

3. Federal and Provincial Programs and Policies

Since 1973, federal and provincial governments have introduced a number of tax incentives to encourage processing and manufacturing activity in Canada. The incentives include: (a) a 50 percent investment tax credit in qualified regions for certain processing and manufacturing investments (November 1980); and (b) provincial processing allowances and tax rebates which encourage further processing prior to export. Incentives are also available under the Industrial Regional Development Program, IRRD, PIRMD and DIPP, and general federal/provincial development agreements to encourage processing and manufacturing activity in Canada.

A constraint is the rate of growth of taxes in some provinces.

The sulphur dioxide pollution problem is of concern to NEMC at Flin Flon. The other smelters have established recovery systems years ago.

MAJOR REPORTS AVAILABLE

<u>Name</u>	<u>Type of Report</u>	<u>Year</u>
The Canadian Non-Ferrous Metals Industry	Task Force	1978
Non-Ferrous Metals Smelting and Refining	Profile	1980
Opportunities and Constraints in the Development of the Canadian Lead Sector	Profile	1981
Opportunities and Constraints in the Development of the Canadian Zinc Sector	Profile	1981

4. Evolving Environment

Constraints

1. Hygienic regulations in the work-place have forced smelters to significantly reduce metal capacity at great costs.
2. There are low, long-term growth expectations of both lead and zinc, due to the low growth of the economy, environmental control (lead in gasoline and paints), increasing use of substitution products, and maturity of the lead and zinc markets.
3. Modernization is stalled by lack of financing, considering the projected RDI's.
4. Tariffs and MTS's set up by Canada's largest customers continue to impede exports of metals and fabricated products, while permitting the free entry of mineral concentrates.
5. High provincial taxes are in some cases an impediment to financing modernization and expansion programs.

Opportunities

1. Modernization of smelters offers the best opportunity to place or keep Canada in the forefront of world technology, with regard to cost and emission controls. These new generation technologies are now available and their adoption will be a strategic move necessary to long-term survival of lead smelting in Canada, as well as the survival and growth of a number of small lead-silver mines in S.C.
2. USIE has provided major financing for R&D to develop a novel process for treating the large deposits of fine-grained ores in New Brunswick which have until now been uneconomic. Small scale R&D has recently been expanded to operation of an \$18 million pilot-plant.