

Automotive plant planned

The federal government, the Ontario government, Chrysler Canada Limited and Perkins Engines Limited of Britain have signed an agreement which will increase investments by Chrysler in Canada and create Canada's first automotive diesel engine plant in Windsor, Ontario.

This new agreement is part of a restructuring of the February 1981 agreement with Chrysler Canada in which the federal government provided for up to \$200 million in loan insurance to the company to support investments by Chrysler in Canada.

In announcing the terms of the new agreement, Minister of Industry, Trade and Commerce and Regional Economic Expansion Herb Gray said that "we now have an agreement that will put Canada into the world forefront of light-engine diesel technology and provide more employment and investment than the previous agreement".

Total investment increased

Under the new agreement, Chrysler Canada will increase its total new investment in Canada from the \$681 million in the original agreement to \$821 million between 1980-1986. The major adjustments to the agreement include: an increase of \$147 million in the T115 van/wagon project; \$161 million for the diesel engine project; \$43 million to continue production in the Windsor van plant; removal of the \$138 million originally for the K-car; and a reduction of \$73 million related to cost savings in operations. In addition, an investment commitment of \$64 million for the diesel engine project has been made for the period beyond 1986 until 1994.

While Chrysler will not produce a K-car variant in the Windsor plant, the company will continue to produce rear-wheel drive vans and wagons in Windsor as the only North American production facility rather than moving production to the United States as projected in their February 1981 operating plan.

The total investment for the diesel engine project is \$367 million made up of the \$161 million Chrysler investment from 1980 to 1986, the \$64 million from 1987 to 1994, \$125 million for existing assets contributed by Chrysler, \$13 million for prior research and development from Chrysler, and \$4 million for prior research and development from Perkins.

For its part in assisting Chrysler to manufacture the engines in Windsor, the federal government has agreed to make \$12 million available in repayable contributions. The Ontario government will participate by contributing \$33 million in loan guarantees and a \$10 million interest-free loan to support the diesel venture.

The diesel engines will be assembled in Chrysler's Windsor plant which opened in 1965 to produce gasoline engines. Approximately two-thirds of the finished engines will be used to supply Chrysler's in-house needs for diesel-powered passenger cars and light trucks and the rest will be distributed through the worldwide marketing channels of Perkins Engines Limited to a wide variety of customers in the industrial, marine, construction, agricultural, automotive and other fields.

The contribution by Perkins Engines, a world leader in diesel engine technology, will give them a 3 per cent equity in the venture. Perkins Engines will play an important role in the ongoing research and development and in the marketing and

distribution of the engines, other than those directly used by Chrysler, through its more than 2 000 dealers and distributors in over 100 countries.

The planned production capacity of the plant is for 240 000 engines per year, with initial production to commence in 1984 for a six-cylinder engine and with four-cylinder versions to be manufactured in 1985.

Increased research and development

A key aspect of the diesel project will be Canadian participation in the research and development activity associated with the engine.

The Canadian operation will receive a world-wide mandate to produce the engine and its derivatives.

An \$11-million engine research and development centre will also be established at the Windsor plant where activity will be centred on further product development, including eventually a "second generation" engine using sophisticated electronic sensing and computer control of fuel injection processes to run on a wide variety of fuels.

Canada-Thailand initial agreement on prison sentences



William Outerbridge, Chairman of the National Parole Board (right) and Sathit Sathirathaya, Director-General of the legal and treaty division of Thailand's Ministry of External Affairs shake hands following the initialling of an agreement in Ottawa for co-operation in the execution of penal sentences.