

(g) WESTERN ECONOMIC DIVERSIFICATION CANADA

Western Economic Diversification Canada (WD) is a new federal government department responsible for promoting the diversification of the economy of the four western provinces and for advancing the interests of western Canada in national economic policy.

The federal government established a \$1.2 billion Western Diversification Fund in August 1987. WD administers the Fund through the Western Diversification Program. The department also delivers various ERDA sub-agreements.

The Western Diversification Program is headquartered and managed in the West. The guidelines for funding are flexible and the application process is straightforward. New export market development is an important focus of the Program. Companies may be assisted to introduce new products, do market research and develop marketing capability. Under the Western Diversification Program, assistance is provided in the form of contributions which WD will normally require to be repaid.

The most important factor determining whether a new project will receive assistance under the Western Diversification Program is the effect it will have on the diversification of the western Canadian economy. Most assisted projects will be in the areas of:

- new product development/commercialization
- plant establishment
- new market development
- industry-wide productivity improvement
- feasibility studies examining the market potential of new products, the commercial viability of new or expanded facilities and new technology (provided a business plan has been completed and considerable preliminary market research work has been done)
- new technology
- import replacement

Projects also must conform to Program principles concerning, for example, risk sharing (the Program is intended to "top-up" rather than replace funding from other sources), incrementality, and committed expenditures, and must not adversely affect a Canadian competitor. Certain activities outside the WD mandate will not be considered for funding.

Inquiries about the Western Diversification Program and other activities of Western Economic Diversification Canada can be directed to any of the four (4) regional offices. The focal point within WD for trade policy matters and trade related projects, including international marketing initiatives, is the Trade Sector, which serves the region from its location in the Winnipeg office.

See Appendix D for contacts.