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## DEPARTMENT OF INDUSTRY, 1966

An expanded automotive industry, a more comprehensive Area Development Programme and strong emphasis on industrial research and development for greater technological achievement highlighted the operations of the Federal Department of Industry in 1965.

### CAR INDUSTRY

The Canada-U.S. Automotive Agreement, announced last January by Mr. C.M. Drury, Minister of Industry, though a long-term programme, has already produced a marked effect. It is designed to achieve greatly expanded production and employment and to enable the industry to improve its competitive position by providing access to much larger markets. As a result of the Department's efforts to assist the industry, 187 firms have announced plant expansions or acquisition of new facilities. Of these, 71 say the expansion will increase employment by about 15,000 workers, and 99 firms report the value of new investment to be nearly \$402 million.

Canadian exports of motor vehicles and parts in the first nine months of 1965 amounted to \$220.8 million, an 83 percent increase over the figure for the corresponding period in 1964. Exports to the United States during the first nine months of 1965 were \$123.9 million, more than double the figure for the same period in 1964. Imports from the United States have shown an increase of 18 per cent - from \$427.4 million in the first seven months of 1964 to \$541 million in the corresponding period this year.

As a result of the automotive programme, the average differential in prices of comparable popular

volume models in Canada and the United States was reduced very substantially.

In August, an Adjustment Assistance Board was established by the Government to administer a programme of loans for manufacturers of auto parts and transitional assistance benefits for auto workers. The Board has so far made loans of approximately \$5 million to manufacturers of auto parts.

### AREA DEVELOPMENT PROGRAMME

In June, a new and expanded Area Development Programme was introduced. During its first three months applications were received for 103 projects, representing \$135 million invested in buildings and equipment and providing 6,000 new jobs. In June, capital grants for new manufacturing and processing facilities in designated areas, as well as for firms already located in those areas undertaking significant expansion, were introduced as an alternative to the three-year tax exemption plan previously in effect.

The number of designated areas in all Canadian provinces was increased to 81, following the broadening of the criteria for designation. The 35 areas that were designated under the original act contained only 7.5 per cent of the Canadian labour force; the new designated areas contain 16 per cent. All the designated areas are characterized by high and chronic unemployment and low non-farm family incomes.

Since the introduction of the new programme, 35 applications have been made for projects in the Atlantic Provinces. They represent an investment of \$35 million and almost 2,400 new jobs. There were 26 applications from Ontario, representing an investment of almost \$39 million and more than 2,100 new