corporate income tax is payable every year into a special account of a Canadian bank of the respective company, with the provision that the company have unrestricted drawing rights from this account; however, only for the purpose of reinvestment in Canada for future defined expansion and innovation needs (such as plant and equipment), without any repayment obligations ever. Any amounts not withdrawn for this purpose within three years from the date of its deposit on this account would have to be transferred to the Government Income Tax Office. Such a tax-credit incentive scheme would not interfere with the restrictive provisions of G.A.T.T. - which consider export subsidies as an indirect devaluation - because de facto it would constitute an internal industrial growth and innovation stimulant, in contrast to the "added value" and other direct or indirect export subsidies used by many countries.

31. In a world of rapidly and continuously changing technologies and the consequent high risk factor involved, the return of capital invested must be accordingly accelerated in order to finance perpetual innovation and fast expansion to stay abreast of technological progress and competition. Therefore, full advantage should be taken of the initially high demand for new products, as it may well level off after a short time. From this stems the direct need for incentives in the form of income tax credits as outlined above.

32. If Canada wants to profit from the world's technological explosion to a larger degree than it has up to now, it must be progressive in its thinking; act agressively; and be timely in accord with the prevailing world trend.

33. Approval in principle of the two recommendations in this brief is sought from Ottawa at the present time.