

GENERAL AGREEMENT ON TARIFFS AND TRADE

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INFORMATION SUBMITTED BY GOVERNMENTS

Addendum

CANADA

The Canadian Authorities have transmitted to the secretariat, documentation bringing up to date the information on Adjustment Assistance Measures which was circulated in document COM.TD/W/6/Add.2. The text of the communication accompanying this documentation and the regulations providing for adjustment assistance in respect of the manufacture of automotive products in Canada are reproduced below.¹

In its previous reply, the Canadian Government supplied information regarding several measures designed to assist the adaptation of the Canadian economy to changing patterns of production and trade. These measures are not directly related to assisting sectors of the economy where dislocation has been caused specifically by increased imports, but rather to assist in the adaptation of the structure of the economy, particularly in areas of slower economic growth.

Since the Canadian Government submitted this information there have been some further changes in these measures. The programme to improve the economic development and industrial adjustment of areas characterized by high levels of unemployment and the programme to assist farmers have been revised and expanded; a further programme to assist workers in moving from areas of high unemployment to areas where there are jobs available has been initiated, and a programme of assistance to firms and workers in the automotive sector, to enable this industry to expand and adjust in the light of changes in the pattern of production resulting from the Canada/United States Agreement on Automotive Products, has been developed.

Copies of the new regulations and legislation concerning the Area Development Incentives Act, the revised Agricultural Rehabilitation and Development Agreement and the regulations providing for adjustment assistance for the manufacture of automotive products are attached; copies of the regulations concerning labour mobility grants will be forwarded as soon as they are available.

¹Single copies of the legislation and regulations pertaining to other changes mentioned in the communication are available at the secretariat for consultation.

REGULATIONS PROVIDING FOR ADJUSTMENT ASSISTANCE IN RESPECT
OF THE MANUFACTURE OF AUTOMOTIVE PRODUCTS IN CANADA

Short Title

1. These Regulations may be cited as the Automotive Manufacturing Assistance Regulations.

Interpretation

2. In these Regulations,

- (a) "automobile" means a four-wheeled passenger automobile having a seating capacity for not more than ten persons;
- (b) "automotive programme" means the Canada-United States Agreement on Automotive Products, Order in Council 1965-99, and the Letters of Commitment addressed to the Minister of Industry from the several automotive products manufacturers, taken together;
- (c) "Board" means the Adjustment Assistance Board established under these Regulations;
- (d) "bus" means a passenger motor vehicle having a seating capacity for more than ten persons or a chassis therefor, but does not include any following vehicle or chassis therefor, namely, an electric trackless trolley bus, amphibious vehicle, tracked or half-tracked vehicle or motor vehicle designed primarily for off-highway use;
- (e) "eligible manufacturer" means a person, firm or corporation, not being a manufacturer of automobiles or a subsidiary wholly-owned corporation or subsidiary controlled corporation of an automobile manufacturer or its parent corporation, that in the opinion of the Board is
 - (i) a manufacturer in Canada of parts or accessories or both or of parts of either, other than tyres or tubes, for use as original equipment in automobiles, buses or specified commercial vehicles, or
 - (ii) a manufacturer in Canada of buses or specified commercial vehicles or both;
- (f) "specified commercial vehicle" means a motor truck, ambulance or hearse, or a chassis therefor, but does not include any following vehicle or chassis therefor, namely, a bus, electric trackless trolley bus, fire

truck, amphibious vehicle, tracked or half-tracked vehicle, golf or invalid cart, straddle carrier or motor vehicle designed primarily for off-highway use, or any machine or other article required under Tariff Item 438a to be valued separately under the tariff item regularly applicable thereto; and

- (g) "subsidiary wholly-owned corporation" and "subsidiary controlled corporation" have the meanings assigned to those expressions by the Income Tax Act.

Adjustment Assistance Board

3. (1) A committee is hereby established to be known as the Adjustment Assistance Board, consisting of

- (a) a member to be appointed by the Governor in Council, who shall be the Chairman of the Board, and
- (b) the persons for the time being holding, respectively, the offices of Deputy Minister of Industry, Deputy Minister of Labour, Deputy Minister of Finance, and Deputy Minister of Trade and Commerce, who shall be ex officio members of the Board.

(2) All the powers, duties and functions of an ex officio member may, in the event of his absence or temporary inability to act, or in the event of a vacancy in the office, be exercised during such absence, inability or vacancy by such other officer of the Department concerned as the Minister thereof may nominate for the purpose.

4. (1) The Board shall administer loans made under these Regulations and shall perform such other duties and functions in respect thereof as the Minister of Industry may assign to the Board.

(2) Except for the purposes of the report required under section 13, the Board shall not exercise any powers, duties or functions after the 31st day of December, 1968.

(3) The Minister of Industry may after the 31st day of December, 1968, and with the approval of the Governor in Council, assign to one or more departments or agencies of the Government of Canada the functions previously exercised by the Board in respect to the administration and servicing of loans made under these Regulations.

