

BUSINESS INVESTMENT OUTLOOK FOR 1971

Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, has released the results of a field survey of the 1971 capital-spending intentions of some 200 large companies in Canada during 1971. This annual survey is designed to provide a preliminary indication of likely trends in total business investment in the coming year.

The firms surveyed plan to increase their expenditures on new construction, machinery and equipment from \$5,960 million in 1970 to \$6,607 million in 1971, a gain of about 11 per cent.

This expected increase in business investment is largely the result of sharply higher spending on a few very large projects concentrated in mining, oil and gas pipeline and electric utilities. Only moderate changes in spending on capital projects are indicated for other major sectors, including manufacturing, oil and gas production, financial institutions and retailers.

The coverage of the survey varied considerably among the geographic regions of Canada. It is, therefore, not possible to provide any precise measure of the regional impact. The response from interviews suggests that the sharpest increase in the value of plant and equipment to be put in place in 1971 will occur for surveyed enterprises in British Columbia, the Yukon and the Northwest Territories. Somewhat lesser but still above Canada-average gains are expected in Quebec and Ontario, while in the Atlantic and the Prairie provinces indications are that somewhat less is likely to be installed in the coming year than in 1970. This pattern could change considerably if major projects are implemented by companies not surveyed.

1970 RESULTS

At the same time last year the firms surveyed expected to increase their capital spending in 1970 by 14 per cent. The results of the most recent survey indicate that actual accomplishment in 1970 fell somewhat short of the original plans. In some regions, the implementation of capital-investment projects has been delayed by work stoppages but, more important, programs have been affected by deferrals and cut-backs related to uncertainties in the long-run market outlook and the problems of lower-than-expected cash flows and high interest rates.

The 200 large companies account for about three-fifths of total non-agricultural business investment in Canada. In the past, the investment plans of these companies have reflected closely the intentions of Canadian business as a whole. However, owing to the fact that this year the changes shown by the survey are mainly attributable to relatively few large projects, the survey results may not reflect as closely as in the past investment plans in the business community as a whole.

Capital-spending plans as outlined relate to

major sectors of private business investment only. Investment by agriculture, fishing, residential construction, governments and institutions are not included. These latter sectors normally account for almost half the total private and public investment in Canada, and their level of capital spending will have an important influence on the level of investment activity as a whole in 1971.

SUSTAINED EXPANSION EXPECTED

On the whole, the results of the survey indicate sustained expansion of business capital facilities in 1971. There are also further indications that, should the economic climate improve, certain projects now being deferred could be reactivated and add further strength to capital-investment activity of the business sector.

MOTOR-VEHICLE STANDARDS

Canada's new federal motor-vehicle safety standards will come into effect on January 1, 1971. These standards, which are part of the Motor Vehicle Safety Regulations, were published in Part II of the *Canada Gazette* on November 25.

The regulations were first published as proposals in Part I of the *Canada Gazette* on August 22, those relating to snowmobiles being included in the issue of September 19. Manufacturers, distributors, importers and others were given the opportunity to make representations regarding the proposals. The submissions received as a result of this were considered and, in some cases, resulted in revisions to clarify the original proposals.

The safety regulations currently include 29 standards relating to the design and performance of passenger cars, trucks, buses, motor-cycles and trailers, five standards limiting motor-vehicle exhaust emissions and ten standards applying to snowmobiles. They will be subjected to continual review, and additions or revisions will be incorporated to keep pace with engineering or technical advances. Safety standards for tractors and associated vehicles also are under consideration.

NATIONAL SAFETY MARK

The regulations require all Canadian motor-vehicle manufacturers or distributors to apply the national safety mark to every classified vehicle produced after the date of proclamation. The national safety mark must also be accompanied by a label certifying compliance with all applicable federal motor-vehicle safety standards. Vehicles imported for commercial purposes must also bear the certification label.

Canadian residents importing vehicles for personal use must comply with the Act and Regulations, though only those vehicles manufactured after the date of proclamation need comply with all safety standards.