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Follow-through for Prosperity

## CANADA AND THE CHEMICAL INDUSTRIES

One of a series of Government of Canada responses  
to sectoral participants in the Prosperity Initiative

Industry, Science and Technology Canada

May 1993

*Aussi disponible en français*

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## I. THE CHEMICAL INDUSTRIES ROUTE TO PROSPERITY

The Government of Canada's Prosperity Initiative got under way in earnest in October 1991 when a group of accomplished Canadians answered the government's call to review our country's ability to compete in the global economy and draw up a concrete plan to improve our performance. As part of the Initiative, federal ministers asked sector-based groups of industries to undertake a similar analysis of their own industries.

The sectoral groups were encouraged to bring together management, workers, customers, suppliers, governments, and others holding a stake in the prosperity of the sector. They produced a series of action plans, which assisted the national Steering Group on Prosperity to prepare its final report, *Inventing Our Future*.

The federal government is responding to the recommendations in both *Inventing Our Future* and the sectoral reports. This paper summarizes the response to the analysis presented by the Chemical Sector Grouping Consultative Committee in its action plan, *Toward an Internationally Competitive and Responsible Canadian Chemical Sector Grouping*.

Nationwide, the Prosperity Consultations showed that Canadians are eager to tackle the problems of becoming more competitive. They realize that new jobs come from competitive industries that rely on the latest technology and continually seek new markets. These are the industries that can pay top dollar for the most productive employees. They generate the economic strength on which our social programs depend.

The Government of Canada looks forward to pursuing partnerships both at the national level and with the chemical industries and other sectors of the economy. *Toward an Internationally Competitive and Responsible Canadian Chemical Grouping* sets out a plan for the chemical industries that can be a strong foundation for joint commitments by the sectoral partners to achieve progress in all areas of this sector.

## II. HONING THE COMPETITIVE EDGE

The Government of Canada saw the sectoral consultations as a challenge for both the private sector and governments themselves. For the private sector, the challenge was to find consensus among the many interests that have a say in such critical areas as training, technology, marketing, environmental management, supplier-customer relations, and workplace organization. The challenge to governments was to find ways to support the implementation of the private-sector consensus without straining scarce public resources.

The challenge to both the private and public sectors together was to set up a process for frank exchange of views and ideas about what each individually, and both working together, can do to hone Canada's competitive edge.

The sectoral consultations brought together all who must cooperate to make an industry more competitive: management, workers, educators, consumers, suppliers and governments. For some industrial sectors, this represented the continuation of an established pattern. For others, it represented a new way of looking at their sector. In either case, the goal was to build sectoral partnerships with joint commitments by the partners to do what needs to be done to make the sector more competitive.

Through this extensive process of inquiry, consultation, and reporting, the Prosperity Initiative brought competitiveness to the forefront of the public agenda. It must stay there.

The economic success of an individual, a firm, an industry, and ultimately the country depends on a host of small improvements made every day. Most often these result from innovations in the private sector spurred on by the need of a particular firm to remain competitive with rivals at home or abroad. Firms must be open to innovation to be competitive. It is a way of thinking and working every day, not a one-time event.

Since the sectoral reports covered many topics broader than the sector, this paper begins with a section on the federal government's response on the broad issues raised in both the national and sectoral reports emerging from the Prosperity Initiative. The paper then develops, in section I, some general ideas on how the sectoral partnerships can be made effective. Finally, section V deals with partnership in the particular industry addressed in this paper.

### III. A NATIONAL FRAMEWORK FOR PARTNERSHIP

The federal government has taken several economy-wide actions that relate to policies and programs proposed in the national and sectoral action plans of the Prosperity Initiative. Many of these federal measures date from earlier years but are now being enhanced to take into account the recommendations in *Inventing Our Future* or the broader-than-sectoral concerns of the sectoral industry groups.

Clearly, governments have an important role in creating an economic climate that encourages growth and high living standards. On the macroeconomic side, while we have achieved the low-inflation targets, more needs to be done to curb the high federal and provincial deficits and growing public debt. Such deficits discourage productive investment, keep real interest rates (after inflation) high, and increase the cost of funds to the private sector.

The consultations emphasized the essential role of government in maintaining competitive taxation, framework and regulatory policies, a sound financial sector regime, and highly developed public infrastructures. All contribute importantly to industrial competitiveness.

