rate or by the levying of no income tax on the proportion of the manufacturer's income attributable to the increased export business, or by a reduction in the amount of income tax based on the percentage of the increased value of manufactured goods exported.

While it is recognized that there are difficulties in the establishing of an equitable system of tax incentives for increased exports, it is felt that the great advantages which would accrue to Canada from increased exports of manufactured goods make it desirable that such a plan be instituted.

As examples of what is being done in other countries against whose products Canadians must compete, the concessions allowed in France, Ireland, Jamaica and Japan are outlined.

Companies in France exporting at least 20 per cent of their production with a minimum of approximately $100,000 to non-franc areas can apply for an "export card". Holders of the card are allowed the privilege of accelerated amortization of capital investments. In addition French exporters are exempted from the 20 per cent turnover tax which is responsible for producing approximately 75 per cent of the country's tax revenue.

In the Republic of Ireland, as a special incentive to encourage exports, manufacturers are granted a complete remission of tax on profits derived from new or increased export business for a period of ten years. An alternate scheme allows the company a remission of 25 per cent of the tax on total export sales for the same period. Companies located in the Shannon Free Airport area are granted the same tax concessions for a period of 25 years.

In Jamaica, industries producing exclusively for export are entitled to perpetuate duty free importation of raw materials, fuel and items for repair and replacement of equipment. In addition the companies are allowed accelerated depreciation of capital expenditure on plant and equipment with one-fifth of this expenditure being written off in each of any five of the first eight years of operation as well as other concessions under the Industrial Incentives Law or the Pioneer Industries (Encouragement) Law.

In Japan, the Exporters Income Tax Exemption System is in two parts, the ordinary exemption and the additional exemption. The ordinary exemption allows a Japanese exporter a deduction from his taxable income amounting to 80% of one-half of his total yearly export income. The additional exemption permits a deduction for tax purposes of 80% of income earned from exports booked in excess of the total for the previous year.

Scientific Research:

5. It is recommended that encouragement be given to the carrying out of specific research in Canada (*a*) by permitting corporations which so desire to write off in one year their expenditures of a capital nature on scientific research and (*b*) by removing entirely the limitation of 5 per cent of the taxable income of the preceding year on money expended on scientific research. At the same time, it is felt that there should be no limitation on research expenditures made outside of Canada for the purpose of bringing benefits to Canadian industry.

The Association is of the opinion that Canadian industry would benefit much from increased scientific research in Canada. In addition, if more scientific research were carried on in Canada, there would be greater employment for Canadians with advanced scientific training and Canada would lose to other countries fewer of its trained scientific training and Canada would lose to other encourage scientific research in Canada would be to institute adequate tax incentives. (See **Appendix "I"**).