5. Subject to these Regulations the Board may make such by-laws and regulations as may be necessary for the conduct of its meetings and the management of its affairs and the performance of its duties.

6. (1) In carrying out its duties and functions under these Regulations the Board shall use the existing staff and facilities of departments and agencies of the Government of Canada and such staff and facilities shall, to the extent practicable, be made available to the Board.

(2) The Departments of Industry and Labour, respectively, shall, with the approval of the Treasury Board and subject to the Civil Service Act, establish such positions on their establishments and employ such employees as may be necessary to assist the Board in carrying out its duties and functions.

Adjustment Assistance for Eligible Manufacturers

7. Where, in the opinion of the Board,

- (a) the overall production of an eligible manufacturer is or will be reduced to a substantial extent as a result of the automotive programme and a consequential shift of production from the eligible manufacturer to a manufacturer outside Canada or to a motor vehicle manufacturer in Canada or to another manufacturer making original-equipment automotive products, or
- (b) an eligible manufacturer would not be able without additional investment to achieve the scale of output required to operate viably under the changed conditions of manufacturing resulting from the automotive programme,

a loan may be made to the eligible manufacturer in accordance with these Regulations for the purpose of enabling the eligible manufacturer to acquire, construct, install, modernize, develop, convert or expand machinery, equipment, buildings or land or other facilities or to acquire working capital in a manufacturing or processing enterprise, if, in the opinion of the Board, the loan would provide the eligible manufacturer with a reasonable prospect of a profitable operation that is not available through other sources of financing.

8. (1) An eligible manufacturer who requires a loan under these Regulations shall make application therefor to the Board and shall submit with his application such information as the Board may require.

(2) If the application for the loan is approved by the Board, the applicant shall enter into a loan agreement in such form and subject to such terms and conditions as may be determined by the Board, and a loan in the amount specified, for the purposes specified and subject to the terms and conditions specified, may be made to the applicant by the Board on behalf of the Minister of Industry.

(3) The amount of a loan shall be advanced to the applicant on the requisition of the Board out of the amounts appropriated therefor by Parliament.

9. (1) A loan made pursuant to these Regulations shall bear interest at the rate of 6 per cent per annum and shall be secured, to the extent deemed advisable by the Board, by

- (a) stocks, bonds or debentures of municipal and other corporations, whether secured by mortgage or otherwise or by Canadian, provincial, municipal, British, foreign, and other government securities;
- (b) negotiable warehouse receipts and bills of lading;
- (c) goods, wares and merchandise; and
- (d) mortgages or hypothecs on any real or personal, movable or immovable property, including second mortgages.

(2) A loan made pursuant to these Regulations shall be for such term, not exceeding

- (a) twenty years, if the loan is to be made in respect of the expansion, development, modernization, conversion or acquisition of any buildings or real or immovable property, or
- (b) ten years, in any other case,

as may be fixed by the Board.

(3) A loan made pursuant to these Regulations may be repaid in whole or in part at any time in advance of the due date without notice or bonus.

(4) During the currency of a loan made pursuant to these Regulations the borrower shall maintain such insurance coverage as the Board may prescribe.

10. Any security given for a loan made pursuant to these Regulations may be surrendered, retransferred or reconveyed in exchange for other security upon the approval of the Board or such other agency of the Government of Canada as the Minister of Industry may designate for the purpose.

11. The Board shall keep such records and books and make such reports on its activities from time to time as the Minister of Industry may require.

Adjustment Assistance for Employees

12. (1) Where, in the opinion of the Board,

(a) ten per cent of the work force or fifty employees, whichever is less, of

(i) an eligible manufacturer or of a particular branch or sub-division of his undertaking,

(ii) a manufacturer in Canada of automobiles or of a particular branch or sub-division of his undertaking, or

(iii) of a particular branch or sub-division in Canada of the undertaking of a manufacturer of automobiles

have been or will be laid off for a period of four weeks or more; and

(b) the lay-off, or a proportion thereof determined by the Board, was or will be caused by the termination or decrease of production, or other activity arising from the implementation of the automotive programme,

the Board shall so certify to the Department of Labour.

(2) A certificate issued by the Board under sub-section (1) shall contain

(a) a list of the employees affected by the lay-off, together with their social insurance numbers and their addresses; and

(b) the effective date of the lay-off;

and shall state whether or not each of the employees named in the certificate is affected by a supplemental unemployment benefit plan in force at the time the certificate is issued and whether the employer has agreed to remit, in accordance with the Transitional Assistance Benefit Regulations, the amount of the benefit to which such employee would be entitled under the supplemental unemployment benefit plan.

13. The Board shall, within three months of the termination of each fiscal year ending before the 1st day of April, 1969, furnish a report to the Minister of Labour in respect of the certification by the Board of employees for transitional assistance benefits during that fiscal year.