Action by the federal government to spur economic performance has been apparent in six areas:

- developing competitive market infrastructure and regulation;
- paying more attention to innovation and new technologies;
- promoting a more skilled, adaptable workforce;
- improving small business access to financing at more competitive costs;
- introducing tax incentives for investment in business growth; and
- strengthening the international orientation of Canadian industries.

Let us look at the measures adopted in each category and their contribution to economic efficiency and growth.

## 1. Market infrastructure and regulation

- **The North American Free Trade Agreement** NAFTA signals the high priority the federal government attaches to opening trade doors for Canadian firms. Once ratified, NAFTA will create a free trade area of more than 370 million potential consumers for Canadian goods and services.
- **Controlling the deficit and tax burden through government spending cuts** The 1991 and 1992 federal budgets, and the December 1992 Economic Statement continued the federal government's approach of encouraging private sector investment and productive activity through the judicious use of tax incentives and reduced public spending to maintain its fiscal position. The December Economic Statement announced \$8 billion in federal spending cuts over the next two-and-a-half years by freezing the salaries of elected officials and civil servants, reducing government operating budgets, and cutting grants and subsidies to most organizations and interest groups.
- **Reducing regulatory requirements** In response to recommendations from industry groups, 19 federal government departments and six agencies were to review their regulations by April 1993 to eliminate over-regulation. The review includes all costs associated with regulations, including their impact on industry competitiveness. Earlier regulatory reviews in three departments resulted in modification or cancellation of more than 125 of the 245 regulations studied.
- **Improving infrastructure** The Prosperity Action Plan and the sector consultations make clear that prudent infrastructure spending is an investment in Canada's future. The government has followed through by assisting an immediate start on priority highway projects in New Brunswick and Nova Scotia, as announced in the December Economic Statement. The government is in the process of determining the environmental soundness and financial viability of the specific design favoured for a fixed link between Prince Edward Island and the mainland. The government is contributing to upgrading federal bridges in Montreal and roads in western national parks. It is making investments to improve the efficiency and safety of Canada's air and rail transport systems.
- **Creating 21st century infrastructure** Following through on the national and sectoral recommendations of the Prosperity Initiative, the government is supporting a project led by the private sector to create a high-speed, broad-band electronic information highway that will greatly benefit both its builders and users. The first stage will be the Canadian Network for the Advancement of Research, Industry and Education (CANARIE). At the same time, the government extended for five years the program of Networks of Centres of Excellence, which brings together 15 research groups or alliances, including companies and

institutions, to conduct research leading to advances in technology. The effectiveness of the Centres of Excellence will be bolstered by CANARIE.

- **Lowering tariffs on key inputs** Tariff rates on textiles that are key inputs for other manufacturing will be substantially reduced over the next six years, with a first series of cuts implemented on January 1, 1993. In February 1992, customs duties were removed from some 25 categories of consumer products that are not made in Canada, representing about \$1 billion in annual imports; this was at the request of Canadian retailers to encourage shopping in Canada. Further analysis is under way to ensure that our tariff schedule reflects the competitive interests of Canadian industry.
- **Making Canadian export financing more competitive** The government is revising the Export Development Act in response to industry recommendations. Changes will provide more flexible, timely and responsive service to Canadian exporters.
- **Negotiating to eliminate internal barriers to trade** Federal, provincial and territorial ministers of trade agreed at a meeting in Montreal, March 18, 1993, to launch comprehensive negotiations by July 1 to eliminate barriers to the free movement of goods, services, people and capital within Canada. They decided to try to reach agreement by June 30, 1994. The goals of the negotiations include a practical, effective, and efficient mechanism to settle disputes. The chief negotiators were to hold their first meeting early in May.

## 2. Innovation

- **Improving the Scientific Research and Experimental Development (SR&ED) tax credits** After extensive consultation with industry, the federal government responded to their recommendations to revise the rules governing this credit so that companies will have readier access to it. The February 1992 budget allowed for an additional \$230 million over five years for credits to Canadian companies undertaking research and development.
- **Introducing tax incentives to encourage technology upgrading and business growth** The December Economic Statement set aside an additional \$400 million in tax incentives to help Canadian firms adopt new technologies and make other productive investments to adapt and grow. The government will consult industry on improved tax treatment for equipment made obsolete by rapid technological change, investments in research and development, and the use of patents and industrial processes.



