

The Defence Industry Productivity Program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects. Emphasis is placed on those areas of defence technology having civil export sales potential. Assistance may cover the development of products for export purposes; the acquisition of modern machine tools and other advanced manufacturing equipment to meet exacting military standards; and assistance with preproduction 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 Automotive Adjustment Assistance Program, which remained in force until June 30, 1973, offered opportunities to Canadian automotive parts manufacturers for expanded production, rationalization of output and reduced costs. In order to take advantage of these opportunities, Canadian parts makers had to engage in substantial re-equipment and plant expansion. Term loans were made available for the financing of the acquisition, construction, installation and modernization of facilities or machinery and for use as working capital. The tariff remission aspects of the program are the responsibility of the Machinery and Equipment Advisory Board.

The General Adjustment Assistance Program (GAAP), established in 1968 and revised in 1971, helps manufacturers take advantage of export opportunities arising from the Kennedy Round of tariff reductions under the General Agreement on Tariffs and Trade (GATT) and assists manufacturers of textile or clothing goods or footwear 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, as a result of these reductions, and to manufacturers of textile or clothing goods or footwear who require financing to adapt efficiently to disruptive import competition which is threatening, or causing, serious injury. 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 provided by the Board or through the Board's support from conventional sources on reasonable terms and conditions.

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.

Ship Construction Subsidy Regulations. Since 1967 the Department has been responsible for shipbuilding matters, including the Ship Construction Subsidy Regulations and certain sections of the Income Tax Act and Regulations. The industry continues to respond to the policy of national competition for government shipbuilding requirements and has made active use of the subsidy program for commercial vessels. The latter provides a subsidy rate of 17% for ships other than fishing vessels. For fishing vessels the subsidy rate is 35%. With the support of other programs, the Department has encouraged the development of production of marine components and exports in this area have been increased. Assistance has also been given to several shipyards to encourage modernization of shipbuilding facilities.

Shipbuilding Temporary Assistance Program (STAP). Because the demand for Canadian-flag ships has been in a temporary decline and assistance under the Ship Construction Subsidy Regulations is not applicable to foreign-flag vessels, the Shipbuilding Temporary Assistance Program was announced in November 1970 to enable Canadian shipyards to maintain their employment levels by building for the world market. STAP shipbuilding grants, paid to shipyards building for registration in countries other than Canada, were initially at 17% of approved cost (14% for very large vessels) but are now 15.5% and 12.5%, respectively.

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