec

In Quebec the main objective of government assistance is to increase investment. For the most part, the Quebec government promotes private sector investment through its Société de développement industriel. This corporation provides financial support to firms investing in the province in growing manufacturing industries that use modern technology and have high productivity; firms that merge with, acquire or consolidate other firms to become more competitive and increase their market share; and firms that exhibit above-average development potential. Manufacturing companies unable to find financing elsewhere at reasonable rates may also obtain assistance. This may take a variety of forms: providing loans at current interest rates; assuming part of the borrowing costs; fully or partially underwriting a financial commitment; and buying a portion of a company's capital stock, provided that the corporation at no time has a majority interest in any company and that its total holdings of shares in a company never exceed 30% of its total assets.

Enormous financial resources are being used to modernize some of Quebec's major industries. The largest effort is a five-year pulp and paper development program calling for expenditures of over \$2.5 billion. Funds allocated by the federal and Quebec governments will defray up to 25% of the costs of plant modernization, environmental protection and energy conservation projects undertaken by the private sector. Quebec has launched a program to increase newsprint production capacity under a risk sharing formula worked out between the government and the paper mills. Knitting mills and textile and clothing manufacturers are eligible for grants under a four-year modernization program. These grants will cover between 30% and 90% of the allowable expenses.

The Quebec government has introduced tax breaks to help firms that need development capital. In 1977 the national assembly approved a new type of financial institution called Sociétés de développement de l'entreprise québécoise (SODEQs). These private regional corporations make risk capital available to small and medium-sized manufacturing firms and provide management advice. Shareholders of these corporations are entitled to tax reductions of up to 25% of their investment with a maximum of

\$25 per share. Manufacturing firms may benefit from accelerated depreciation allowances on machinery, equipment and antipollution devices and a number of other tax breaks. Gasoline and electricity used directly in manufacturing or processing are exempt from provincial sales tax. Manufacturing companies may also receive a full refund of tax paid on gasoline and diesel oil used as fuel for machinery or as raw materials in the manufacture of specified products. Provincial sales tax is also waived on industrial machinery used in Quebec for manufacturing or processing.

Aside from these investment incentives, the Quebec government has instituted measures to reduce risks faced by innovative companies, give them access to high-technology markets and encourage research and development. As part of its manufacturing expansion program it provides companies having high growth potential with unsecured loans; repayment depends on a project's success. Eligible firms may borrow up to \$500,000 to complete an innovative project; no interest is charged for the first two years. An industrial research centre provides research and development services and technological and industrial information services.

The government is working to open up foreign markets for Quebec businesses. The industry, trade and tourism department assigns economic advisers to Quebec delegations and offices abroad; supports firms taking part in industrial exhibitions; organizes trade missions; and disseminates information about export strategies and aspects of foreign trade. Export financing assistance administered by the Société de développement industriel includes support for consortiums or exporting companies; training on how to handle large contracts; installation and prospecting credits; transaction credits; financing distribution networks, sales offices or exhibition halls abroad; and export incentives in the form of interest allowances.

16.7.6 Ontario

The mandate of the Ontario ministry of industry and trade is to stimulate employment and income opportunity through development of Ontario's industry. The ministry assists manufacturers and service sectors to increase sales domestically and to export their products, services and technical knowledge to world markets.

The ministry's industry and trade divisions arrange for Ontario participation at trade fairs and exhibitions, organize trade missions and business opportunity missions, conduct seminars, supply information on agents and distributors and work closely with trading houses.

A program initiated in 1980 provides funding for hiring Ontario business or marketing grads to help exporters develop or expand their international marketing efforts.