- **Expanding the Industrial Research Assistance Program (IRAP)** Sector consultations confirmed that IRAP effectively stimulates R&D in small and medium-sized businesses. In response to industry support, funding has been increased to expand this successful program; coordination of IRAP with other federal activities will be strengthened.
- **Establishing a National Quality Institute** The federal government has agreed to play its part in effecting the steering group's recommendation for a National Quality Institute, a project led by the private sector, as a strategic investment in institutional infrastructure. The Minister of Industry, Science and Technology and Minister for International Trade has also proposed the establishment of a Canadian Network for Total Quality (CNTQ) in partnership with labour, business and the academic community to promote a commitment to quality in Canada. The CNTQ would include a National Quality Initiative to:
  - establish a clearing house for "best practices",
  - develop a national quality strategy, and
  - provide training and guidance to industry and other organizations.

### 3. A more skilled and adaptable workforce

- **Upgrading the skills of unemployed Canadians** The December 1992 Economic Statement increased 1993 funding for active labour force development by \$300 million to \$2.2 billion. The increase will provide special services to upgrade skills for workers who lose their jobs after long-term employment. This \$2.2 billion — up from \$500 million in 1990 — is a substantial federal commitment to developing employee skills. When combined with the Canadian job strategy, the total commitment in this area is \$3.8 billion.
- **Increasing the quality and amount of workforce training** Canada, while lacking the deep-rooted training culture of competitors like Japan and Germany, is not starting from scratch. Here at home the Western Wood Products Forum and the Canadian Automotive Repair and Service (CARS) Council deal with issues of training, competitiveness and productivity. To encourage and extend these best practices, the federal government will spend \$250 million over five years to help create 60 sectoral training councils. Each council, involving both labour and management, will examine the training needs of workers in its field of responsibility and develop private-sector training strategies in partnership with stakeholders. The government will also examine tax incentives to help employers defray the cost of training to meet occupational standards.

#### **4. Cost and availability of capital for small businesses**

- Small businesses are big job-creators and innovators in Canada, but they have traditionally had more difficulty than large businesses in obtaining financing at competitive rates. The December Economic Statement took significant steps to lessen this problem by:
  - extending the Small Business Financing Program to the end of 1994;
  - simplifying and expanding the provision for investment in small business through RRSPs and labour-sponsored venture capital funds; and
  - introducing measures to help junior oil and gas companies raise capital to finance new exploration.
- To further increase the availability of financing to small business, the government introduced amendments to the Small Business Loans Act that came into effect April 1, 1993. They will:
  - increase the maximum loan from \$100,000 to \$250,000, and the maximum annual revenue for eligibility from \$2 million to \$5 million;
  - provide a more flexible pricing structure by introducing fixed, as well as floating, interest rates; and
  - free working capital for borrowers by introducing: (1) refinancing of fixed assets purchased up to 180 days previously, (2) 100-percent financing of asset purchases, instead of 80-90 percent, and (3) a limitation on personal guarantees of 25 percent of the loan amount, instead of no limit previously.

#### **5. Tax incentives for business growth and investment**

The December Economic statement added to the tax incentives in the February 1992 federal budget, which included increases in rates of capital cost allowance, reduction in manufacturing tax rates, and expansion of the R&D tax credit. The December measures included significant new tax incentives to encourage small business growth, comprising:

- a new 10-per-cent tax credit for investment by small businesses in machinery and equipment;
- a one-year holiday from paying unemployment insurance premiums for small businesses hiring new employees; and

- the extension of the Home Buyers' Plan for an additional year, enabling first-time home buyers to use funds from their RRSPs to purchase homes.

## 6. Strengthening the international orientation of Canadian industries

- **Exploiting NAFTA** The federal government is committed to implementing NAFTA and helping Canadian firms exploit the market opportunities it presents to increase sales and create jobs.
- **Accessing the North American market** The federal government has launched the Access North America program to help Canadians take advantage of trade and investment opportunities arising out of NAFTA. The project includes support for a Canadian business centre in Mexico City that will provide a wide range of services to Canadian firms doing business in Mexico, a New Exporters to Mexico (NEWMEX) program, an expanded fairs and missions program, an extensive market information and export education component, and programs to capture investment opportunities. Access North America will cost \$27 million over four years.
- **Creating a Forum for International Trade Training (FITT)** NAFTA and international trade liberalization create only the potential for export market development. To realize the gains, more Canadians need the skills and know-how to be global traders. FITT, led by the private-sector, is a partnership of government representatives and such stakeholders as the Chamber of Commerce, the Canadian Federation of Labour, and the Canadian Exporters Association. In December 1992, FITT announced a program to bolster international trade education in Canada, with special emphasis on small and medium businesses and young people. The partners are committed to ensuring that graduates of the program have the skills Canadian business needs to exploit emerging markets.

