

**Industrial Research and Development Incentives Act.** This legislation, enacted in March 1967, provides cash grants or equivalent tax credits equal to 25% of capital expenditures of corporations for scientific research and development conducted in Canada, and for the increase in current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years. To qualify for a grant, expenditures must be for scientific research and development which, if successful, is likely to lead to an extension of the corporation's business. In addition, a corporation must undertake to exploit the results of the research and development in Canada and must normally be free to export products resulting from such research and development to all countries of the world.

**Automotive Program.** The Canada—United States Agreement on Automotive Products, signed in 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 of the Agreement 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 a fair and equitable basis, and development of conditions in which market forces would operate to attain economic patterns of investment, production and trade.

As a result of this program, Canada produces an increasing share of the total North American output of vehicles and components. 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.

**The Machinery Program** was introduced on January 1, 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. At the same time, 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 classifiable under Tariff Item 42700-1 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 equipment. The statutory rate of duty under that Tariff Item is 2½% British preferential and 15% most-favoured-nation.

The program provides that the duty otherwise payable on machines, accessories, attachments, control equipment, tools and components, imported under Tariff Item 42700-1, may be remitted if such remission is in the public interest and the goods imported are not available from production in Canada. A Machinery and Equipment Advisory Board advises the Minister of Industry, Trade and Commerce regarding the eligibility of machinery for remission of duty in accordance with the provisions of the Tariff Item. The Board, in turn, is assisted by the branches of the Department concerned with individual industries, including machinery manufacturing. Final authority for granting remission lies with the Governor in Council.

Under the program, machinery producers may also apply for remission of duty on production parts and components included in Tariff Item 42700-1 which they cannot procure in Canada. This provision is intended to stimulate Canadian machinery manufacturers to specialize their production and enable them to compete more effectively.

Since June 18, 1971 the Machinery Program has been extended to imports under Tariff Item 41100-1 covering machinery for use in sawmills and logging. In the same year, the Machinery and Equipment Advisory Board took over from the Adjustment Assistance Board the responsibility for examining all tariff remission applications in respect of machinery and equipment or production tooling for the manufacture of original equipment, automotive parts and accessories.

**The Building Equipment, Accessories and Materials Program (BEAM)** was established to help achieve greater efficiency and productivity in the manufacture and use of building equipment, accessories and materials. The objectives of the program include: establishment of a comprehensive National Construction Information System; encouragement of modular dimensional standardization and co-ordination; acceleration of the industrialization of the building process; development and expansion of export markets; promotion of uniform building regulations and standards; and encouragement of building design excellence through awards programs.