#### IV. REAPING BENEFITS FROM A SECTORAL APPROACH

##### Teamwork is paying off

The potential for improving industrial competitiveness by focusing attention on sectors of interconnected industries is a key lesson of the sectoral Prosperity Consultations.

The consultations required that companies in each sector get together with their workers, customers, suppliers, educational institutions and all levels of government to produce their sector-based reports. The team efforts produced a strong sentiment that this was the way to resolve problems and implement improvements. Competitiveness cannot be achieved or maintained solely through independent measures by individual firms. Problem-solving requires the partnership of wider groups of interests than may have been the case in the past.

A sector-based approach means looking at a segment of the economy in the broadest terms and bringing together those who can influence its performance with a view to making needed changes. Different interests will not always agree, but this approach does hold promise for making real progress on the competitiveness of Canadian industry. Participants in an industrial sector cannot afford to act alone, often at cross purposes with each other.

The federal government, for its part, is willing to develop the partnerships necessary with a variety of groups in each sector to make the process positive and productive. The foundation of these relationships must be realistic expectations about what other parties can do and a willingness to participate in a frank dialogue and the ability to turn consensus into action.

In the case of government, it has become clear to most Canadians that the fiscal capacity for providing direct assistance or tax breaks has been exhausted. This does not mean that the federal government will cease to be a participant in economic development matters, but any future interventions will be more modest and more targeted than efforts of the past.

Governments' impact on business is much broader than the provision of direct or indirect assistance, in any case, and much can be done in partnership with industry to increase competitiveness at low cost to the taxpayer. For example, removing interprovincial trade barriers could add several billion dollars to Canada's GDP. The focus will be on efficiency in the delivery of services and programs, greater coordination with provinces and other level of governments, and using information as a source of competitive advantage. The latter item will require the federal government to spend more time and attention on working with others to develop information about



Canadian competitive performance and then ensuring that this information is put in the hands of those who need it.

There are also constraints on the ability of other players in the sectoral approach. Indeed, competitiveness itself is not an absolute goal. There will be tradeoffs between the quest for competitiveness and other vital interests, such as the environment. The point of the sectoral approach is to make choices and tradeoffs in a way that is transparent to others who also have a stake in the development of the same part of the economy.

### **The knowledge quotient**

The sectoral approach discussed here lends itself to government partnership based on the kind of knowledge products, services, and programs increasingly needed in today's economy.

The sectoral approach emphasizes customized products and services that respond to the particular pressures in the industry. In sectors where small businesses predominate, for example, products and services provided by governments might include strategic business planning and financing information, export services, management improvement services, and similar instruments.

The short shelf-life of knowledge products and services means that they have to be developed and delivered quickly, and kept updated and adapted. The private sector wants governments to simplify, rationalize and consolidate their product lines and make them more easily accessible.

The sectoral approach brings together all the tools of government to address issues of sectoral concern, from tax incentives and communications infrastructure to patent policy, education and people skills. That is, it involves a one-window concept that pulls together relevant federal, provincial, perhaps even municipal, services and makes them available in one place. This will respond to the complaint, often-heard in the consultations, that governments have a confusion of uncoordinated, opaque and overlapping programs and services that are hard to understand and use.

### **Elements of the sectoral approach**

Effective sectoral partnerships with economic stakeholders will require governments to act in four ways:

- Broad framework policies must be set only after a full assessment of their impacts on the major sectors of the economy.

- General economic measures must be framed in ways that promote competition and sectoral competitiveness.
- Sectoral industrial policies must reinforce economy-wide policies and provide information and intelligence, and knowledge-based products, programs, and services to help industries meet the competitiveness challenges they face in the new world economy.
- Governments must encourage the development and maintenance of active sectoral partnerships.

In the concluding section of this paper we turn to the business of putting these principles into practice in the sector to which the paper is addressed.

## V. PARTNERSHIP IN THE CHEMICAL INDUSTRIES SECTOR

### The challenge

Globalization and accompanying changes in industrial and consumer demand have subjected the world chemical industry to accelerating change in recent years. Adaptation has been particularly difficult for companies in some sectors because of increased import competition.

The chemical industries sector is one of the five largest industry groups in Canada. It brings together the chemical, chemical processing and plastics processing industries as well as distribution industries associated with them. The chemical industry proper consists of the petrochemical, inorganic, specialty chemicals, fertilizer and fine chemicals industries. The chemical processing industries consist of the variety of formulating industries, including pharmaceutical, paints and coatings, pesticides and chemical specialties. The plastics processing industry consists of the variety of processors that use synthetic resins as their raw materials.

The chemical industries carry out the value-added steps that transform primary products such as oil, gas and minerals into the raw material for a broad spectrum of industrial and consumer products. Annual sales in the sector are \$37 billion, with exports accounting for \$8 billion. Employment is over 200,000. The sector represents about 12 percent of Canadian manufacturing shipments, and 10 percent of manufacturing employment.

Since the early 1980s the Canadian chemical industries have been rationalizing operations. Some outdated facilities have been closed and not replaced as other countries have become more attractive than Canada for new investments. In addition, restructuring within the global context has resulted in a number of multinational companies withdrawing key management functions from Canadian operations and relocating these functions to their home base. The sector is growing worldwide, however, and major investments are being considered now by the large players. It is crucial to the future prosperity of the sector that Canada attract its share of these investments. The Canada-U.S. Free Trade Agreement will help win new projects for this country.

The chemical industries have had to invest heavily in environmental improvements. In the late 1970s and early 1980s, opinion studies indicated that the public lacked trust in the industry and found it too secretive and inattentive to those around it. This brought a top-down commitment to change perceptions, build trust and perform better in the communities and the country. Through efforts such as Responsible Care, Emergency Response, reuse of crop protection chemicals containers, and better

disposal of paint solvents, the sector has become a Canadian and world leader in demonstrating corporate environmental responsibility.

Industries in the chemical sector will have to accelerate their response to rapidly altered business patterns and more demanding public expectations. Old levels of research and development sufficient to produce commodity products are now not adequate for the new value-added products and the markets that demand them.

In the specialty, formulating and processing side of the sector, success for the smaller players, and even survival in some cases, will hinge on the development of new products for international markets. These firms will have to find market niches, increase research and development, benefit from further elimination of trade barriers, form stronger links with the scientific community, join in partnerships with larger players, and achieve access to the best technologies. Governments can assist companies in all these endeavours, often without heavy expenditure.

#### **Industry assessment and commitments**

In its 1992 report, the Chemical Sector Grouping Consultative Committee proposed a code of responsible corporate citizenship for all sector companies. The concept was based on the success of the voluntary Responsible Care program for management of chemicals for health, safety, and environmental considerations, launched by the Canadian chemical industry several years ago and now widely adopted around the world.

Responsible corporate citizenship includes concern for shareholders, employees, and — by helping to create economic wealth — Canadian society. The industry's report highlights several areas for priority action by the private sector, and these have been taken up by six working groups. Some of the main suggestions follow:

- **Innovation** The Innovation Working Group states that new product manufacture will be essential to maintain and expand the sector, with export of a significant part of production, if it is to meet the increased competition resulting from trade liberalization.

The Canada-U.S. FTA provides new freedom to export if Canadian products are distinct and well priced. The sector's action plan calls for partnerships between industry and governments to achieve this goal by:

- expanding the capability of Canadian companies to develop and export new products;



- persuading multinational companies that entrusting world research and product mandates to their Canadian subsidiaries for selected product lines is the best strategy for their corporation; and
- promoting the significant attractions for industry to conduct research and development for innovative products in Canada.

The report suggested consideration of a federal program aimed at supporting Canadian industry development of specific innovative products for manufacture and export similar to the program for the forest industries. The program could reduce risk to companies willing to expand in Canada, and support Canadian subsidiaries seeking research and product mandates from their parent firms, by making this support contingent on first production of products in Canada and on repayment from profits in the case of successful products.

- **Regulatory issues** The report proposed guidelines to make Canadian regulations better than, or equal to, regulations in competing countries, including:
  - interprovincial harmonization and elimination of federal-provincial duplication;
  - harmonization of regulations with Canada's trading partners;
  - prompter decision-making in the regulatory system;
  - broad-based scientific support for regulations;
  - regulatory compliance for imports equivalent to that for domestic products;
  - encouragement by governments, as partners in industrial development, of multi-stakeholder consultations, performance-oriented regulations, and alternatives to regulating;
  - a competitiveness test for new or changed regulations, including an assessment of the cumulative impact of the changes.
- **Human resources** The private sector and academic communities have agreed that closer links are needed. The industry must adopt a learning and training culture. The Education Working Group is completing its report and action plan. The Society of the Plastics Industry (SPI) and its members are preparing education and training plans for their industry with the goal of upgrading and expanding their pool of skilled workers, and promoting the plastics industry's competitiveness. The results are seen in public and high school programs, in R&D centres like the Composite Materials Technical Centre, training programs like the

Canadian Plastics Training Centre, apprenticeship programs through community colleges, and other training and seminar activities.

- **Investment climate** The report of the Investment Working Group stated that companies must see a clearly discernible advantage for any new investments to be made in Canada rather than competing countries, particularly the United States. The group proposed tax changes that, if matched by provinces, would remove the Canadian disadvantage relative to the U.S. and promote achievement of the group vision. Other less critical issues included Ontario electrical costs and workman's compensation expenses. Finally, small and medium enterprises needed easier access to debt and equity capital.

#### **Federal commitments to the chemical industries partnership**

The federal government has been preparing responses to each recommendation in the sectoral and working group reports as they appear. Here, we will briefly outline the partnership commitments to date of the Government of Canada, representing the public stake in the chemical industries sector at the federal level.

- **Innovation** Fiscal constraints prevent the government from supporting a new program to cost-share innovation development at the present time. But the proposal is worthy of further development and discussion.

ISTC will support these other elements of the innovation action plan this year:

- Success stories by Canadian companies on development of new chemical sector products and on achievement of successful research and product mandates will be compiled with the help of the Innovation Working Group.
- User-friendly inventories of federal-provincial funding of R&D, and of international technology sources will be compiled.
- Further support for industry-university collaboration provided by the Institute for Chemical Science and Technology (ICST) will be considered in the coming year. The government supports plans to encourage small and medium enterprises to belong to consortiums and to allow sector-specific participation by individual companies.
- A simplified information bulletin will be prepared and published explaining Canada's R&D tax credit system.

- **Regulatory issues** Several government departments have been considering the industry's proposed regulatory guidelines, as have the ministers of economic development in each province. Responses received to date indicate general acceptance. For example, Environment Canada indicates it is already committed to the majority of the guiding principles, either independently or as part of a wider governmental effort.
- **Human resources** The challenge facing the sector is to broaden working-group membership to include employee representatives and work with Employment and Immigration Canada (EIC) to undertake a needs analysis. EIC is prepared to consider a full sector study, based on such analysis, for the purpose of promoting a training culture, securing worker-employer agreement on industrial outlook and skills impact, identifying needs for occupational standards, and setting the stage for implementing and monitoring a human resources strategy. This study should also involve the provinces since it could have a critical impact on provincial economics.
- **Sector competitiveness framework** Sector strategic frameworks dealing with formulated specialty chemicals will provide an in-depth assessment of international competitiveness. Prepared in conjunction with industry, associations, provincial governments, and labour, they will help stakeholders reach consensus on industry challenges, trends, and opportunities. All parties will be better positioned to respond to the challenges of the global marketplace.
- **Economy-wide prosperity initiatives** Many of the government's measures for the whole economy detailed in section III of this paper, will be of particular interest to the chemical industries sector. They include the \$230 million enrichment and refinement of R&D tax credits; faster tax write-offs for manufacturing and processing equipment, from 25 percent to 30 percent; \$400 million over five years in new tax incentives for expenditures on innovations, such as faster write-off rates for high technology equipment; establishment of the Canadian Quality Institute; improvements to the Industrial Research Assistance Program (IRAP) and the technology diffusion network; the additional \$300 million funding for worker training through developmental uses of unemployment insurance; \$250 million new funding for sectoral partnership initiatives in human resources and training; seed funding with private sector partners for a Forum for International Trade Training (FITT) to develop trade skills in small and medium enterprises and among young people; and NAFTA.

### **Making it happen**

The federal government recognizes that the vision of the future set out in the consultative committee's report and developed further by the working groups requires significant contributions from all partners. The government has entered into its role by providing support for the working groups that have sought to round out the main report and make the recommendations more specific.

The federal government is serious about continuing to play an active role in the sectoral partnership. The Minister of Industry, Science and Technology and Minister for International Trade, Hon. Michael Wilson, looks forward to hearing more of the industry's commitments to improve its competitiveness. He and his colleagues in government will also continue to look to the industry for advice in the implementation phase of the Prosperity Initiative, which will continue to be led by the private sector. Other government departments, such as Employment and Immigration Canada and Environment Canada are working within a framework coordinated by ISTC to take up the longer-term issues.

With management, labour, the provinces, and community organizations responding in the same way, the Canadian chemical industries can meet the challenges of today's economy and prosper in both Canadian and global markets.



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